



CITY of NOVI CITY COUNCIL

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Agenda Item 4
June 18, 2007

SUBJECT: Approval of the City's Property & Liability Insurance renewal to the Alliance/HC Holdings, Inc. Insurance Group for a premium of \$410,978.

SUBMITTING DEPARTMENT: *[Signature]* Human Resources and Finance *[Signature]*

CITY MANAGER APPROVAL: *[Signature]*

AMOUNT BUDGETED	\$438,000
LINE ITEM NUMBERS	101-299-910, 268-000.00-910, 590-000.00910.000, 594-000.00910

BACKGROUND INFORMATION:

We have received our premium rate renewal for the 2007/2008 fiscal year. We are recommending a minor change in our Policy coverage from the current self-insured retention program for Errors & Omissions and Police Liability to a fully insured \$50,000 deductible program. Based upon our past 3 years claims history and the reduction in premium to the City, we believe this program to be in the best interest of the City.

The annual premium for this fully insured program is \$410,978, a net savings to the City in excess of \$20,000 or approximately 6% from the current premium of \$438,054.

RECOMMENDED ACTION:

Approval of the City's Property & Liability Insurance renewal to the Alliance/HC Holdings, Inc. Insurance Group for a premium of \$410,978.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Capello				
Council Member Gatt				
Council Member Margolis				

	1	2	Y	N
Council Member Mutch				
Council Member Nagy				
Council Member Paul				



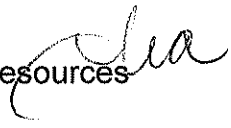
6-7-07
To: Mayor and City
Council Members

Future agenda item.

A handwritten signature in black ink, appearing to read 'Clay J. Pearson'.

MEMORANDUM

TO: Clay J. Pearson, City Manager

FROM: Tia Gronlund-Fox, Director of Human Resources
C: Kathy Smith-Roy, Finance Director 

DATE: June 7, 2007

RE: Property and Liability Insurance Renewal

On June 6, 2007, Kathy Smith-Roy and myself met with the City's Property and Liability Insurance provider and were given the attached information relative to the City's Property and Liability Insurance renewal.

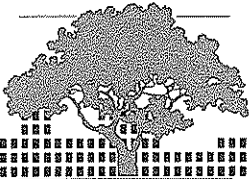
I am pleased to advise you that our renewal for the 2007/08 fiscal year is \$20,000 less than the 2006/07 fiscal year. This in part is due to our claims history in the area of Errors & Omissions and Police Liability.

We are therefore recommending a minor change in our Policy coverage from the current self-insured retention program for Errors & Omissions and Police Liability to a fully insured \$50,000 deductible program. We believe this program to be in the best interest of the City.

The annual premium for this fully insured program is \$410,978, a net savings to the City in excess of \$20,000 or approximately 6% from the current premium of \$438,054. *

As our current policy runs from July 1, 2006 to June 30, 2007, I am hereby requesting that this matter be placed on the June 18th agenda for approval. *

Thank you.



STEVENSON
company

586.532.9830 / MAIN
586.532.9836 / FAX
800.761.8895 / TOLL FREE

48597 HAYES ROAD
SHELBY TOWNSHIP, MI
48315

City of Novi – Program Comparison (July 1, 2007/2008)

	July 1, 2006/07	Option # 1	Option # 2
Limit of Liability	\$ 10,000,000	Same	Same
CGL Deductible	10,000	Same	Same
E&O Self-Insured Retention (SIR)	100,000	Same	\$ 50,000 Deductible
Police Liability Self-Insured Retention (SIR)	100,000	Same	\$ 50,000 Deductible
Claims Contract	Yes	Yes	Not Applicable
Claims Contract Cost	\$ 10,000	\$ 10,000	Not Applicable
Insurance Cost	\$ 428,054	\$ 388,246	\$ 410,978
Total Insurance Cost	\$ 438,054	\$ 398,246*	\$ 410,978
Estimated Savings from MML Program (2003)	\$ 237,000	\$ 277,000	\$ 265,000

- Program Includes "Takings" under the Zoning Coverage – Only Carrier to Offer Coverage

Submitted by: Robert Bucko
Stevenson Company
48597 Hayes Road
Shelby Township, MI 48315

Program: Municipal Insurance Alliance

Carrier: U.S. Specialty Insurance, subsidiary of HCC Holdings, Inc.
A.M. Best Rating – A+ (Superior)

* Plus approximately \$30,000 in SIR and claims processing expenses based on last three years average