



**CITY OF NOVI CITY COUNCIL**  
**JUNE 21, 2021**

**SUBJECT:** Approval to renew the City's 2021-2022 property and liability insurance coverage with the Stevenson Company in the amount of \$406,444.45.

**SUBMITTING DEPARTMENT:** City Clerk

|                               |  |
|-------------------------------|--|
| <b>EXPENDITURE REQUIRED</b>   | <b>\$406,444.45</b><br>101-210.00-910.000 \$324,044.45<br>268-000.00-910.000 \$ 14,444.00<br>590-000.00-910.000 \$ 12,402.00<br>592-592.00-910.000 \$ 14,212.00<br>594-000.00-910.000 \$ 41,342.00                     |
| <b>AMOUNT BUDGETED</b>        | <b>\$420,129.00 (FY 2021-22 Budget)</b><br>101-210.00-910.000 \$334,801.00<br>268-000.00-910.000 \$ 14,444.00<br>590-000.00-910.000 \$ 12,402.00<br>592-592.00-910.000 \$ 17,140.00<br>594-000.00-910.000 \$ 41,342.00 |
| <b>APPROPRIATION REQUIRED</b> | <b>\$ 0</b>  |
| <b>LINE ITEM NUMBER</b>       | See above  |

**BACKGROUND INFORMATION:** The Stevenson Company has provided the City with property and liability insurance coverage since 2003. The coverage period is July 1, 2021 through June 30, 2022. This coverage includes City owned property, buildings and equipment (large equipment including DPW and Fire equipment,) its employees, elected officials and volunteers, regulatory takings/inverse condemnation coverage, sewer backup liability coverage, and cyber incident response liability.

The coverage includes the Library, Ice Arena, Meadowbrook Commons and the Water Fund. Each of these entities, by way of separate line item numbers, reimburse 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 number of firefighters and (e) property valuations (land, building, equipment, vehicles, gasoline storage tanks, etc.).

**RECOMMENDED ACTION:** Approval to renew the City's 2021-2022 property and liability insurance coverage with the Stevenson Company in the amount of \$406,444.45.



STEVENSON  
company

June 10, 2021

43422 West Oaks Drive, Suite 300  
Novi, MI 48377

248.650.2736 / MAIN

248.650.2740 / FAX

800.761.8895 / TOLL FREE

Ms. Cortney Hanson  
City Clerk  
City of Novi  
45175 W. Ten Mile Road  
Novi, Michigan 48375

Dear Ms. Hanson:

Thank you for the opportunity to present the renewal risk management program for the City of Novi. The year's proposal presented unique challenges in 3 areas:

- Cyber Liability
- Law Enforcement Liability
- Habitational Property Rates

The recent events of hacking and ransomware have jolted the insurance marketplace. Although we have been able to slow the rate of increase in this area, the marketplace is seeing 100-400% rate increases. Our office, with your assistance, sent out applications to many markets and received proposals ranging from \$ 28,570 to \$ 42,131. We believe the initial offerings of cyber coverage by carriers in previous years did not foresee the exposures that we see today.

Our social environment has caused underwriters to review the increased severity of exposures faced by our law enforcement professionals. Every contact by our law enforcement professionals with the public is being scrutinized and second-guessed. Cases of alleged misconduct by our law enforcement have risen dramatically.

HUD and assisted housing across the nation have seen a dramatic property rate increase due to fires and tenant caused damages. Available is a 2021 property rate forecast that identifies this area for increases ranging from 15% to 50%.

Overall, after a 3% property value increase, our overall net increase for the upcoming renewal is just under 1%. To offset increases mentioned earlier, underwriters adjusted premiums in other areas.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

Robert J. Bucko  
President

Enc.



STEVENSON  
company

June 10, 2021

43422 West Oaks Drive, Suite 300  
Novi, MI 48377

248.650.2736 / MAIN

248.650.2740 / FAX

800.761.8895 / TOLL FREE

Ms. Cortney Hanson  
City Clerk  
City of Novi  
45175 W. Ten Mile Road  
Novi, Michigan 48375

Dear Ms. Hanson:

The following is the premium summary for the policy period July 1, 2021/2022.

