

**TOWN OF MINTO**

**DATE:** February 25, 2015  
**REPORT TO:** Mayor and Council  
**FROM:** Bill White, CAO/Clerk  
**SUBJECT:** 2016 Insurance Program Renewal

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**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:**

In 2014 Council switched insurance coverage to Jardine Lloyd Thompson Canada Inc. (JLT) and Local Broker Wylie Insurance. Stephen Wylie represents Wylie Insurance and Megan Callaghan of JLT and will appear at Council March 1<sup>st</sup>.

The following summarizes coverage provided in the renewal:

	<b>2016</b>
<b>Liability Limits</b>	\$25 million
<b>Punitive Damages</b>	Included with limits
<b>Abuse Coverage</b>	\$250,000/claim to max of \$500,000 start March 2014
<b>Environmental</b>	\$2.5 million per claim to max \$5 million (\$10,000 deduct.)
<b>Property Flood &amp; Earthquake</b>	Incl. (\$50,000 & 5% deduct.)
<b>Future pricing restriction liability</b>	3 years with less than 40% claims ratio
<b>Future pricing restriction property</b>	2 years with less than 40% claims ratio
<b>Pollution of Town Property</b>	\$100,000
<b>Vehicles</b>	Replacement value with driver abstract review

The 2014 adjusted premium was \$228,746 and \$230,640 (adjusted from \$228,140 due to vehicle and property added) in 2015. The 2016 premium is \$235,051 which is increased \$4,411 to cover an increase in blanket property limit from \$74,165,542 to \$77,817,773.

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 (add \$3,300)
- Out of Province emergency medical for Councillors up to 30 days add \$910
- Critical Illness for Councillors \$10,000 limit add \$1,195

- RISC SYSTEM Software; Disaster Phone options (add \$1,000 each)

These options were considered in 2014 and 2015 and were not pursued. These added coverages can be requested at any time if directed by Council.

Staff provided an update on claims being litigated in the closed session August 15 when there were three slip/fall incidents and one minor traffic incident. Claims experience has not changed. All claims through the Town's previous carrier are resolved.

**COMMENTS:**

The small premium increase is again good news considering the current state of the insurance industry worldwide and on-going concerns about municipal joint and several liability. Risk management continues to be critical and so far the Town's claims history remains intact. This renewal represents the final year of a three year freeze on liability sections of the coverage. Staff does not expect any significant increase in liability premiums in 2017 or 2018 if the claims history remains positive. However, as is stated each year premiums can be affected by one or two major accidents that are beyond staff control. On that basis action on joint and several liability by the Province is still critical to the Town.

Services from JLT and the local broker continue to be good and internal practices were adjusted with little disruption. Relative to the previous carrier, JLT's marketing at major conferences is minimal and so far the Town has not pursued direct seminars which JLT can offer. Staff is satisfied with the service and supports the 2016 renewal.

**FINANCIAL CONSIDERATION:**

Prior to 2014, the Town paid premiums of \$249,925, 238,174 and \$241,292 to the previous carrier. JLT's 2014 bid was \$27,000 lower than the competition. These savings have carried on through three years and amount to at least \$75,000. Parts of the premium are subject to HST. The 2016 budget has deductible amounts in key departments to pay minor settlement and adjuster services. The \$10,000 deductible becomes payable on claims when the Insurer incurs costs over that amount.

**RECOMMENDATION:**

That Council receives the report dated February 25, 2016 from the C.A.O. Clerk regarding the 2016 Municipal Insurance Program and approves the renewal.

Bill White, C.A.O. Clerk