

**CITY of NOVI CITY COUNCIL**

**Agenda Item 1  
June 21, 2010**

**SUBJECT:** Approval to award the City's Property and General Liability Insurance coverage to The Stevenson Company/Municipal Insurance Alliance in the amount of \$321,439.

**SUBMITTING DEPARTMENT:** Finance/Human Resources

**CITY MANAGER APPROVAL:**

<b>EXPENDITURE REQUIRED</b>	<b>\$321,439</b>
<b>AMOUNT BUDGETED</b>	<b>\$367,565 (for all insurance coverage and claims costs)</b>
<b>LINE ITEM NUMBER</b>	<b>101-299.00-810.000 (and 910 accounts in other funds/departments)</b>

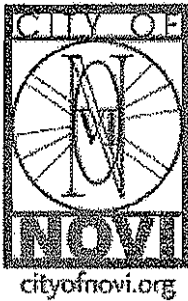
**BACKGROUND INFORMATION:**

The Stevenson Company/Municipal Insurance Alliance has provided the City with property and general liability insurance coverage since 2003. The coverage includes City owned property, buildings, equipment (including large equipment for DPS & Fire), its employees, elected officials and volunteers. Coverage also includes special events liability, medical services professional liability, wrongful acts (errors and omissions) and sewer backup claim coverage.

**RECOMMENDED ACTION:** Approval to award the City's Property and General Liability Insurance coverage to The Stevenson Company/Municipal Insurance Alliance in the amount of \$321,439.

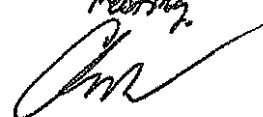
	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Staudt				



**TO:** CLAY PEARSON  
 TIA GRONLUND-FOX  
**CC:** MARINA NEUMAIER  
**FROM:** KATHY SMITH-ROY  
**SUBJECT:** 2010-11 Property & General Liability Insurance Renewal  
**DATE:** JUNE 10, 2010

**MEMORANDUM**

6/10/10  
 To Mayor & City Council Meeting  
 For future consideration at June 21 CC meeting  


The purpose of this correspondence is to report on the annual insurance renewal for property and general liability coverage.

Based on an opinion from the City Attorney's office, there is only one firm in the market that provides the zoning/temporary faking coverage the City of Novi seeks. As such we have not sought competitive bids.

The Stevenson Company provides the City of Novi insurance through the Municipal Insurance Alliance for a total of \$321,439. The pricing has been very comparable from one year to the next given the "soft" market, further supporting the decision to not seek competitive pricing.

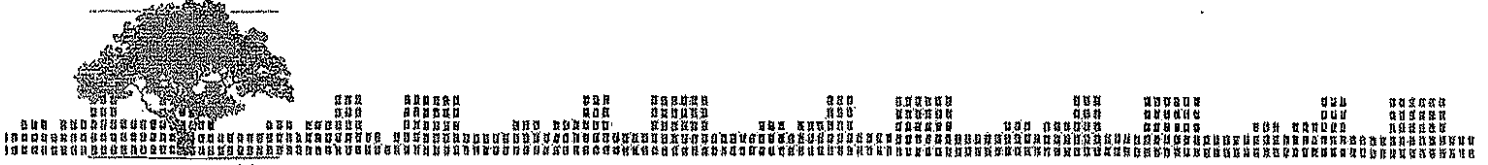
The recommendation to award the insurance renewal to The Stevenson Company/Municipal Insurance Alliance will be on the June 21, 2010 agenda. The following is a summary of the 2009-10 and 2010-11 premiums as well as the 2010-11 budget:

Premium Summary/Comparison Property and General Liability Insurance				
	Premiums		Estimated 2009-10	Budget 2010-11
	2009-10	2010-11		
General Fund*	\$ 273,295	\$ 256,696	\$ 297,900	\$ 300,000
Ice Arena	\$ 10,892	\$ 11,016	\$ 10,892	\$ 12,000
Library	\$ 5,423	\$ 18,000	\$ 5,423	\$ 19,000
Meadowbrook Commons	\$ 21,312	\$ 21,716	\$ 21,312	\$ 21,565
Water & Sewer	\$ 13,878	\$ 14,011	\$ 13,878	\$ 15,000
<b>Total</b>	<b>\$ 324,800</b>	<b>\$ 321,439</b>	<b>\$ 349,405</b>	<b>\$ 367,565</b>

\*Note: The General Fund budget also includes additional items (i.e. coverage for underground storage tanks; Midwest Claims SIR deposits ~\$10,000; etc.)

We are in the process of completing the vehicle reporting for the year, and there likely will be a credit due upon acceptance by Municipal Insurance Alliance.

Please let me know if you have any questions regarding this information.