- Water Department - \$ 14,212.00
- Library - \$ 14,444.00
- Ice Arena - \$ 12,402.00
- Meadowbrook Commons - \$ 41,342.00

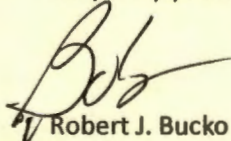
The following is a summary by line of coverage:

- Property including Mechanical Breakdown – \$ 84,002.00
- Volunteer Accident & Medical - \$ 300.00
- Inland Marine (Fixtures & Equipment – \$ 9,344.00
- Blanket Bonds and Crime – \$ 4,442.00
- Comprehensive General Liability – \$ 65,632.00
- Wrongful Acts Liability (E&O) – \$ 33,228.00
- Employment Practices Liability (EPLI) – \$ 13,648.00
- Law Enforcement Liability – \$ 34,762.00
- Vehicle Liability – \$ 70,230.00
- Vehicle Physical Damage – \$ 68,204.00
- Fire/EMS Replacement Cost – \$ 11,066.00
- Cyber Liability – \$ 11,586.45
- Drone Liability – Included

Total Package – \$ 406,444.45

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

  
Robert J. Bucko  
President

# The Stevenson Company

Summary of Coverage

For

# City of Novi

July 1, 2021

Robert J. Bucko, President  
Stevenson Company  
43422 West Oaks Drive, # 300  
Novi, Michigan 48377

(800) 761-8895 Office  
(248) 832-5730 Cell  
(248) 650-2740 Fax

# U. S. Specialty Insurance Company

## Support and Service Companies:

U.S. Specialty Insurance  
1700 Opdyke Court  
Auburn Hills, MI 48326

**A.M. Best Rating A++ (Superior)**

## Marketing and Service:

**Robert J. Bucko, President**  
**Shanda Maino, Risk Management**  
43422 West Oaks Drive, #300  
Novi, Michigan 48377

Toll-Free: 800-761-8895  
Fax: 248-650-2740  
Cell: 248-832-5730

Email: [RBucko6067@aol.com](mailto:RBucko6067@aol.com)

## Risk Control Administration:

Pat Nelson & Jennifer Venema

U. S. Specialty Insurance  
1700 Opdyke Court  
Auburn Hills, MI 48326

(248) 371-3100

## Claims Administration:

Sharon Wood, Claims Manager  
Katie Toman, Property Claims Manager  
Scott Stinson, Claims Litigation Manager

U. S. Specialty Insurance  
1700 Opdyke Court  
Auburn Hills, MI 48326

(248) 371-3100

# I. COMPREHENSIVE GENERAL LIABILITY

|                                     |                |
|-------------------------------------|----------------|
| Limit of Liability per Occurrence   | \$ 10,000,000. |
| Limit of Liability Policy Aggregate | \$ 12,000,000. |
| Deductible Per Occurrence           | \$ 10,000.     |

## Additionally, Named:

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

- A. A City Government or Subdivision; Department; Board or Commissions; 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. 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 or 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. Incidental Medical Malpractice – Included,
- E. Host Liquor Liability Coverage – Included,
- F. Employee Benefit Liability – Included,
- G. Cemetery Professional Liability – Included,
- H. Sewer Backup Liability - Included
- I. Fire Legal Liability - \$ 500,000 Each Occurrence,
- J. Sexual Abuse & Molestation – Included,
- K. Bodily Injury and Property Damage Liability also includes:
  - 1. The definition of occurrence includes the intentional act by or at the direction of the additional 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,
- L. Medical Payments Per Person - \$ 10,000.00, and
- M. Defense Cost Outside the Limit of Liability.

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

Limit of Liability Each Occurrence - \$ 10,000,000.

Limit of Liability Policy Aggregate – \$ 10,000,000.

Deductible – \$ 25,000.00 Each Occurrence

### Additionally Included:

1. Coverage addresses Not Only Department Commission Officials, Board Members and Employees but the Named Insured as well,
2. “Occurrence” Form Coverage,
3. Private Property Use Restriction (Zoning),
4. “Pay on Behalf” Provisions,
5. Also includes, “All persons who were, now are, shall be lawfully elected, appointed or employed officials of the Named Insured while acting within the scope of their duties for the Named Insured.



### III. EMPLOYMENT PRACTICES LIABILITY

Limit of Liability Each Occurrence - \$ 10,000,000.

Limit of Liability Policy Aggregate – \$ 10,000,000.

Deductible – \$ 25,000.00 Each Occurrence

Additionally Included:

1. Pay of Behalf Provision,
2. Coverage addresses Not Only Officials, Board Members and Employees but the Named Insured as well,
3. Wrongful Discharge, **Occurrence-Made Form**,
4. Also includes, “All persons who were, now are, shall be lawfully elected, appointed or employed officials of the Named Insured while acting within the scope of their duties for the Named Insured.

