



**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

<b>EXPENDITURE REQUIRED</b>	<b>\$553,954</b>
<b>AMOUNT BUDGETED</b>	<b>\$553,954</b>
<b>APPROPRIATION REQUIRED</b>	<b>\$0</b>
<b>LINE ITEM NUMBER</b>	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.

# **RISK MANAGEMENT AND INSURANCE REVIEW**

**City of Novi**

presented by:  
**Bill Lyle, Vice President**  
**Theresa Falzetti, CIC Account Executive**

July 1, 2023

**RISK MANAGEMENT AND  
INSURANCE REVIEW**



| **Kapnick**

**City of Novi**

presented by:  
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**Theresa Falzetti, CIC Account Executive**

July 1, 2023

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**BUSINESS INSURANCE**  
**RISK SOLUTIONS**  
**EMPLOYEE BENEFITS**  
**WORKSITE WELL-BEING**  
**PERSONAL INSURANCE**  
**GLOBAL SOLUTIONS**

## PROPERTY & CASUALTY SERVICE TEAM

Kapnick Insurance Group utilizes a team approach to servicing your account. You will have several dedicated, highly experienced insurance professionals assigned specifically to work with you. We strive to have someone familiar with your account available to talk to whenever you have a question or need advice.



**BILL LYLE, CLIENT EXECUTIVE, VP**  
P 734.274.4442 E bill.lyle@kapnick.com

Bill will serve as the lead person on your team, with overall responsibility for your account, and will make recommendations regarding your coverage and exposures. Bill will also advise and provide creative solutions to your risk management issues.



**THERESA FALZETTI, ACCOUNT EXECUTIVE**  
P 734.929.9467 E theresa.falzetti@kapnick.com

Theresa will be responsible for the marketing of your account to insurance carriers and negotiate with underwriters. In addition, Theresa will provide consultation on program structure, terms and conditions in addition to coverage inquiries.



**ANDREA MILLER, ACCOUNT MANAGER**  
P 248.327.0448 E andrea.miller@kapnick.com

As your primary contact for day-to-day service needs, Andrea will add/delete items from your policy, prepare certificates of insurance and answer questions about invoices. Andrea will also facilitate and coordinate the marketing of your accounts to insurance carriers.



**CONNOR MCCARRON, ACCOUNT MANAGER**  
P 248.744.0106 E connor.mccarron@kapnick.com

As your primary contact for day-to-day service needs, Connor will add/delete items from your policy, prepare certificates of insurance and answer questions about invoices. Connor will also facilitate and coordinate the marketing of your accounts to insurance carriers.



**JESSIE ROBERTS, CLAIMS ADVOCATE**  
P 248.595.0727 E jessie.roberts@kapnick.com

Jessie will be your claims advocate by monitoring claims status and investigating and coordinating communications with you and the insurance carrier.



**AMY DEKEYSER, VP RISK SOLUTIONS, CIC, CWCP**  
P 517.266.6950 E amy.dekeyser@kapnick.com

Amy will provide fee-based safety and loss control services, advanced level management guidance support, organize educational classes and seminars, and coordinate risk control services.



**MELISSA MATICH, PERSONAL INSURANCE ACCOUNT EXECUTIVE**  
P 248.595.0734 E melissa.matich@kapnick.com

Melissa will service your individual risk management needs, provide solutions, negotiate with insurance carriers to provide the best coverage at the most competitive price, and answer questions regarding coverages and other service issues.

# PREMIUM & EXPOSURE ANALYSIS

Coverage	2022 Rates & Exposures		2022 Rates with 2023 Exposures		2023 Rates & Exposures	
	Exposure	Premium	Exposure	Premium	Exposure	Premium
<b>Physical Damage</b>		\$ 78,444		\$ 80,128		\$ 108,904
Building - \$25K ded	112,860,366		115,285,986		115,285,986	
Contents	Included		Included		Included	
Business Income	100,000		100,000		100,000	
Flood Limit	2,000,000		2,000,000		2,000,000	
Earthquake Limit	2,000,000		2,000,000		2,000,000	
<b>Total Exposure</b>	<b>112,960,366</b>		<b>115,385,986</b>		<b>115,385,986</b>	
<b>Crime</b>		\$ 2,552		\$ 2,552		\$ 2,471
Employee Dishonesty	100,000		100,000		100,000	
<b>Inland Marine</b>		\$ 4,908		\$ 6,356		\$ 7,143
Equipment Floater	2,600,485		3,222,747		3,222,747	
<b>Total Exposure</b>	<b>2,600,485</b>		<b>3,367,739</b>		<b>3,367,739</b>	
Average Rate per \$1,000	1.89		1.89		2.12	
<b>Liability</b>						
General Liability*	\$1M/\$3M/\$25K	\$ 101,381	\$1M/\$3M/\$50K	\$ 101,359	\$1M/\$3M/\$50K	\$ 103,573
Employee Benefits Liability*	\$1M/\$3M/\$25K	\$ 125	\$1M/\$3M/\$50K	\$ 125	\$1M/\$3M/\$50K	\$ 139
Liquor Liability/Host Liquor	Included	Included	Included	Included	Included	Included
Public Officials Liability*	\$1M/\$1M/\$25K	\$ 17,220	\$1M/\$1M/\$50K	\$ 17,220	\$1M/\$1M/\$50K	\$ 17,134
Employment Practices Liability*	\$1M/\$1M/\$25K	\$ 17,393	\$1M/\$1M/\$50K	\$ 17,393	\$1M/\$1M/\$50K	\$ 17,307
Law Enforcement Liability*	\$1M/\$1M/\$25K	\$ 47,574	\$1M/\$1M/\$25K	\$ 47,574	\$1M/\$1M/\$25K	\$ 52,860
<b>Automobile</b>		\$ 139,298		\$ 137,630		\$ 163,384
<b>Umbrella</b>		\$ 58,676		\$ 58,675		\$ 58,773
Limit of Liability	9,000,000		9,000,000		9,000,000	
<b>Aviation Liability</b>		\$ 2,621		\$ 2,621		\$ 2,825
Number of Drones	6		6		6	
<b>Cyber</b>		\$ 19,246		\$ 19,246		\$ 19,441
Limit	1,000,000.00		1,000,000.00		1,000,000.00	
<b>Totals</b>		<b>\$ 489,438</b>		<b>\$ 490,879</b>		<b>\$ 553,954</b>
						\$ 63,075

