

**TOWN OF MINTO**

**DATE:** February 23, 2017  
**REPORT TO:** Mayor and Council  
**FROM:** Bill White, CAO/Clerk  
**SUBJECT:** 2017 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. A representative of JLT and Stephen Wylie for Wylie Insurance will appear at Council March 7. The following summarizes premiums since 2011:

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

The following summarizes coverage provided in the renewal:

	2017
<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 2017 premium is \$240,639 which is up \$8,121 mainly to cover an increase in blanket property limit from \$77,817,773 to \$80,798,284. Additional coverage is now included for three railway bridges being added to the property inventory valued at \$150,000 each.

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 \$3,600)
- Out of Province emergency medical for Councillors up to 30 days add \$910
- Critical Illness for Councillors \$10,000 limit add \$1,195

These options were considered in 2014, 2015 and 2016 and were not pursued. These added coverages can be requested at any time if directed by Council. Staff will provide an update on claims being litigated in an upcoming closed session, but at this time there are three slip/fall incidents and one minor traffic incident (from previous years), and one bridge fire. Claims through the Town's previous carrier are resolved.

#### **COMMENTS:**

Since 2014 the Town's insurance premiums have only increased 5% or less than 1.7% per year. This includes increases in property value of over \$5 million as well as minor "cross the board" increase in property coverage JLT has passed on to all clients. In 2016 JLT extended the liability premium freeze for another three years which ensures this part of the premium remains the same 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.

The Town experienced one of its larger losses due to fire on the former rail bridge on the White's Junction trail. JLT and the firm representing them on this claim were very good about the bridge replacement scheduled for this spring. As was stated in several reports each year premiums can be affected by one or two major accidents beyond staff control. This means action on joint and several liability by the Province is still important to Minto. Staff is satisfied with the service and supports the 2016 renewal.

#### **FINANCIAL CONSIDERATION:**

Town premiums now approach amounts paid to the previous carrier five years ago with more coverage and higher property values. Even if the previous carrier had provided the same moderate increases of 1.7% annually, the Town avoided at least \$110,000 in added premium costs as a result of the 2014 bid process. The 2017 budget has deductible amounts in key departments. These funds are used to cover minor settlements and adjuster services unless they are required to pay on major claims over that amount.

#### **RECOMMENDATION:**

That Council receives the report dated February 23, 2017 from the C.A.O. Clerk regarding the 2017 Municipal Insurance Program and approves the renewal.

Bill White, C.A.O. Clerk