Wrongful Discharge – An at-will employee’s cause of action against his former employer, alleging that his/her discharge was in violation of state or federal anti-discrimination statutes, public policy, an implied employment contract, or an implied covenant of good faith and fair dealing. Federal statutes prohibit discrimination in employment on the basis of sex, age, race, nationality, religion, or being handicapped; Title VII of the 1964 Civil Rights Act, Age Discrimination in Employment Act, Equal Pay Act, Sex Discrimination in Employment Based upon Pregnancy Act.

**Employment At Will** – This doctrine provides that, absent of express agreement to contrary, either employer or employee may terminate their relationship at any time. Such employment relationship is one which has no specific duration, and such a relationship may be terminated at will by either the employer or employee, for or without cause.

## **IV. LAW ENFORCEMENT LIABILITY**

Limit of Liability Each Occurrence - \$ 10,000,000.

Limit of Liability Policy Aggregate – \$ 10,000,000.

Deductible Including Claim Expense - \$ 25,000.

### **Additionally Named Insured:**

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

### **Additionally Included Coverage:**

- 1 Assault and Battery,
2. False Arrest, Detention or Imprisonment or Malicious Prosecution,
3. False or Improper Service of Process,
4. Civil Rights Violations (Includes Federal Civil Rights)

5. Property in the Care, Custody and Control of the Law Enforcement Department,
6. Libel, Slander, Defamation of Character,
7. Wrongful Entry or Eviction,
8. Discrimination,
9. Mental Anguish, Mental Injury, Humiliation,
10. Non-Owned Watercraft,
11. Hot Pursuit Claims, and
12. Canine Liability Coverage. (if applicable)

## V. VEHICLE LIABILITY & PHYSICAL DAMAGE

Limit of Liability Each Occurrence - \$ 10,000,000,

Vehicle Liability Deductible - \$ 10,000.00,

Limit of Liability Policy Aggregate – \$ **Unlimited**,

Uninsured & Underinsured Motorists - \$ 1,000,000,

Personal Injury Protection – Included,

Property Protection Insurance – Included,

Mini-Tort Liability – Included,

Hired & Non-Owned Vehicle Liability – Policy Limits,

Comprehensive Deductible - \$ 2,500.00, and

Collision Deductible - \$ 2,500.00

Vehicles Without Physical Damage Provided

## VI. VOLUNTEER ACCIDENT & MEDICAL

### A. Accident Medical Expense Benefit

1. Covers Board Members & Volunteers
2. Limit of Coverage Per Person - \$ 100,000
3. Deductible – NONE

### B. Accidental Death Benefit

1. Limit of Coverage - \$ 25,000

### C. Accidental Dismemberment Benefit

1. Limit of Coverage - \$ 50,000

### D. Accidental Paralysis Benefit

1. Limit of Coverage - \$ 50,000

### E. Accidental Death, Dismemberment & Paralysis

1. Limit of Coverage - \$ 100,000

### F. Aggregate Limit of Liability

1. Limit of Liability Per Policy Period - \$ 500,000

### G. Underwritten by TMHCC/Philadelphia Insurance Company

## **VII. CYBER LIABILITY COVERAGE**

- A. Privacy Liability (Including Employee Privacy) - \$ 1,000,000,**
- B. Privacy Regulator Claims Coverage - \$ 1,000,000,**
- C. Security Breach Response Coverage - \$ 1,000,000,**
- D. Security Liability Coverage - \$ 1,000,000,**
- E. Multimedia Liability Coverage - \$ 1,000,000,**
- F. Cyber EXTORTION Coverage - \$ 1,000,000,**
- G. Business Income Loss from Restoration - \$ 1,000,000,**
- H. Restoration Costs - \$ 1,000,000,**
- I. Reputation Business Income Loss - \$ 1,000,000,**
- J. Systems Integrity Restoration Loss (BRICKING) - \$ 250,000,**
- K. PCI / DSS Assessment - \$ 1,000,000,**
- L. Electronic Fraud (Phishing Loss) - \$ 50,000,**
- M. Services Fraud Loss - \$ 100,000,**
- N. Electronic Fraud Reward Loss - \$ 50,000,**
- O. Electronic Loss Personal Financial Loss - \$ 250,000,**

- P. Corporate Identify Theft Loss - \$ 250,000,**
- Q. Telephone Hacking Loss - \$ 100,000,**
- R. Direct Financial Loss (Funds Transfer) - \$ 250,000,**
- S. Court Attendance Costs - \$ 100,000,**
- T. TCPA - \$ 100,000,**
- U. HIPAA Corrective Action Plan Costs - \$ 50,000,**
- V. Post Breach Response - \$ 25,000,**
- W. Cyber Deception Coverage (Social Engineering) - \$ 250,000,**
- X. Independent Consultant Costs - \$ 25,000, and**
- Y. Outsourced Provider Costs - \$ 250,000**