\$ Change from prior year:

# PROPERTY

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

## Blanket Building & Contents

Limits: **\$115,285,986** Blanket Per Schedule on File with Company

Forms: Special Form  
Agreed Value  
Replacement Cost

Deduct: \$50,000

Includes:

- Equipment Breakdown Endorsement
- Ordinance or Law
  - \$500,000 Undamaged Portion of Building or Demolition
  - 10% of Reported Values for Increased Cost of Construction
- Communication Towers - \$100,000
- Debris Removal - 25% of Loss + \$10,000
- Electrical Utility Service Interruption - \$25,000
- Fairs or Exhibitions - \$50,000
- Fine Arts - \$5,000 Any One Item, \$25,000 Any One Occurrence
- Fire Department Service Charge - \$5,000
- Foundations of Machinery - \$500,000
- Fire Equipment Recharge - \$5,000 for each separate 12 Month Period
- Golf Course Greens - \$100,000
- Grounds Maintenance Equipment - \$100,000
- Inventory or Appraisal - \$10,000
- Newly Acquired or Constructed Building/Contents- \$1,000,000/\$250,000
- Paved Surfaces - \$100,000
- Personal Property of Others - \$15,000
- Property in Transit - \$25,000
- Property off Premises - \$100,000
- Underground Pipes, Flues or Drains - \$1,000,000
- Water Back Up Sewer or Drain - \$25,000
- Earthquake Coverage - \$2,000,000 (subject to \$50,000 Deductible)
- Flood Coverage - \$2,000,000 (subject to \$50,000 Deductible); Exclusions to Certain Flood Zones

# PROPERTY

**Note:** Coverage could be restricted or excluded for vacant or unoccupied buildings.

## Business Income & Extra Expense

Limits: **\$100,000 Business Income - any one Occurrence**  
**\$500,000 Extra Expense - any one Occurrence**

Forms: Special Form

Deduct: 72 Hours

Includes: Earnings



## AUTOMOBILE

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Bodily Injury and Property Damage Liability

Limits: **\$1,000,000** Each Occurrence

Deduct: **\$10,000**

### Hired and Non Owned Automobile Liability

#### Employee Hired Auto Physical Damage

Limits: **\$35,000 Each Covered Auto**

Deduct: **\$500**

### Personal Injury Protection

Medical Expense: **Unlimited Per Person**

Additional Death Benefit: **\$3,000**

\*Or whatever maximum amount is established by the Michigan Insurance Commissioner for accidents  
Occuring on or after the date of the change in maximum\*

### Property Protection Insurance

Limits: **\$1,000,000** Each Accident

### Mini-Tort Property Damage Liability

Limits: **\$3,000**

### Uninsured / Underinsured Motorists Bodily Injury Liability

Limits: **\$1,000,000** Each Accident

Limits: **\$1,000,000** Each Occurrence

## AUTOMOBILE

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Comprehensive

Limits:	<b>Actual Cash Value</b>
Deduct:	\$2,500

### Collision

Limits:	<b>Actual Cash Value</b>
Deduct:	\$2,500

### Exclusions include, but are not limited to, the following

- Professional Services
- Auto Catastrophic Coverage
- Garage Keepers Legal
- Impound Vehicles Coverage

## **ELECTRONIC DATA PROCESSING**

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

Limits:           \$850,000 – Total Limit

                      Included – System Breakdown Coverage  
                      \$100,000 – Loss of Business Income  
                      \$100,000 – Extra Expense Coverage  
                      \$200,000 – Media Coverage

