

OCT. 1, 2022 TO OCT. 1, 2023 POLICY TERM

PROPOSAL FOR

TOWNSHIP OF SOUTHGATE

ADDRESS: 185667 GREY COUNTY ROAD 9 DUNDALK,
ON N0C 1B0



Prepared by:

Carl Murray

Client Director, Public Entities

T: 647-647-8203 E: carl.murray@nfp.ca

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SERVICE TEAM MEMBERS

Client Service Director

Carl Murray
 Public Entities, Business
 Insurance
 M: 647-771-8203
carl.murray@nfp.ca

Senior Client Manager

Peg Mountney
 Public Entities, Business
 Insurance
 T: 905-304-2311
peg.mountney@nfp.ca

Senior Vice President

Robert Rasberry
 Mid-Market and Public Entities
 Commercial Lines
 M: 416-899-4788
rob.rasberry@nfp.ca

Vice President

Barb Reddick
 Mid-Market Operations
 Commercial Lines
 T: 905-944-4098
barb.reddick@nfp.ca

Vice President

Karen MacDonald
 Broking, Mid-Market Commercial
 Lines
 M: 416-899-4788
karen.d.macdonald@nfp.ca

NFP and Intact

Certificate requests:
carl.murray@nfp.ca
peg.mountney@nfp.ca

Auto ID card requests:
carl.murray@nfp.ca
peg.mountney@nfp.ca

**Claims
 NFP**

During regular business hours contact
carl.murray@nfp.ca
peg.mountney@nfp.ca

Intact
 During and after regular business hours
mail.claims@intactpublicentities.ca
 Intact Public Entities Claims: 1-800-265-4000

EXECUTIVE SUMMARY

Thank you for the opportunity to present the Township of Southgate’s insurance program renewal. In collaboration with your NFP and Intact Public Entity Team, we are pleased to present the Township of Southgate’s insurance renewal for the October 1, 2022 to October 1, 2023 policy term. After an extensive benchmarking analysis of similar municipality peer groups, we are pleased to report that your incumbent insurer (Intact and the subscribing insurance companies) presented the most reasonable terms in the market. This is despite the 122% package policies overall 5-year loss ratio experience. Further to our discussion with Intact Public Entities, they are keenly interested in preserving a long-term relationship with Southgate and are putting in a significant effort in regards to ensuring consistent risk management and controls for the upcoming year.

STATE OF THE INSURANCE MARKET CONDITION – PUBLIC ENTITIES AND COVERAGE LINES

<ul style="list-style-type: none"> The loss of carriers and markets 	<ul style="list-style-type: none"> Over the last two years, the Public Entity property and casualty marketplace has seen a mass exodus of carriers, with large losses clearly the driving force. The excess liability market is also significantly affected. There continues to be a large focus on managing accounts with catastrophe losses. Accounts with properties located in traditional flood zones will experience scrutiny. These accounts could also face the potential for significant increases in rates and retentions.
<p>Commercial General Liability</p>	<ul style="list-style-type: none"> The Canadian market continues to display increase rates (+5% to +10%) with minimum loss ratio between 0% to 35% through 2022. This is an indication that rates continue to be influenced by poor and good loss experience.
<p>Property/Equipment Breakdown</p>	<ul style="list-style-type: none"> Insurers have been dealing with poor loss ratios from 2019 by managing capacity and capital deployment rather than through rate increases. Property Rates have stayed at 10% or less in 2022 for accounts within the 30% to 45% loss ratio margin.
<p>Auto</p>	<ul style="list-style-type: none"> Primary automobile liability: Accounts that can demonstrate effective risk mitigation and good loss history are experiencing 5% to 10% to single-digit renewal rates. However, significant rate increase for account with poor loss history.
<p>Umbrella/Excess Liability</p>	<ul style="list-style-type: none"> Throughout 2023, we expect competition for market share to emerge slowly and strategically for targeted industries (ie Public Entities) with proven loss control and litigation procedures. Umbrella/Excess pricing continues to be influenced by primary underlying coverages, pricing and loss experience.
<p>Executive Risk - Directors & Officers (Employment Practices Liability) and Errors & Omissions</p>	<ul style="list-style-type: none"> Primary Errors & Omissions/Professional liability and Directors & Offices Liability will improve due to downward pressure on rates as increased competition returns to the global insurance markets. Employment Practices Liability: Claims began to arise in late 2021 by employees terminated for refusing to get vaccinated against COVID-19, while employment-related social issues like discrimination, harassment, and gender-pay disparities continued to worry insurers. Further, province across Canada are evolvingly more problematic for EPL insurers because of their employee-friendly regulatory and legislative activities.
<p>Cyber Risk</p>	<ul style="list-style-type: none"> According to the U.S., Canadian and global cyber risk survey: We are witnessing a re-underwriting process necessary to ensure the long-term viability of cyber insurance coverage offerings. In fact, most insurers have reduced capacity, and are increasing retentions and underwriting requirements at a time when public entities and higher education institutions are high on the list of businesses targeted by cyber criminals. Rate increases up to 64%.

