



Staff Report FIN2022-024

Title of Report: FIN2022-024 2022 Insurance Renewal

Department: Finance

Council Date: October 5, 2022

Recommendation:

Be it resolved that Council receive Staff Report FIN2022-024 2022 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 14, 2022, Intact Public Entities Inc. and NFP Canada Corp provided the renewal report for the period October 1, 2022 to September 30, 2023.

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

				Increase	
		2022-2023	2021-2022	\$	%
Casualty					
General Liability		\$ 86,024	\$ 63,836	\$ 22,188	35%
Errors and Omissions Liability		\$ 8,034	\$ 6,181	\$ 1,853	30%
Non-owned Automobile Liability		\$ 181	\$ 176	\$ 5	3%
Environmental Liability		\$ 8,776	\$ 6,751	\$ 2,025	30%
Crime		\$ 1,640	\$ 1,591	\$ 49	3%
Board Members Accident		\$ 1,578	\$ 1,532	\$ 46	3%
Volunteers' Accident		\$ 155	\$ 150	\$ 5	3%
Conflict of Interest		\$ 433	\$ 420	\$ 13	3%
Legal Expense		\$ 945	\$ 918	\$ 27	3%
Aviation		\$ 2,700	\$ 2,700	\$ -	0%
Property					
Property		\$ 59,765	\$ 48,279	\$ 11,486	24%
Equipment Breakdown		\$ 2,900	\$ 2,843	\$ 57	2%
Automobile					
Owned Automobile		\$ 72,359	\$ 46,619	\$ 25,740	55%
Excess					
Follow Form - 1st layer		\$ 2,407	\$ 2,160	\$ 247	11%
Follow Form - 2nd layer		\$ 3,785	\$ 3,505	\$ 280	8%
Total Annual Premium		\$ 251,682	\$ 187,661	\$ 64,021	34%
8% Retail Sales Tax		\$ 20,135	\$ 15,013	\$ 5,122	34%
Total Cost		\$ 271,817	\$ 202,674	\$ 69,143	34%

On September 14, 2022, staff met with representatives of the providers to review the renewal report and discuss the increases, resulting in an overall increase of 34%. The increase in the general liability premium of 35%, property 24%, and owned automobile is mostly due to the cost of recent claims and 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 5, 2022 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:

The 2022 Budget contained \$212,242 for insurance policy premiums. Based on the current renewal, the projected cost for 2022 is \$219,960 ($\$202,674 \times 9/12 + \$271,817 \times 3/12$), which is overbudget by \$7,718.

Staff estimates that the 2023 Budget should contain \$285,408, taking into consideration the impact of this 34% increase and assuming a further increase of 20% for the 2023/2024 premium year, for a 2023 budget impact of \$65,448.

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, 2022 to September 30, 2023 is \$271,817, an increase of 34%. The 2022 Budget anticipated an increase of 25%, so the projected shortfall is \$7,718. Staff estimates that the 2023 Budget should contain \$285,408, taking into consideration the impact of this 34% increase and assuming a further increase of 20% for the 2023/2024 premium year, for a 2023 budget impact of \$65,448.

Respectfully Submitted,

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

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

Attachment: None