STEVENSON  
company

May 26, 2010

586.532.9830 / MAIN  
586.532.9836 / FAX  
800.761.8895 / TOLL FREE

48597 HAYES ROAD  
SHELBY TOWNSHIP, MI  
48315

*Ms. Kathy Smith-Roy  
Finance Director  
City of Novi  
45175 West Ten Mile Road  
Novi, Michigan 48375*

*Dear Kathy:*

*Thank you for the opportunity to provide the renewal risk management program for the City of Novi.*

*Entering our 25<sup>th</sup> year, our organization has provided the risk management programs to public entities across the state of Michigan. Today, over 1,750 entities have joined the Municipal Insurance Alliance and the Michigan Township Participating Plan.*

*This year's coverage reflects the increase in property values with the inclusion of the new library. Even with this addition, this year's premium was reduced as a result of the excellent working relationship between our risk managers and the City's staff.*

*Please do not hesitate to review our website at [www.thealliance.com](http://www.thealliance.com) Within the website are lists of appointed counsel, sewer backup claim forms and a review of our various risk management services.*

*We look forward to the opportunity to be of service to you and the City of Novi. In the meantime, should you have any questions please do not hesitate to call me at 800-761-8895.*

*Very truly yours,*

*Robert J. Bucko  
Risk Manager*

*Enc.*



STEVENSON  
company

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48597 HAYES ROAD  
SHELBY TOWNSHIP, MI  
48315

*The Stevenson Company*  
Account Statement

Date: May 26, 2010

*Named Insured: City of Novi*  
*Attn: Kathy Smith-Roy*  
*45175 West Ten Mile Road*  
*Novi, Michigan 48375*

<i>Coverage Document:</i>	<i>Policy Number</i>	<i>Dates</i>	<i>Premium</i>
<i>Municipal Alliance</i>	<i>PKG80310059</i>	<i>07/01/2010-11</i>	<i>\$ 321,439.00</i>
<i>Endt # 5</i>	<i>PKG80310059</i>	<i>07/01/2009-10</i>	<i>1,879.00</i>
<i>Total Premium Due</i>			<i>\$ 323,318.00</i>

*Premium Due Date: July 1, 2010*

*Please make check payable to: The Stevenson Company*  
*48597 Hayes Road*  
*Shelby Township, MI 48315*

*Phone: 800-761-8895*

*Premium Summary for City of Novi – July 1, 2010-2011*

*Library - \$ 18,000*

*Ice Arena - \$ 11,016*

*Water & Sewer - \$ 14,011*

*Meadowbrook Commons - \$ 21,716*

*Remaining City Premium - \$ 256,696*

*Municipal Insurance Alliance*

*Summary of Coverage*

*for*

*City of Novi*

*May, 2010*

*Robert J. Bucko, Risk Manager  
Stevenson Company  
48597 Hayes Road  
Shelby Township, MI 48315  
800-761-8895  
586-532-9836 (fax)*

Municipal Insurance Alliance

SUPPORT AND SERVICE COMPANIES:

Marketing and Service:

Robert J. Bucko  
48597 Hayes Road  
Shelby Twp., MI 48315

Phone: 586-532-9830  
Fax: 586-532-9836

Toll-Free: 800-761-8895

Insurance Companies:

U.S. Specialty Insurance Company  
HCC Holdings Company

**BEST RATING A +**

Technical Administration:

Municipal Insurance Alliance  
1700 Opdyke Court  
Auburn Hills, Michigan 48326

Phone: 248-371-3100  
Fax: 248-371-3069

Risk Control Administration:

Midwest Risk Control  
1700 Opdyke Court  
Auburn Hills, Michigan 48326

Phone: 248-371-3100  
Fax: 248-371-3069

Claims Administration:

Midwest Claims Service  
1700 Opdyke Court  
Auburn Hills, Michigan 48326

Phone: 248-371-3100  
Fax: 248-371-3091

## I. COMPREHENSIVE MUNICIPAL LIABILITY

<i>Limit of Liability Per Occurrence</i>	\$ 10,000,000.
<i>Limit of Liability, Policy Aggregate</i>	\$ 12,000,000.
<i>Deductible</i>	\$ 10,000.