We are pleased to provide the results of those efforts in accordance with your instruction on the following updated information:

Coverage	Insurer	Limit of Liability	2021-2022 Premium (incl. commission)	2022-2023 Premium (incl. commission)
General Liability	Intact	\$15,000,000	\$63,836	86,024
Errors and Omissions Liability	Intact	\$15,000,000	\$6,181	8,034
Non-Owned Automobile Liability	Intact	\$15,000,000	\$176	181
Environmental Liability	Intact	\$3,000,000	6,751	8,776
Crime	Intact	\$1,000,000	1,532	1,640
Board Members Accident	Intact	\$250,000/\$500,000 Aggregate	1,532	1,578
Volunteers' Accident	Intact	\$50,000	150	155
Conflict of Interest	Intact	\$100,000	420	433
Legal Expense	Intact	\$100,000/ \$500,000 Aggr	918	945
Aviation	Intact		2,700	2,700
Property	Intact	\$38,074480	48,279	59,765
Equipment Breakdown	Intact	\$50,000,000 Direct Damage	2,843	2,900
Automobile (Owned and Leased Auto)	Intact	\$15,000,000	53,952	72,359
1st Excess Liability Layer	Intact	\$10,000,000	2,160	2,407
2nd Excess Liability	Intact	\$25,000,000	3,505	3,785
TOTAL			194,994	251,682

Quotes are valid until October/1/2022 after which insurers may withdraw or vary terms.

All premium payment terms must be met on time or the insurer will have the right to effect notice of cancellation that may arise from any delay or failure by you to pay the amount payable by the indicated date. Payment is due on inception date of policies. At your convenience, we can offer premium financing.

This communication indicates terms and conditions available and should not be construed as providing confirmation of actual cover or any commitment to cover by the insurer. We look forward to receiving your instructions to bind coverage.

The Binding Order instructions sheet is attached. Please sign and return to my attention.

If you have any questions or concerns please feel free to contact us.

Carl Murray
Client Director, Public Entities Commercial Insurance



SOUTHGATE LOSS EXPERIENCE SUMMARY

Outstanding and closed Claims XS of \$5,000 \$10,000
 (As of Oct. 1 2017 Intact Loss Runs)