Deduct:           \$5,000

Exclusions:       Flood & Earth Movement

## COMMERCIAL GENERAL LIABILITY

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Bodily Injury and Property Damage Liability

#### Limits

Each Occurrence	\$1,000,000
General Aggregate	\$3,000,000
Sexual Abuse Endorsement	\$1,000,000 / \$1,000,000
Damage to Premises Rented to You	\$50,000
Medical Payments	\$10,000
Cemetery Professional	Included
Pesticide or Herbicide	\$50,000 / \$50,000
Failure of Dam, Reservoir, Levee, or Dike Coverage	Included
Emergency Response Operations	Included
Mutual Aid Property Damage	\$10,000
Sewer Backup Liability-	\$1,000,000 / \$1,000,000
Subject to a \$2,500 per claimant deductible – including Claims Expense	

### Employee Benefits

Employee Benefits – Each Employee	\$1,000,000
Employee Benefits – Aggregate	\$3,000,000

### Deductible (Applies to Bodily Injury & Property Damage)

- \$50,000 including Claims Expense
- Basis – Per Occurrence

#### Designated Operations:

- Public Housing Commission
- Meadowbrook Commons

## COMMERCIAL GENERAL LIABILITY – CONTINUED

Exclusions include, but are not limited to, the following

- Pollution / Asbestos / Fungi or Bacteria / Lead
- Care, Custody and Control of Personal Property
- Employment Related Practices
- Access or Disclosure of Confidential or Personal Information and Data-Related Liability
- Professional Liability
- Sexual Abuse
- Pesticide or Herbicide
- Special Events & Fireworks Liability (coverage can be applied for)
- Subsidence
- Electromagnetic Radiation
- Strike, Riot and Civil Commotion
- Emergency Response Operations
- **Refer to Policy Forms for ALL Exclusions**

### IMPORTANT

Special Events: Subject to receipt of Special Events Application, Risk Control review and Underwriting approval (Additional Premium may apply)

Fireworks Liability: Subject to receipt of Special Events Application, Risk Control review and Underwriting approval prior to binding coverage. All fireworks displays must be ignited/discharged by a licensed and insured pyro technician. Additional Premium will Apply.

### Important Note Regarding Certificates of Insurance

It is Important to obtain certificates of insurance for all subcontractors. As required by law, you are responsible for the coverage and premium of any uninsured subcontractors.

## PUBLIC OFFICIALS WRONGFUL ACTS / E&O

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)

Effective: 7/1/2023 to 7/1/2024

### Description

Limit:	<b>\$1,000,000</b>	Per Wrongful Act
	<b>\$1,000,000</b>	Aggregate
Sublimit:	Private Property Use Restriction	
	\$1,000,000	Per Occurrence
	\$1,000,000	Aggregate
		*Defense Inside Limit*

Form: Occurrence

Deduct: \$50,000 Per Wrongful Act

Designated Operations:

- Public Housing Commission
- Meadowbrook Commons

### Exclusions include, but are not limited to, the following

- Anti-Trust
- Care, Custody and Control of Personal Property
- Employment Related Practices

## EMPLOYMENT PRACTICES LIABILITY INSURANCE

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Description

Limit:           **\$1,000,000**    Per Occurrence  
                      **\$1,000,000**    Aggregate

Designated Operations:

- Public Housing Commission
- Meadowbrook Commons

Form:            Occurrence

Deduct:         \$50,000 (Including Claims Expense)

## LAW ENFORCEMENT LIABILITY

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Description

Limit:           **\$1,000,000**    Per Occurrence  
                      **\$1,000,000**    Aggregate

Designated Operations:

- Public Housing Commission
- Meadowbrook Commons

Form:            Occurrence

Deduct:         \$25,000 (Including Claims Expense)



## CRIME/BLANKET BOND

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)

Effective: 7/1/2023 to 7/1/2024

### Crime Coverage

Limits:	<b>\$100,000</b>	Employee Dishonesty – Per Loss
	<b>No Coverage</b>	Employee Dishonesty – Per Employee
	<b>No Coverage</b>	Forgery Coverage
	<b>\$100,000</b>	Inside/Outside - Theft, Disappearance and Destruction
	<b>\$250,000</b>	Tax Time Limit
	<b>\$100,000</b>	Computer Fraud Coverage

Retention: \$5,000 Applies Individually to Each of the above Coverages

### Including:

- Faithful Performance of Duty included as Covered Cause of Loss

### Exclusions include, but are not limited to, the following:

- Employees with dishonest acts, known to the insured
- Independent Contractors

## DRONE/AVIATION

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Drone Coverage

Scheduled Aircrafts    UAV001 1900 Dji Mavic 2 Zoom Serial #OM6DF960010458 UAV  
                                  UAV002 1900 Dji Mavic 2 Pro Serial #ROA3TN6 UAV  
                                  UAV003 2019 Dji Mavic 2 Enterprise DUAL UAV  
                                  UAV004 2019 Dji Mavic Mini SERIAL# UNKNOWN UAV

Limits Per Aircraft:	<b>\$1,000,000</b>	Liability Per Occurrence
	<b>No Coverage</b>	Liability Per Passenger
	<b>\$5,000</b>	Medical Per Occurrence
	<b>\$5,000</b>	Medical Per Passenger

### Open Pilot Warranty:

- UAV Operators as Approved by Named Insured. No Pilot License or Medical Required.