### *Additionally Named:*

*The "Who is an Insured" provision of the Public Entity General Liability Form includes the following while acting within the scope of their duties and at the direction of the Named Insured.*

- A. A Governmental Agency or Subdivision; Department; Municipal Body; Board or Commission; or Non-For-Profit Corporation which is owned and controlled by the Named Insured.*
- B. An Individual while acting in a capacity as director, officer, trustee, employee or staff member.*
- C. Any volunteer.*
- D. Any paramedic, emergency medical technician or visiting nurse.*
- E. An Elected or Appointed Official or member of any board or commission or agency of the Named Insured.*

### *Additionally Included:*

- A. Personal Injury also includes:
  - 1. Oral or written publication of material that is slander or libel,*
  - 2. Oral or written publication of material that violates a person's right of privacy,*
  - 3. False or improper service of process,*
  - 4. Discrimination,*
  - 5. Violation of the Federal Civil Rights Act of 1871 or 42 USC 1983 or similar laws.**
- B. Contractual Liability - Coverage for the Named Insured when it becomes Obligated Liability Assumed Through Contractual Agreements.*
- C. Advertising Liability - Includes "Slogan" Infringement.*
- D. Host Liquor Liability - Includes Incidental Giving and Serving.*
- E. Broad Form Property Damage Liability.*



- F. *Incidental Medical Malpractice.*
- G. *Bodily Injury and Property Damage Liability also includes:*
  - 1. *The definition of occurrence includes any intentional act by or at the direction of the additionally named insured which results in bodily injury or property damage if such injury arises from the use of reasonable force for the purpose of protecting persons or property, and*
  - 2. *Mental Anguish, Mental Injury and Humiliation.*
- H. *Newly Acquired or Formed Organizations or Operations - 90 Days Automatic*
- I. *Defense & Legal Costs In Addition to the Limit of Liability.*
- J. *Public and Private Highways, Roads, Streets, and Sidewalk Liability.*
- K. *Special Events Liability - Includes Sponsored Athletic, Fund Raising, Social, Recreational Events (Fireworks Available Upon Approval).*
- L. *Premises Medical Payments - \$ 10,000 Per Person*
- M. *Fire Legal Liability (Rent/Lense/Borrow) - \$ 50,000 Any One Fire*
- N. *Medical Services Professional Liability.*
- O. *Non-Owned & Hired Automobile Liability*
- P. *Employee Benefits Liability - \$ 1,000,000 Per Claim,  
\$ 3,000,000 Policy Aggregate  
\$ 1,000 Deductible*
- Q. *Sewer Backup Liability - \$ 500,000 Each Occurrence, \$ 1,000,000 Aggregate*

## II. WRONGFUL ACTS LIABILITY (E&O)

<i>Limit of Liability Each Occurrence</i>	\$	<i>10,000,000.</i>
<i>Limit of Liability Policy Aggregate</i>	\$	<i>10,000,000.</i>
<i>Deductible Including Loss Adjustment</i>	\$	<i>50,000.</i>

### *Additionally Included:*

- A. Coverage addresses Not Only Public Officials and Employees, but the Named Insured as well.*
- B. "Pay on Behalf" Wording.*
- C. Also includes "All persons who were, now are, or shall be lawfully elected, appointed or employed officials of the NAMED INSURED while acting within the scope of their duties for the "NAMED INSURED."*
- D. Includes "Employment Practices Liability."*
- E. Includes Zoning including "Temporary Takings"*

### III. LAW ENFORCEMENT PROFESSIONAL LIABILITY

<i>Limit of Liability Per Occurrence</i>	\$ 10,000,000.
<i>Limit of Liability Policy Aggregate</i>	\$ 10,000,000.
<i>Deductible</i>	\$ 50,000.

#### *Additionally Named Insured:*

- A. *All (full and part-time) paid employees of the Law Enforcement Department.*
- B. *Unpaid Volunteers, or Reserves,*
- C. *All persons who were, now are or shall be lawfully elected, appointed or employed officials of the Named Insured.*
- D. *Your Employees while engaged in law enforcement or security duties for others but only to the extent authorized by the Named Insured.*

#### *Additionally Included Coverage:*

- A. *Assault and Battery,*
- B. *False Arrest, Detention or Imprisonment or Malicious Prosecution,*
- C. *False or Improper Service of Process,*
- D. *Civil Rights Violations (Including Federal Civil Rights),*
- E. *Property in the Care, Custody, or Control of the Insured Law Enforcement Department,*
- F. *Libel, Slander, Defamation of Character,*
- G. *Wrongful Entry and Eviction,*
- H. *Discrimination,*
- I. *Mental Anguish, Mental Injury and Humiliation,*
- J. *Non-Owned Watercraft up to 26 feet in length,*
- M. *Hot Pursuit Losses, and*
- N. *Cantine Liability Coverage*

#### *IV. VEHICLE "FLEET" LIABILITY*

<i>A. Comprehensive Personal Injury &amp; Property Damage</i>	<i>\$ 10,000,000.</i>
<i>B. Personal Injury Protection Coverage</i>	<i>Statutory</i>
<i>C. Property Protection Coverage</i>	<i>Statutory</i>
<i>D. Mini-Tort Liability Coverage</i>	<i>\$ 1,000.</i>
<i>E. Non-Owned and Hired Vehicle Liability</i>	<i>\$ 10,000,000.</i>
<i>F. Uninsured Motorists</i>	<i>\$ 1,000,000.</i>
<i>G. Underinsured Motorists</i>	<i>\$ 1,000,000.</i>

