



TOWN OF MINTO

DATE: February 2, 2018
REPORT TO: Mayor and Council
FROM: Bill White, CAO/Clerk
SUBJECT: 2018 Insurance Program Renewal

STRATEGIC PLAN:

5.7 Adopt and maintain fair and transparent procurement policies and by-laws to ensure the Town receives competitive pricing on tenders and proposals, and that local business has equal opportunity to submit bids.

BACKGROUND:

Staff received the proposed insurance renewal from Jardine Lloyd Thompson Canada Inc. (JLT) February 6 for the period beginning in March and ending March 2019. In 2014 Council switched insurance coverage to JLT and Local Broker Wylie Insurance. A representative of JLT and Stephen Wylie for Wylie Insurance will appear at Council February 20. The following summarizes premiums since 2011:

Previous Carrier			JLT				
2011	2012	2013	2014	2015	2016	2017	2018
\$241,292	\$238,174	\$249,925	\$228,746	\$230,640	\$232,518	\$240,639	\$256,312
Previous Carrier Bid			\$255,712				

The following summarizes coverage provided in the renewal:

	2018
Liability Limits	\$25 million
Punitive Damages	Included with limits
Abuse Coverage	\$250,000/claim to max of \$500,000 start March 2014
Environmental	\$2.5 million per claim to max \$5 million (\$10,000 deduct.)
Property Flood & Earthquake	Incl. (\$50,000 & 5% deduct.)
Future pricing restriction liability	3 years with less than 40% claims ratio
Future pricing restriction property	2 years with less than 40% claims ratio
Pollution of Town Property	\$100,000
Vehicles	Replacement value with driver abstract review

Key points about the increase are as follows:

1. The 2018 premium is \$256,312 up \$15,673 from 2017 of \$240,639.
2. The liability part of the premium remains frozen at \$114,000 which is 44.4% of the total premium paid, and has not increased since JLT became the Town's carrier in 2014. JLT committed to maintaining the liability premium the same through 2020.
4. The blanket property amount increased from \$80,798,284 to \$83,861,748 including the three railway bridges (valued at \$150,000 each) added last year. In 2016 the property limit was \$77,817,773.
5. In 2017 one dollar of premium insured \$1,035 of property, while this year one dollar insures \$863 of property.
6. The premium for automobiles is down \$3,401 for the same number of vehicles. Automobile limit is \$5,000,000 with a \$10,000 deductible

Program options identified are similar to last year and include:

- Increase Environmental Impairment Limit (EIL) from \$2.5 to \$5 million (add \$1,143)
- Increase umbrella liability from \$25 million to \$50 million (add \$2,245)
- Add Employment Practices Liability limit \$250,000 add \$5,000 premium.
- Additional limits and coverage for automobiles and emergency vehicles as follows:
 - a) Increase loss of use daily payouts for up to 10 heavy vehicles (add \$3,000)
 - b) Add to medical rehabilitation, attendant care limit 3 options (add \$295 - \$590)
 - c) Add caregiver benefit \$100 per week up to 2 years (add \$657)
 - d) Increase Income Replacement Limits (add \$2,940 - \$8,820)
 - e) Increase death benefit, dependent care, indexing, tort deductible (all 4 add \$,739)
- Out of Province emergency medical for Councillors up to 30 days (add \$420)
- Critical Illness for Councillors aged 69 or less \$10,000 limit (add \$1,195)

These options were brought forward to Council during the last four renewals and were not pursued. There are many options for the Town to consider in automobile coverage. It's difficult to predict which ones could be of value in the event of an unfortunate accident. These added coverages can be requested at any time if directed by Council.

COMMENTS:

Aside from Town claims related to the June 23, 2017 flood, at this time there are two minor slip/fall incidents involving legal counsel for the Town's insurer.

Since 2014 the Town's insurance premiums have increased an average of 3% per year. Correspondingly the value of property has increased around \$10 million dollars from about \$73 million to now over \$83 million (about a 3% increase in property value per year).

JLT is also passing on an increase for property coverage from the carrier that covered the Town's fire loss on the rail bridge in 2016 and the flood loss in 2017. Town insurable losses in the flood are yet to be determined, but the insurer has covered basement repairs at the municipal office and the restoration at the Harriston Public Works building. The

insurers after deductible loss for the fire on the former rail bridge on the White's Junction trail was over \$150,000.

Property coverage is the only driver on premium increase given JLT extended the liability premium freeze through 2020. The Town's approach to risk management resulted in competitive pricing during the 2014 has led to very stable premiums. There are some jurisdictions that routinely have double digit premium increases each year due to rising liability. Premiums can be affected by one or two major accidents which cannot be forecasted no matter how good risk management procedures are in a municipality. While Town liability premiums have increased modestly, Provincial action on joint and several liability is still be welcome and could reduce liability costs for all municipalities.

FINANCIAL CONSIDERATION:

Town premiums are now almost identical approach the previous carrier's bid five years ago with more coverage and higher property values. The Town saved over \$100,000 in premiums by going to proposals in 2014, and may want to consider going to quote again in 2020. The municipal insurance landscape continues to change as carriers enter and exit the market. Whether to go to quotations on insurance will be a decision of the next Council likely before the 2020-21 insurance renewal.

RECOMMENDATION:

That Council receives the report dated February 2, 2018 from the C.A.O. Clerk regarding the 2018 Municipal Insurance Program and approves the renewal.

Bill White, C.A.O. Clerk