### Approved Uses:

- Aerial Photo/Mapping

## CYBER LIABILITY

Insured by Houston Casualty Company (Tokio Marine Specialty Insurance Company) (A++ XV) – Non-Admitted  
 Effective: 7/1/2023 to 7/1/2024

### Description

Cyber Liability: **\$1,000,000** Maximum Policy Aggregate

Third Party Liability – Claims Made and Reported Basis:

<b>\$1,000,000/\$1,000,000</b>	Multimedia Liability
<b>\$1,000,000/\$1,000,000</b>	Security and Privacy Liability
<b>\$1,000,000/\$1,000,000</b>	Privacy Regulatory Defense and Penalties
<b>\$1,000,000/\$1,000,000</b>	PCI DSS Liability
<b>\$250,000/\$500,000</b>	Bodily Injury
<b>\$50,000/\$50,000</b>	Property Damage Liability
<b>\$50,000/\$50,000</b>	TCPA Defense

First Party Liability – Event Discovered and Reported Basis:

<b>\$1,000,000/\$1,000,000</b>	Breach Event Costs
<b>\$25,000/\$25,000</b>	Post Breach Remediation Costs
<b>\$1,000,000/\$1,000,000</b>	Brand Guard
<b>\$1,000,000/\$1,000,000</b>	System Failure
<b>\$1,000,000/\$1,000,000</b>	Dependent System Failure
<b>\$1,000,000/\$1,000,000</b>	Cyber Extortion
<b>\$100,000</b>	Cyber Crime Aggregate
	Cyber Crime Sublimits:
<b>\$100,000/\$100,000</b>	Financial Fraud
<b>\$100,000/\$100,000</b>	Telecommunications and Utilities Fraud
<b>\$100,000/\$100,000</b>	Phishing Fraud – Your Phishing Fraud Loss
<b>\$100,000/\$100,000</b>	Phishing Fraud – Client Phishing Fraud Loss
<b>\$100,000</b>	Phishing Fraud – Aggregate
<b>\$1,000,000/\$1,000,000</b>	Bricking Loss
<b>\$50,000/\$50,000</b>	Property Damage Loss
<b>\$50,000/\$50,000</b>	Reward Expenses
<b>\$25,000/\$25,000</b>	Court Attendance Costs

## CYBER LIABILITY

Sublimits: Ransomware Attacks - \$1,000,000 Aggregate

Deduct: \$50,000 Per Coverage Per Claim

### Brand Guard

- 2 Weeks Waiting Period
- 6 Months Period of Indemnity

### System Failure – Non-Physical Business Interruption

- 8 Hours Waiting Period
- 6 Months Period of Restoration

### Dependent System Failure – Non-Physical Business Interruption

- 12 Hours Waiting Period
- 4 Months Period of Restoration

Court Attendance Costs – No Deductible

### Endorsements:

Amendment of Created or Acquired Subsidiaries Clause

If coverage is bound, the Applicant consents to periodic non-intrusive scans of the Applicant's internet-facing systems/applications for common vulnerabilities. The individual responsible for the Applicant's network security, as designated on the Application for this insurance, will receive direct communications from the Insurer and/or its representatives regarding the results of such scans and any potentially urgent security issues identified in relation to the Applicant's organization.

## EXCESS LIABILITY

Insured by U.S. Specialty Insurance Company (Tokio Marine Specialty Insurance Company) (A++ XV)  
Effective: 7/1/2023 to 7/1/2024

### Description

Limit:	<b>\$9,000,000</b>	Per Occurrence
	<b>\$9,000,000</b>	Aggregate
Form:	Occurrence – Coverage applies to General Liability, Employee Benefits, Public Officials Wrongful Acts, Employment Practices, Law Enforcement, Auto Liability	
Excludes:	Uninsured Motorist and Underinsured Motorist Coverage, Zoning, Regulation, Permissive Use of Property, Sexual Abuse & Molestation, Pollution (Exception: Pollution with Sewer, Portable Water and Hostile Fire), Dam, Reservoir, Levee, Dike, Employers Liability	

## PREMIUM SUMMARY

Property	\$108,904
Inland Marine	\$7,143
Crime	\$2,471
Commercial General Liability	\$103,573
Employee Benefit Errors & Omissions Liability	\$139
Public Officials Liability	\$17,134
Employment Practices Liability	\$17,307
Law Enforcement Liability	\$52,860
Automobile	\$162,384
Commercial Umbrella Liability	\$58,773
Aviation Liability	\$2,825
Cyber Liability	\$19,441
<b>TOTAL</b>	<b>\$553,954</b>

**Note:** The above premium quotation is valid for 30 days from date of presentation.

## PAYMENT PLAN

### All Policies

Agency Bill  
Annual

Kapnick is compensated through commissions paid by insurance companies and/or fees paid by our clients.

