



CITY OF NOVI CITY COUNCIL
JUNE 17, 2024

SUBJECT: Approval of the recommendation from the Consultant Review Committee for City's 2024-2025 property and liability insurance coverage with Travelers Insurance in the amount of \$574,891.

SUBMITTING DEPARTMENT: Finance

EXPENDITURE REQUIRED	\$574,891
AMOUNT BUDGETED	\$574,891
APPROPRIATION REQUIRED	\$0
LINE ITEM NUMBER	101-266.00-820.000 \$452,200 271-000.00-820.000 \$17,000 570-000.00-820.000 \$14,400 574-000.00-820.000 \$48,500 592-536.00-820.000 \$50,000

BACKGROUND INFORMATION

The City has insurance coverage of property and liability encompassing 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.

During the past fiscal year, the City's broker, Kapnick Insurance Group, requested proposals from ten insurance companies related to general liability and property insurance. Kapnick received two proposals, one from our existing carrier, Tokio (since the early 2000's), and the other from Travelers Insurance. Tokio's proposal totaled \$740,526 (a 28% increase from their current rate of \$580,435) and had reductions in coverage and increases in deductibles. Travelers pricing was comparable to the City's existing fee and offered similar coverage and deductibles to what we currently have for fiscal year 2024. Representatives from Kapnick and city staff met with the Consultant Review Committee at their June 10, 2024, meeting and reviewed the detailed proposals resulting in the committee recommending making the change for fiscal year 2024-2025 to Travelers. This request is coming in under budget, for FY 2024/25 by nearly \$60,000.

RECOMMENDED ACTION: Approval of the recommendation from the Consultant Review Committee for City's 2024-2025 property and liability insurance coverage with Travelers Insurance in the amount of \$574,891.