

**Presentation to BOWC Finance Committee** 

# **DWSD INSURANCE OVERVIEW**

Fiscal Year 2021

## **D&O Insurance Overview**



### Collective Coverage of \$30M

- Public Entity Errors & Omissions
- Public Entity Employment Practices Liability
- Covers any past, present or future elected or appointed official, director, officer, trustee ... including any member of any commission, board or governing body ...
- Defense cost completely outside the limit. (No Cap)

#### Four Insurance Carriers:

- Primary Coverage
  - National Union Fire Insurance (AIG) \$10M
- Excess Coverage
  - Endurance American Insurance Company (SOMPO) \$10M
  - Ironshore Indemnity Inc. \$5M
- Broad Side A Excess Difference-in-Conditions
  - ACE American Insurance Company (Chubb) \$5M
- Policy Effective through 9/18/2021

### **D&O Insurance Contract Overview**



#### Side-A Difference-in-Conditions ("DIC")

\$5M excess and DIC of \$25M

Examples of potential contract response:

- DWSD is unable to indemnify due to financial insolvency
- Underlying Insurers are not able to indemnify due to insolvency
- DWSD and/or the Insurers wrongfully refuse to indemnify

- Broad Side-A Excess Difference-in-Conditions ("DIC") policy pays on behalf of the directors and officers for non-indemnifiable Loss
- The DIC policy will drop-down and act as a primary policy if the underlying D&O program does not pay or is unable to pay on behalf of the directors and officers
- Broader terms and conditions than the traditional Sides A/B/C policy
- The DIC policy will also drop-down and pay the defense costs of the directors and officers covered under the policy if the primary policy cannot or is unwilling to pay

#### COVERAGE PART A ("Side-A")

- \$25M Limit
- Directors & Officers liability for Non-Indemnifiable Loss
- Coverage from "dollar one"
- Direct protection for individual insureds for Defense Costs and liability

Examples of potential contract response:

- Company insolvency
- Duty of loyalty breach

#### COVERAGE PART B ("Side-B")

- \$25M Limit
- Directors & Officers liability for Indemnifiable Loss
- Coverage for public entity's indemnification of individual insureds for their defense costs and legal liability
- Retention applicable to each loss

#### COVERAGE PART C ("Side-C")

- \$25M Limit
- "Entity coverage" / corporate liability protection
- Coverage for any claim made against a public entity for any wrongful act.

Self-Insured Retention: \$250k Indemnifiable Loss Retention

Personal Asset Protection

Balance Sheet Protection

# **Storage Tank Insurance Overview**



### **Ironshore Indemnity Inc. - \$2 Million**

- Insured for Corrective Action and Cleanup
  - Scheduled 3 AST and 6 UST storage tanks
  - Containing diesel, gasoline, waste oil and other
- Deductibles scheduled by tank (\$5,000 to \$50,000)
  - Higher deductibles for "removal" or "investigation" events
- Exceeds State of Michigan minimum requirements
- Policy Effective through 12/03/2021

# **Property Insurance**



### **Hartford Fire Insurance Company**

- Buildings Over \$200 Million Insured Value
  - MOB, CSF, West Yard
    - Covers Fire, Water Damage, Natural Disaster and Other
    - \$750,000 deductibles
  - Any additional unnamed property up to \$100,000
- Other Covered Losses
  - Machinery/Equipment
  - Vehicles (on premise)
  - Revenue Loss
  - Terrorism
  - Debris Removal Costs and Expenses (\$2M)
- Policy Effective through 12/24/2021

# **THANK YOU!**

# **Detroit Water & Sewerage Department**

For more information visit: <a href="https://www.detroitmi.gov/dwsd">www.detroitmi.gov/dwsd</a>



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