Coverage	Policy Effective Date	Date of Loss	Description	Total Gross incurred (including expenses)
LIABILITY	10/1/2018	1/21/2019	Watermain break	\$ 0
LIABILITY	10/1/2018	2/7/2019	Wrongful Dismissal	\$ 94,625.54
LIABILITY	10/1/2018	2/7/2019	Alleged mental anguish	\$264,100
LIABILITY	10/1/2018	3/8/2019	Claimant alleging MVA due to poor road condition	\$2,427
LIABILITY	10/1/2019	4/1/2020	City sweeper incident	\$736
LIABILITY	10/1/2018	11/13/2018	MVA due to icy road condition	\$0
LIABILITY	10/1/2020	1/28/2021	MVA due to snow covered covered	\$0
AUTO	10/1/2021	7/25/2022	Accident by insured driver	\$17,056
AUTO	10/1/2017	7/5/2018	Fire	\$340,279
AUTO	10/1/2018	12/4/2018	Stolen Vehicle	\$225
ERRORS & OMISSIONS	10/1/2021	4/19/2022	Claimant alleging improper inspection	\$225
ERRORS & OMISSIONS	10/1/2021	5/19/2022	Claimant alleging improper issuance of permit	\$50,100
			Total Gross Incurred	\$825,549
			Overall 5-year Loss ratio at 122%	

TOWNSHIP OF SOUTHGATE REPORTING REQUIREMENT

Line of Coverage	Reporting Timeframe	Adjustment Timeframe	Typical Reporting Requirements	When to send changes to NFP?
Auto Policy	Annually	30 days after policy expiration	<ul style="list-style-type: none"> • Via email • Schedule of vehicles with addition / deletion dates. • Vin #, model, make and year • Lease agreement may have to be provided upon request as additional evidence 	<p>Additions and deletions can be reported to carl.murray@nfp.ca and peg.mountney@nfp.ca throughout the policy year but these changes will not be reported to the carrier until the year-end adjustment.</p>
General Liability	Annually	Not Applicable	<ul style="list-style-type: none"> • Via email • Revenues provided 	Any changes in the Township's operation
Property Policy	Quarterly Updates / Adjustment at end of 12 month policy term.	30 days after policy expiration date	<ul style="list-style-type: none"> • Via email • Statement of Values (SOV) as of policy expiration date Adjustment based off newly added and deleted locations only, changes in values at existing locations will be a factor. 	<p>Additions and deletions can be reported to carl.murray@nfp.ca and peg.mountney@nfp.ca throughout the policy term. Your NFP team will update property/assets list and forward all adjustments to the Intact/underwriters.</p>

TOWNSHIP OF SOUTHGATE QUOTE OPTIONS PREMIUM SUMMARY – ORDER TO BIND

COVERAGE	CARRIER	LIMIT OF LIABILITY	PROPOSED PREMIUM	Please check box
General Liability	Intact	\$15,000,000	86,024	<input type="checkbox"/>
Errors and Omissions Liability	Intact	\$15,000,000	8,034	<input type="checkbox"/>
Non-Owned Automobile Liability	Intact	\$15,000,000	181	<input type="checkbox"/>
Environmental Liability	Intact	\$3,000,000	8,776	<input type="checkbox"/>
Crime	Intact	\$1,000,000	1,640	<input type="checkbox"/>
Board Members Accident	Intact	\$250,000/\$500,000 Aggregate	1,578	<input type="checkbox"/>
Volunteers' Accident	Intact	\$50,000	155	<input type="checkbox"/>
Conflict of Interest	Intact	\$100,000	433	<input type="checkbox"/>
Legal Expense	Intact	\$100,000/ \$500,000 Aggregate	945	<input type="checkbox"/>
Aviation	Intact		2,700	<input type="checkbox"/>
Property	Intact	\$38,074480	59,765	<input type="checkbox"/>
Equipment Breakdown	Intact	\$50,000,000 Direct Damage – Per Accident	2,900	<input type="checkbox"/>
Automobile (Owned and Leased Auto)	Intact	\$15,000,000	72,359	<input type="checkbox"/>
1st Excess Liability Layer	Intact	\$10,000,000	2,407	<input type="checkbox"/>
2nd Excess Liability	Intact	\$25,000,000	3,785	<input type="checkbox"/>

The above-mentioned does not include any provincial taxes applicable.

Signature: _____

Title: _____

Date: _____