Kapnick also has agreements with some insurance carriers whereas they may earn supplemental or contingent income based upon a number of factors including business volume, growth, retention and underwriting results of the overall book of business and not tied to a specific account. Information on any such agreements Kapnick may have with the client's insurance carriers is available upon written request.

Kapnick recommends insurance carriers to our clients based on cost, coverage, service capability and financial security -- not based on the existence of commissions and/or contingency agreements.

## TERRORISM RISK INSURANCE ACT

- Temporary program under which the Federal Government would share the risk of loss from future terrorist attacks with the insurance industry, recently extended to 01/01/2020.
- All commercial lines insurers are required to provide customers with a disclosure notice advising of the availability of coverage under The Act and the right to accept or reject coverage at the additional premium, if any, included within the notice.
- For a copy of the Act, relevant regulations, and other materials, visit the web site at:  
<http://www.treas.gov/offices/domestic-finance/financial/financial-institution/terrorism-insurance>

With the exception of Workers' Compensation, Commercial Auto, Professional Liability (other than Directors & Officers), Surety, Burglary and Theft, The Act gives you the right to accept/reject the offer of terrorism coverage. You may waive such coverage by signing a written statement. If accepted the premiums were included in the Premium Summary Page.

<u>Coverage</u>	<u>Accepted / Rejected</u>	<u>Premium</u>
Package	Accepted	\$3,769

**Before rejecting, please check with your lender as they may require that you carry this coverage.**

**Note:** Actual coverage provided by your policy for acts of terrorism is limited by the terms, conditions, exclusions, limits, and provisions of your policy, any endorsements to the policy, and applicable rules of law.



## SUBJECTIVITIES

Quote is subject to the following.

### Commercial Package Policy

- Signed Application Declaration
- Signed Terrorism Form
- Uninsured/Underinsured Motorist Forms
- Michigan Choice of Bodily Injury Liability Coverage Limits
- Michigan Selection of Personal Injury Protection (PIP) Medical Coverage

# OPTIONS

## Deductibles

Coverage	Current Deductible	Optional Deductible	Savings
*Property	\$25,000	\$50,000	\$8,734
*General Liability	\$10,000	\$50,000	\$23,320
General Liability	\$10,000	\$100,000	\$32,000
*Professional Liability	\$25,000	\$50,000	\$15,000
Professional Liability	\$25,000	\$100,000	\$30,000
Auto Physical Damage	\$2,500	\$5,000	\$6,000

\*Included in Proposal

## Coverage Limits

Coverage	Current Limit	Optional Limit	Additional Premium
Crime	\$100,000	\$250,000	\$3,335

# Marketing Summary

- Tokio Marine/HCC – Renewal quotes received
- Chubb – Decline (would only quote property)
- Zurich – Decline
- Travelers – needed additional information below
  - name of contact, title, phone and email to schedule risk control, if necessary
  - copy of current budget with itemized expenditures
  - Thanks for the auto schedule - we need the city to provide the original cost new(OCN) for each vehicle. Please note: The value for customized equipment should be included in the OCN. Any other equipment not permanently installed that is not part of vehicle, would be covered under Inland Marine, under Miscellaneous Property Blanket.
  - copy of jail inspection if the city has a jail
  - explain the housing exposure the city has relating to property schedule and liability.

Complete our apps for:

- Main App CP-7609
- Law Enforcement Liability
- Public Entity Management Liability
- Employment Practices Liability
- Drone app
- Parks and Recs
- Health Care Professionals
- Abuse App
- Utility
- Provide Acord Crime app
- Provide Cyber app and MFA questionnaire

## COVERAGE CHECKLIST

**Property** - Increase protection from loss to at least within 100% of the Replacement Cost

- Agreed Value of Insurance?
- Ordinance Coverage?
- Demolition Cost Coverage?
- Increased Cost of Construction?
- Functional Replacement Cost?
- Fire-Pollution Cleanup Expense?
- Debris Removal Expense?
- Peak Season? Stock? Reporting Form Coverage?
- Personal Property of Others?
- Employee Tools Coverage?
- Improvements & Betterments?
- Sewer/Drain Back-up?
- Mine Subsidence Insurance (Available for dwellings in limited counties)
  - Mold?
  - Outside Stock? (Trees, plants, and shrubs)
  - Ocean Cargo?

### Loss of Business Income

- Off Premises Power Interruption?
- Contingent Loss of Business Income Protection?
- Extra Expense Coverage?
- Rental Income?
- Leasehold Interest?

**International Exposures?** Current policy forms provide coverage in the United States (including its territories and possessions), Puerto Rico and Canada. Please make us aware of any exposures you might have outside this territory limitation.

### Flood and Earthquake Coverage?

### Light Poles, Fences, Signs & Glass Coverage?

### Equipment and Machinery Breakdown Coverage?

### Equipment Floater? Mobile Equipment Taken off Premises

- Rental Reimbursement?
- Hired /Rental Equipment?

