



Staff Report FIN2021-031

Title of Report: FIN2021-031 2021 Insurance Renewal

Department: Finance

Council Date: October 6, 2021

Recommendation:

Be it resolved that Council receive Staff Report FIN2021-030 2021 Insurance Renewal as information.

Background:

The municipality has insurance policies for Casualty, Property, Automobile, and Excess with Intact Public Entities Inc., in partnership with NFP Canada Corp.

Staff Comments:

On September 15, 2021, Intact Public Entities Inc. and NFP Canada Corp provided the renewal report for the period October 1, 2021 to September 30, 2022.

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

				Increase	
		2021-2022	2020-2021	\$	%
Casualty					
General Liability		\$ 63,836	\$ 42,557	\$ 21,279	50%
Errors and Omissions Liability		\$ 6,181	\$ 5,375	\$ 806	15%
Non-owned Automobile Liability		\$ 176	\$ 176	\$ -	0%
Environmental Liability		\$ 6,751	\$ 5,870	\$ 881	15%
Crime		\$ 1,591	\$ 1,545	\$ 46	3%
Board Members Accident		\$ 1,532	\$ 1,532	\$ -	0%
Volunteers' Accident		\$ 150	\$ 150	\$ -	0%
Conflict of Interest		\$ 420	\$ 420	\$ -	0%
Legal Expense		\$ 918	\$ 918	\$ -	0%
Property					
Property		\$ 48,279	\$ 42,459	\$ 5,820	14%
Equipment Breakdown		\$ 2,843	\$ 2,787	\$ 56	2%
Automobile					
Owned Automobile		\$ 46,619	\$ 27,460	\$ 19,159	70%
Excess					
Follow Form - 1st layer		\$ 2,160	\$ 2,000	\$ 160	8%
Follow Form - 2nd layer		\$ 3,505	\$ 3,246	\$ 259	8%
Total Annual Premium		\$ 184,961	\$ 136,495	\$ 48,466	36%
8% Retail Sales Tax		\$ 14,797	\$ 10,920	\$ 3,877	36%
Total Cost		\$ 199,758	\$ 147,415	\$ 52,343	36%

On September 20, 2021, staff met with representatives of the providers to review the renewal report and discuss the increases, resulting in an overall increase of 36%. The specific increase in the general liability premium of 50% is mostly due to the cost of recent claims and the specific increase in the owned automobile premiums of 70% was a correction for understated prior year premiums combined with the continuing increase in replacement cost of municipal vehicles.

Intact Public Entities Inc. and NFP Canada Corp have been asked to make a presentation to Council at the October 6, 2021 meeting to answer any questions Council may have.

Staff also notes that only two large providers remain willing to provide municipal insurance coverage, Intact Public Entities Inc and Marsh Canada Limited, as several insurance providers have stopped serving the municipal market due to the uncertain volatility in the level of claims.

Financial Implications:

For 2020, the cost of insurance premiums was \$123,153 compared to a budget of \$123,370.00

The 2021 Budget contained \$162,149 for insurance policy premiums. Based on the current renewal, the projected cost for 2021 is \$160,500 ($\$147,415 \times 9/12 + \$199,758 \times 3/12$), which is underbudget by \$1,649.

Staff estimates that the 2022 Budget should contain \$212,242, taking into consideration the impact of this 36% increase and assuming a further increase of 25% for the 2022/2023 premium year, for a budget impact of \$50,093.

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, 2021 to September 30, 2022 is \$199,758, an increase of 36%. As the increase was anticipated, the financial impact in 2021 is a savings of \$1,649. Staff estimates that the 2022 Budget should contain \$212,242, taking into consideration the impact of this 36% increase and assuming a further increase of 25% for the 2022/2023 premium year, for a budget impact of \$50,093.

Respectfully Submitted,

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

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

Attachment: None