

COUNCIL REPORT

M&C No.	2019-8
Report Date	January 09, 2019
Meeting Date	January 14, 2019
Service Area	Finance and Administrative Services

His Worship Mayor Don Darling and Members of Common Council

SUBJECT: 2019 Insurance Renewal

OPEN OR CLOSED SESSION

This matter is to be discussed in open session of Common Council.

AUTHORIZATION

Primary Author	Commissioner/Dept. Head	City Manager
<i>Ian Fogan</i>	<i>Kevin Fudge</i>	<i>John Collin</i>

RECOMMENDATION

It is recommended that Council accepts the insurance package presented by BFL Canada, underwritten by AIG Insurance Company and Certain Underwriters at Lloyds through our Agent of Record, JM & CW Hoper Grant Ltd. and approves maximum payments as follow:

Insurance Premiums of	\$921,336
Agreed Agency Fee of	\$26,400
Payable to JM & CW Hope Grant Ltd.	\$938,736

EXECUTIVE SUMMARY

The overall premium for insurance is 16% higher than 2018 level due to several factors. Our primary liability insurance rate remains unchanged but the excess limits (catastrophe insurers) have suffered large losses in recent years and our premium, as well as other large liability limit customers are experiencing rate increases as a result. Once we allocate various premium cost to participating agencies, boards or commissions we expect the insurance renewal to be on target for the 2019 budgeted amount. The combined savings for three years since the 2016 RFP add up to over \$2,332,000.

PREVIOUS RESOLUTION

The 2019 Renewal is in line with the approach previously established in previous insurance purchases.

STRATEGIC ALIGNMENT

This purchase is necessary to continue to protect the City's Economic Health and to protect City assets. It relates to Enterprise Risk Management work to further the City as a Community of Choice and decision making around sustainable infrastructure by taking a proactive approach rather than a reactive one.

REPORT

The proposal selected reflects a stable insurance rate and premium following our substantial savings in 2016. Our rating experience has been positive and our Risk Management approach will lead to combined savings of over \$2,332,000 since our 2016 RFP. The following table illustrates the coverage limits, deductibles and premiums associated with this renewal.

<u>Coverage</u>	<u>Limits for 2019</u>	<u>2019 Deductible</u>	<u>2017 Premium</u>	<u>2018 Premium</u>	<u>2019 Premium</u>
General Liability (including Excess and Environmental)	50,000,000	500,000	331,423	312,883	385,724
Directors' & Officers' (Aquatic Centre)	2,000,000	2,500	3,905	3,905	3,905
Crime	1,000,000	Nil	1,850	1,850	2,775
Owned Automobile	50,000,000	\$2,500	305,390	282,590	279,381
Property		50,000	170,399	168,707	235,451
Garage Liability	5,000,000		5,066	5,100	5,100
Agency fee			<u>25,400</u>	<u>25,900</u>	<u>26,400</u>
Total			843,433	809,935	938,736

Changes for 2019

The City will be adding Cyber Liability insurance to the portfolio of insurance coverage for 2019. Staff are currently in the process of completing the application and gathering the necessary data to complete the underwriting process. Premium is expected to be in the range of \$20,000 for \$2,000,000 in limits of Cyber Insurance coverage.

Property Premium

The property rate per \$1,000 of insured value has remained the same but the overall premium has changed due to the addition of the Hilton/Market Square Sea Wall to the property list (valued at over \$14,000,000 and a slightly higher evaluation of City properties overall. The City's total value of property insured has changed from \$390,415,014 to \$415,238,038.

Automobile Premium

The rates for individual vehicle classes (fire, police, non-emergency...) have not changed. The overall number of vehicles at the time the application for renewal was submitted is slightly lower than the number of vehicles in 2018 but there are additional buses in our Transit Fleet. So while the overall number has decreased, the addition of higher value buses increases the overall premium. This rate will be reviewed and does fluctuate with additions and subtractions of vehicles.

SERVICE AND FINANCIAL OUTCOMES

As a result of the 2016 RFP, each facility and fleet vehicle experienced a reduction in costs to operate along with a substantial reduction to the general fund liability insurance and these savings continued into 2018 and onto 2019. We have maintained these savings with pro-active Risk Management techniques working together with each department to closely monitor our experiences and losses. The efforts have created positive outcomes for service areas and citizens combined (less claims, less payments, lower premiums etc.) and we expect this collaboration to continue.

INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS

None

ATTACHMENTS

None