### Installation Floater? Builders Risk Coverage?

### Transit Coverage? Owned Vehicles / Common / Contract Carriers

### Fine Arts / Stained Glass / Collectibles Coverage?

### Electronic Data Processing Coverage?

- Equipment / Hardware Coverage?
- Media / Software Coverage?
- Computer Fraud Coverage?
- First Party Liability?
- Third Party Liability?

### Accounts Receivable Valuable Papers and Records Coverage?

### Pollution Liability?

- Pesticide / Herbicide Applicators Liability?
- Premises? / Above Ground Storage Tanks? / Underground Storage Tanks?

### Crime Coverage?

- Employee Dishonesty?
- Forgery / Alteration?
- Disappearance or Destruction – Inside / Outside ?
- Government / License / Permit / Performance Bonds?
- E.R.I.S.A. Bond Coverage?
- Credit Card Forgery / Receipts coverage?
- Computer Fraud?
- Funds Transfer Fraud?
- Money Order & Counterfeit Currency?
- Fraudulent Funds Transfer?
- Extortion?
- Customer / Guest Property?
- Social Engineering Fraud / False Pretenses?
- Personal Accounts?

# COVERAGE CHECKLIST

## General Liability?

- Additional Insureds?
- Building Owner?
- Lessor of Equipment?
- Products Recall Expense?
- Manufacturers Errors & Omissions?
- Professional Liability?
- Foreign / International Liability?
- Per Location Aggregate Limits?
- Railroad Protective?
- Mold?
- Technology Errors & Omissions?

## Automobile Coverage?

- Owned Automobiles?
- All Licensed Commercial Trailers Scheduled?
- Broad Form Drive-Other-Car Coverage?
- Rental Reimbursement Coverage?
- Increase Uninsured / Underinsured Motorists Limit?
- Increase Medical Payments?
- Hired Auto Physical Damage Coverage?
- Mini-Tort Property Damage Liability?
- All Truck Mounted Equipment Scheduled?
- Non-factory installed electronic equipment coverage?
- Emergency Towing Service?
- Valet Parking?
- Automobile Cargo Pollution
- Motor Carrier Act?
- On Hook / Cargo?
- Garagekeepers Liability?
- Antique/Classic Automobiles?
- Employee Hired Auto Coverage?

## Workers' Compensation – Employers Liability?

- All states with payroll need to be reported
- Increased Limits?
- Stop Gap Liability? (OH, WA, WY, ND)
- Foreign Worker's Compensation or Self-Insurance?

## Umbrella Liability?

- Higher Limits are Available

## Aircraft Liability?

- Owned Liability?
- Non-Owned Liability?
- Hull Coverage?
- Air Cargo?

## Watercraft Liability?

## Management Protection?

- Directors and Officers Liability?
- Professional Liability?
- Fiduciary Liability?
- Employee Benefits Errors & Omissions Liability?
- Employment Practices Liability?
- Data Breach / Cyber Liability?
- Kidnap / Ransom / Extortion Liability?
- Workplace Violence?

## Employee Coverages?

- Pension Plans?
- Group Life Insurance?
- Group Health Insurance?
- Section 125 Plans?
- 401K Plans?
- COBRA Compliance?
- Life Insurance?
- Accident Insurance?
- Personal Lines – Homeowners, Automobile, Watercraft?

## Employer Coverages?

- Individual Pension Plan?
- Key Person Life / Disability Insurance?
- Buy / Sell Agreement Funding?
- Estate Analysis / Estate Planning?

## COVERAGE CHECKLIST

### Identity Fraud Expense Reimbursement Coverage?

Includes:

- ID Theft Resolution Services
- Lost Wages
- Loan Re-Application Fee
- Notary Charges
- Certified Mail Charges
- Long Distance Charges
- Daycare and Eldercare
- Coverage for Spouse
- Coverage for Domestic Partner
- Coverage for Household Family Members
- Attorney Fees
- Travel and accommodations up to \$1,000 per week for five weeks
- Reimbursement of expenses and fees for government-issued identification and copies of medical records

## IMPORTANT INFORMATION

### POLICIES GOVERN COVERAGE

This description of coverage is necessarily brief and is not to be considered as complete or in any way superseding or extending the terms of the policies. The insuring agreements, terms and conditions of the placing carrier's policy forms will govern the actual coverage that will be provided. **Policy coverages, terms and conditions may change at time of renewal and when changing insurance companies. Upon request, specimen copies are available for your review.**

It is important to note that there may be additional coverage differences that have not been outlined in this proposal. This is a convenient coverage summary, not a legal contract. We encourage you to review the actual policies quoted/sold for specific terms, conditions, limitations, and exclusions that will govern in the event of loss, and contact us if you have any questions.