- Per Occurrence/ Unlimited Policy Period Aggregate*

#### *Additionally Included Coverage:*

- A. Amended Fellow Employee Exclusion.*
- B. Broad Form Named Insured.*
- C. Unintentional Failure to Disclose Hazards.*
- D. Revised Definition of Bodily Injury to Include Mental Anguish.*
- E. Hired Auto Physical Damage - \$ 50,000 Each Occurrence*

## V. VEHICLE "FLEET" PHYSICAL DAMAGE

- A. *Comprehensive* - Per Schedule on File with Company.  
Vehicles are Actual Cash Value less a \$ 1,000.00 Deductible.
- B. *Collision* - Per Schedule on File with Company.  
Vehicles are Actual Cash Value less a \$ 1,000.00 Deductible. (Broad Form)
- C. *Replacement Cost for Fire and Emergency Vehicles*
- D. *See List of Vehicles with Physical Damage*

### *Additionally Included Coverage:*

- A. *Freezing Coverage Included for Fire and Other Emergency Vehicles.*
- B. *Glass Repair - Waiver of Deductible if Windshield Repaired.*
- C. *Physical Damage Coverage to Volunteers or Employees Personal Vehicles - \$ 1,000.00*
- D. *Customized Vehicle Extension Endorsement.*
- E. *Hired Vehicle Physical Damage Coverage Limit - \$ 50,000*

## VI. BUILDING & PERSONAL PROPERTY COVERAGE

*Total Blanket Personal Property Limit* **\$ 72,230,000.**  
*Agreed Amount, Blanket and Replacement Cost*  
*Special Perils, Agreed Amount*  
*Deductible - \$ 1,000.00*

### *Additionally Included:*

1. *Causes of Loss - Special Form*
2. *Agreed Value Coverage*
3. *Replacement Cost Valuation*
4. *Glass Coverage Automatically Covered Within Building Limit*

### *Additional Base Coverage - Higher Limits Available:*

1. *Premises Boundary Increased Distance to 1,000 Feet,*
2. *Extra Expense Coverage - \$ 500,000 Each Occurrence,*
3. *Valuable Papers and Records - \$ 100,000 Each Occurrence,*
4. *Law and Ordinance - \$ 1,000,000 (A, B & C),*
5. *Loss of Business Income - \$ 100,000 Each Occurrence,*
6. *Earthquake Coverage - \$ 5,000,000 - Deductible \$ 25,000,*
7. *Flood Coverage - \$ 5,000,000 - Deductible \$ 50,000,*
8. *Electronic Data Processing (Hardware/Software) - \$ 250,000 Each Claim,*
9. *Boiler & Machinery (Mechanical Breakdown),*
10. *Electrical Utility Services Interruption - \$ 25,000 Each Occurrence,*
11. *Grounds Maintenance Equipment - \$ 100,000 Any One Occurrence,*
12. *Outdoor Property - \$ 10,000 Any One Occurrence,*
13. *Personal Property Off Premises - \$ 100,000 Any One Occurrence,*
14. *Communication Towers - \$ 100,000 Any Occurrence, and*
15. *Blanket Portable Emergency Equipment - \$ 350,000.*

**VII. SCHEDULED & UNSCHEDULED PROPERTY**

*Total Limit of Scheduled and Unscheduled Property*    \$ 2,753,300.

*Deductible Per Occurrence*                                    \$        500.

*Replacement Cost Basis*

*Summary of Coverage:*

- *Per Schedule of File with Carrier*
- *Misc Equipment - \$ 50,000*
- *Contractor Equipment Rented by Insured - \$ 125,000*

## VIII. FIDELITY & CRIME COVERAGE

### A. Money & Securities:

1. Theft, Disappearance & Destruction, On Premises \$ 100,000.
2. Theft, Disappearance & Destruction, Off Premises \$ 100,000.
3. Deductible - \$ -0-

### B. Employee Blanket Dishonesty Bond:

1. Limit of Liability - \$ 100,000.
2. Includes "Faithful Performance"
3. Deductible - \$ -0-

### C. Computer Fraud - \$ 100,000.

### Additionally Covered:

- A. Coverage Outside while in the Care, Custody, or Control of a Messenger,
- B. Coverage while it is being Conveyed by an Armored Car Company,
- C. Coverage while it is within the Living Quarters or the Home of any Messenger or Collector, and
- D. Locations Included: All Owned Named Insured Premises and All Officials' Homes and/or any Other off Premise Collection Location.



