



CITY OF NOVI CITY COUNCIL
JUNE 26, 2023

SUBJECT: Approval to renew the City's 2023-2024 property and liability insurance coverage with Kapnick Insurance Group in the amount of \$553,954.

SUBMITTING DEPARTMENT: Finance

EXPENDITURE REQUIRED	\$553,954
AMOUNT BUDGETED	\$553,954
APPROPRIATION REQUIRED	\$0
LINE ITEM NUMBER	101-266.00-820.000 \$438,145 271-000.00-820.000 \$16,480 570-000.00-820.000 \$13,400 574-000.00-820.000 \$46,600 592-536.00-820.000 \$39,329

BACKGROUND INFORMATION:

In May 2022, the City issued an RFP for General Liability and Property Insurance. Kapnick Insurance Group submitted the most comprehensive proposal. Kapnick shopped the City's insurance needs to various providers over the past couple of months, and it was determined Tokio Marine provided the best premium and exposure analysis for the City. The City has utilized Tokio Marine for many years. After several meetings with Kapnick and the City to review the various coverages and deductibles, the proposed annual coverage was finalized. The annual insurance fee is up approximately 18% from the prior year. Unfortunately, significant increases in costs are the current trend within the insurance industry. While other communities are seeing increases as high as 50%, Novi was fortunate enough to have a long-standing relationship with Tokio Marine and was able to keep its increase below what others are seeing. The coverage encompasses all of the City's activities, including City-owned property, buildings and equipment (large equipment including DPW and Fire equipment,) its employees, elected officials and volunteers, regulatory takings/inverse condemnation coverage, and sewer backup liability coverage, and cyber incident response liability. The coverage also includes the Library, Ice Arena, Meadowbrook Commons, and the Water Fund. Each of these entities, by way of separate line-item numbers, reimburses the General Fund in the appropriate premium amounts. The underwriters use the following to provide rates:

- (a) claims experience
- (b) budget
- (c) number of total staff
- (d) number of police staff and firefighters and
- (e) property valuations (land, building, equipment, vehicles, etc).

RECOMMENDED ACTION: Approval to renew the City's 2023-2024 property and liability insurance coverage with Kapnick Insurance Group in the amount of \$553,954.