### CLIENT RESPONSIBILITIES

#### Changes in Operations or Exposures:

Our presentation is based upon exposures to loss that presently exist and were made known to Kapnick Insurance Group. **Any changes in operations or exposures should be reported promptly in order that they may be properly insured.**

#### Policy Limits:

It is the responsibility of the client to make sure limits are adequate. Kapnick Insurance Group understands that every business operation is unique and, therefore, recommends that you carefully review each of the coverage limits provided. We suggest you obtain a professional appraisal of your assets to properly assure adequate insurance to value. Please note that higher limits of coverage may be available to you.

A completed Business Income Worksheet is strongly recommended to analyze your coverage limit and necessary to obtain agreed amount coverage.

#### Claim Reporting:

It is important to report workers' compensation claims directly to the carrier in a timely fashion. All other claim types should be reported directly to your Kapnick Commercial Claims Advocate. If our office is closed, please reach out directly to your insurance carrier to report your claim.

#### Policy Premium:

Premiums for the policies are due and payable as billed, in full or as insurance company installments. Premiums may be financed, subject to acceptance by an approved finance company.

#### Policy Audits:

Some policies are written on a "subject to audit" basis. It is the duty of the client to provide information to the insurance company when requested. Noncompliance could result in an additional premium charge.

### CONTRACTUAL RISK TRANSFER

#### Contracts:

Prior to signing any contract or lease, Kapnick Insurance Group advises you to seek an attorney's opinion. Our review of any contract/lease is not to provide legal advice and is limited to what is clearly marked as being pertinent to the insurance coverage we place for your business. Your contract may be broader than the insurance provided.

#### Proof of Insurance:

A certificate or any proof of insurance that we may provide is for informational purposes only and does not amend, extend, or alter coverage provided by the policies.

## KAPNICK RISK SERVICES CENTER

### Web-based risk management platform that is exclusive to Kapnick clients

We are pleased to present **Kapnick Risk Services Center**, a unique, web-based risk management platform and value-added service for our clients. The primary goal for any risk management program is to reduce injuries and improve profitability.

- The comprehensive **Safety Library and Resource Center** allows you to search among hundreds of documents and OSHA regulations instantly. With the click of a mouse you can access safety policies and programs, safety training presentations, safety posters, toolbox talks and many more valuable documents.
- With **Incident Track** you can document incidents in minutes including unsafe behaviors, near misses, incidents, OSHA recordables and claims. You can generate standard reports and get in-depth graphing and tracking capabilities that allow you to track and analyze your incidents by several criteria.
- Access to preferred pricing on **Motor Vehicle Reports** and **Background checks**.
- **HR Suite:** Here you will find the help you need to answer many of your questions that will save you time and money. The HR Suite contains thousands of pages of HR and benefits-related content, including COBRA, FMLA and HIPAA information and over 800 sample job descriptions. There is also over 500 downloadable HR and benefits forms, checklists and posters. Find your State and federal employment law information, downloadable posters and even how to hire and terminate employees to prevent wrongful termination lawsuits. There is even a downloadable sample Employee Handbook!
- **Certificate of Insurance tracking (COI Track)** – You need to collect and manage insurance certificates to make sure that all of your vendors, contractors, sub-contractors are properly insured. This time consuming task can take hours and tie up valuable staff time. COI Track helps you manage your Certificates of Insurance before a problem occurs and **saves you time and money!!**
- **Training Track:** Regulatory agencies, like OSHA and DOT have numerous training requirements. Additionally, your company likely provides training on numerous topics and must manage employee licenses and certifications. Training Track automates the tracking of certifications and scheduling of employee safety training. Generate comprehensive reports for any tracking need. This tool has also been used by Kapnick clients to track everything from building maintenance to fire extinguisher inspections!!
- **JSA Track:** Job safety analysis is a valuable and important step to evaluate individual jobs by breaking them into component parts. It is also an important component in complying with the Americans with Disabilities Act (ADA) and identifying the physical requirements for Workers Compensation return to duty programs. JSA Track saves you time and money by helping you do this in an automated format.
- **MSDS Track:** OSHA's Hazard Communication (Employee Right to Know) standard requires that Material Safety Data Sheets (MSDS) be collected for chemicals at every work site. Collecting, storing, categorizing and updating these sheets is time consuming and frustrating! MSDS Track saves time and money by managing MSDS electronically for your entire organization. Click and store MSDS instantly through available resource links.

**Contact your Kapnick Client Executive for more details and how you can get started today!!**



**Kapnick**



## A.M. BEST RATINGS AND COMPANY STATUS

A.M. Best is a company that assigns ratings to insurance companies assessing their financial strength. These ratings range from A++ to F and provide an opinion of an insurer's financial strength and ability to meet ongoing obligations to policy holders.

### Secure Best's Ratings

#### A++ and A+ (Superior)

Assigned to companies that have, on balance, superior balance sheet strength and operating performance. These companies according to A.M. Best, have a very strong ability to meet their ongoing obligations to policyholders.

#### A and A- (Excellent)

Assigned to companies that have, on balance, excellent balance sheet strength and operating performance. These companies, according to A.M. Best, have a strong ability to meet their ongoing obligations to policyholders.

