



Staff Report FIN2020-028

Title of Report: FIN2020-028 2020 Insurance Renewal

Department: Finance

Council Date: November 4, 2020

Recommendation:

Be it resolved that Council receive Staff Report FIN2020-028 2020 Insurance Renewal as information.

Background:

The municipality has insurance policies for Casualty, Property, Automobile, and Excess with Frank Cowan Company, in partnership with NFP Canada Corp.

Staff Comments:

On October 9, 2020, Frank Cowan Company and NFP Canada Corp presented staff with the annual insurance renewal information, for the period October 1, 2020 to September 30, 2021.

Staff prepared the following table to analyze the increase in premiums:

				Increase	
		2020-2021	2019-2020	\$	%
Casualty					
	General Liability	\$ 42,557	\$ 30,398	\$ 12,159	40%
	Errors and Omissions Liability	\$ 5,375	\$ 4,886	\$ 489	10%
	Non-owned Automobile Liability	\$ 176	\$ 176	\$ -	0%
	Environmental Liability	\$ 5,870	\$ 5,336	\$ 534	10%
	Crime	\$ 1,545	\$ 1,500	\$ 45	3%
	Board Members Accident	\$ 1,532	\$ 1,265	\$ 267	21%
	Volunteers' Accident	\$ 150	\$ 150	\$ -	0%
	Conflict of Interest	\$ 420	\$ 420	\$ -	0%
	Legal Expense	\$ 918	\$ 918	\$ -	0%
Property					
	Property	\$ 43,048	\$ 36,865	\$ 6,183	17%
	Equipment Breakdown	\$ 2,648	\$ 2,596	\$ 52	2%
Automobile					
	Owned Automobile	\$ 26,231	\$ 19,177	\$ 7,054	37%
Excess					
	Follow Form - 1st layer	\$ 2,000	\$ 2,000	\$ -	0%
	Follow Form - 2nd layer	\$ 3,220	\$ 3,000	\$ 220	7%
Total Annual Premium		\$ 135,690	\$ 108,687	\$ 27,003	25%
	8% Retail Sales Tax	\$ 10,855	\$ 8,695	\$ 2,160	25%
Total Cost		\$ 146,545	\$ 117,382	\$ 29,163	25%

Staff has asked Frank Cowan Company to delegate to Council at the November 4, 2020 meeting to answer any questions Council may have.

According to conversations staff have had with other municipalities, the significant increase in insurance costs is not isolated to Southgate.

Financial Implications:

The 2020 Budget contained approximately \$117,382 for these insurance policy premiums. For 2020, the actual cost is \$124,673 ($\$117,382 \times 9/12 + \$146,545 \times 3/12$), which is overbudget by \$7,291.

Staff estimates that the 2021 Budget impact will be \$34,658 on the assumption of an increase for the 2021/2022 premium year of 15%. ($\$29,163 \text{ plus } \$146,545 \times 3/12 \times 15\%$)

Communications & Community Action Plan Impact:

This report has been written and presented to Council in accordance with the Southgate Community Action Plan:

Mission Statement Pillars

- Trusted Government
- Economic Prosperity.

Themes:

- Municipal Services
- Public Communications

Core Values:

- Integrity
- Stewardship

Concluding Comments:

The annual insurance costs for the period October 1, 2020 to September 30, 2021 is \$145,545, an increase of 25%.

The financial impact in 2020 is \$7,291; and the estimated 2021 Budget impact is \$34,658.

Respectfully Submitted,

Dept. Head: *Original Signed By*
William Gott, CPA, CA, Treasurer

CAO Approval: *Original Signed By*
Dave Milliner, CAO

Attachment: None