**Cyber Liability Deductible - \$ 25,000.00**



## VIII. CRIME & DISHONESTY COVERAGE

- Blanket Dishonesty Bond - \$ 100,000 Any One Occurrence (Employee Theft)
- Includes Faithful Performance
- Deductible - \$ 5,000.00-
- Money & Securities (On-Site) – \$ 100,000.00,
- Money & Securities (Off-Site) - \$ 100,000.00,
- Money & Securities (Tax Seasons) - \$ 250,000.00,
- Computer Fraud - \$ 100,000.00, and
- Forgery and Alteration - \$ 100,000.00
- Coverage Extends to Officials, Members, Employees And Volunteers.

# **IX. REAL & PERSONAL PROPERTY**

- A. Blanket Real and Personal Property – \$ 101,090.138.00**
- B. Basis of Loss: Replacement Cost Provision, Agreed Amount**
- C. Deductible - \$ 10,000.00 Each Occurrence**
- D. Mechanical Breakdown (Boiler) – Full Policy Limits**
- E. Special Form Perils**

## **Additional Included Coverage:**

- 1. Boiler & Machinery – Full Policy Limits,**
- 2. Accounts Receivables - \$ 250,000,**
- 3. Ordinance or Law Coverage - \$ 500,000 (A,B,C),**
- 4. Business Income - \$ 100,000 Each Occurrence,**
- 5. Extra Expense - \$ 500,000 Each Occurrence,**
- 6. Electrical Utility Service Interruption - \$ 25,000 Each Occurrence,**
- 7. Newly Acquired Buildings - \$ 1,000,000,**
- 8. Newly Acquired Contents - \$ 250,000,**
- 9. Valuable Papers & Records - \$ 100,000 Each Occurrence,**
- 10. Grounds Maintenance Equipment - \$ 100,000,**
- 11. Property in Transit - \$ 25,000 Limit,**
- 12. Inflation Guard (Property) – 2.5% Per Quarter,**
- 13. Pipes, Flues or Drains - \$ 1,000,000,**
- 14. Earthquake Coverage - \$ 2,000,000 (\$ 50,000 Deductible),**
- 15. Flood Coverage - \$ 2,000,000 (\$ 50,000 Deductible), and**
- 16. Amended Replacement Cost Endorsement.**

## X. SCHEDULED & UNSCHEDULED PROPERTY

- Total Limit of Scheduled and Unscheduled Property - \$ 7,419,600.00
- Deductible Per Occurrence - \$ 5,000.00
- Replacement Cost Basis of Claim Settlement

### Summary of Covered Items:

1. Miscellaneous Property & Equipment - \$ 100,000.00,
2. E.D.P. Hardware - \$ 1,000,000.00,
3. E.D.P. Software & Media - \$ 200,000.00,
4. Emergency Portable Equipment - \$ 200,000.00,
5. Contractor's Equipment Rented by City - \$ 200,000.00,
6. Rental Reimbursement - \$ 50,000.00,
7. Police Equipment - \$ 100,000.00,
8. Wood Bridges Throughout City - \$ 2,000,000.00,
9. Fencing Located Throughout City - \$ 300,000.00,
10. David Barr (Villa Barr Sculptures) - \$ 200,000.00,
11. Sculptures Located In City - \$ 50,000.00,
12. Indy 500 Race Car - \$ 150,000.00,
13. Scoreboards - \$ 100,000.00,
14. Playscapes - \$ 300,00.00,
15. Radios, Pagers, Base Station - \$ 70,000.00

16. 2017 Cat Excavator - \$ 240,000.00,
17. 2013 International Sewer Cleaner - \$ 375,000.00,
18. Zodiac and Trailer - \$ 25,000.00
19. Canine (German Shepard) \$ 25,000.00, and
20. Contractor Equipment of City - \$ 1,734,600.00

# City of Novi

## Premium Summary

- I. Comprehensive General Liability - Included
- II. Wrongful Acts Liability (E&O) – Included
- III. Employment Practices Liability (EPLI) – Included
- IV. Law Enforcement Liability – Included
- V. Vehicle Liability & Physical Damage – Included
- VI. Volunteer Accident & Medical Coverage – Included
- VII. Cyber Liability Coverage – Included
- VIII. Crime and Dishonesty Coverage – Included
- IX. Real and Personal Property Coverage- Included
- X. Scheduled and Unscheduled Equipment - Included

**Total Annual Contract Cost..... \$ 406,444.45**