#### B and B+ (Very Good)

Assigned to companies that have, on balance, very good balance sheet strength and operating performance. These companies, according to A.M. Best, have a good ability to meet their ongoing obligations to policyholders.

For more information on A.M. Best and their ratings go to: [www.ambest.com](http://www.ambest.com)

### Admitted Insurance Companies

Admitted Insurance companies are licensed by each state and regulated by each state's Insurance Department. They are required to be a member of each states' guaranty association as a condition of their authority to transact business in that state. The guaranty association's purpose is to provide limited coverage as defined by guaranty association statutes on behalf of an insolvent insurer in that state. Certain criteria established by the guaranty association may preclude coverage for some policyholders entirely. Premium taxes / assessments are included in the rates.

### Non-Admitted Insurance Companies

Non-Admitted Insurance companies are not licensed by the state in which the insured is located, and are not subject to its supervision. They usually underwrite risks for which insurance coverage may not be available through Admitted Insurance Companies. In the event of an insolvency of a non-admitted carrier, claims will not be paid by the state guaranty association. Premium taxes are not included in the rates and must be paid separately, but are included in the premium summary.

## A.M. BEST RATINGS AND COMPANY STATUS

### Financial Size Category

To enhance the usefulness of ratings, A.M. Best assigns each rated (A++ through D) insurance company a Financial Size Category (FSC). The FSC is based on adjusted policyholders' surplus (PHS) in U.S. dollars and may be impacted by foreign currently fluctuations. The FSC is designated to provide a convenient indicator of the size of a company in terms of its statutory surplus and related accounts.

Many insurance buyers only want to consider buying insurance coverage from companies that they believe have sufficient financial capacity to provide the necessary policy limits to insure their risks. Although companies utilize reinsurance to reduce their net retention on the policy limits they underwrite, many buyers still feel more comfortable buying from companies perceived to have greater financial capacity.

Class	Adj. PHS (\$ Millions)	Class	Adj. PHS (\$ Millions)
I	Less than 1	IX	250 to 500
II	1 to 2	X	500 to 750
III	2 to 5	XI	750 to 1,000
IV	5 to 10	XII	1,000 to 1,250
V	10 to 25	XIII	1,250 to 1,500
VI	25 to 50	XIV	1,500 to 2,000
VII	50 to 100	XV	2,000 or greater
VIII	100 to 250		

# COINSURANCE CLAUSE EXPLAINED

## What is Coinsurance?

Coinsurance is simply an agreement between you and the insurance company, wherein, you agree to carry insurance on your property in an equal amount to at least (80%, 90% or 100%) of its Actual Cash Value (or Replacement Cost). In return for doing this, you receive a rate credit.

## How Does it Operate?

### Example I

Let us assume that the cash value of the property is \$100,000. If insurance is carried for \$90,000 or more, the company will pay the entire loss up to the face value or amount shown on the policy at 90% coinsurance.

Value	Insurance	Loss	Company Pays
\$100,000	\$90,000	\$60,000	\$60,000
\$100,000	\$90,000	\$90,000	\$90,000
\$100,000	\$90,000	\$100,000	\$90,000

### Example II

Assume insurance is carried for \$60,000:

Value	Insurance	Loss	Company Pays
\$100,000	\$60,000	\$50,000	\$33,333
Did carry / Should have carried x Claim			=Payment
\$60,000 / \$90,000		x \$50,000	=\$33,333

**Note:** The coinsurance clause refers to the Actual Cash Value *at the time of loss*. It is therefore strongly recommended that appraisals of property be made by reliable appraisal companies and that these appraisals be kept up-to-date at all times. We recommend at least an annual review of values and adjustment of insurance coverage.



Kapnick Insurance Group is committed to providing our clients with service options to ensure that your business runs smoothly. We are pleased to introduce our new online portal providing 24/7 online access to your insurance information from any device. This results in faster service response, allowing you to provide documents to your clients and vendors quickly, driving your business success and growth.

After our review, all proposals, confirmation letters, policies, endorsements, audits will be accessible to you via this portal.

### Key Benefits:

- The product is easy and free to all Kapnick clients
- Access to proposals, policies, endorsements, and audits with a click of the mouse to view, print or download. No more stacks of papers or large binders taking up space in your office.
- Obtain and print Automobile ID cards
- Issue, Print, and send Certificates of Insurance
- Review Certificate holders prior to renewal

Immediate access has been given to: Sabrina Lilla

To sign up additional users, please provide the following information:

Name	Email Address
*	
*	
*	



Please return this form to [amy.wilson@kapnick.com](mailto:amy.wilson@kapnick.com) or fax to: 517.263.6658  
For technical support, contact Amy Wilson at [amy.wilson@kapnick.com](mailto:amy.wilson@kapnick.com)  
or 888.263.4656 x1900.

**Thank you for the confidence you have shown in Kapnick Insurance Group by allowing us to service your insurance needs. You are truly a valued client!**