

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. LS-2023-0020

**FOR THE CONSIDERATION OF
COUNCIL**

November 22, 2023

**SUBJECT: MUNICIPAL INSURANCE AND RISK MANAGEMENT SERVICES
RENEWAL - 2024**

1. RECOMMENDATION:

- 1. That Report No. LS-2023-0020 prepared by the Clerk's Division, Legislative Services, dated November 22, 2023 respecting the Municipal Insurance and Risk Management Services Renewal - 2024 be received.**
- 2. That the Town enter into an agreement with BFL Canada Risk and Insurance Inc. (BFL) for Municipal Insurance Coverage and Risk Management services for a one (1) year term commencing January 1, 2024, based on a total annual insurance premium of \$1,106,294.00 plus taxes and any additional premium increase resulting from the addition of new assets and operations during the term.**
- 3. That Council authorize the Manager of Procurement Services to process the renewal of Insurance Coverage and Risk Management Services for the Town of Georgina and execute all other necessary documents, subject to satisfactory performance of the contract.**
- 4. That Council authorize the Deputy Chief Administrative Officer / Treasurer to fund the excess insurance claims that may arise through the Tax Rate Stabilization Reserve, if the Town's insurance claims exceed the approved Budget for 2024.**

2. PURPOSE:

The purpose of this report is to provide information with respect to the Town's insurance policy and seek Council's authorization to renew its contract with BFL Canada Risk and Insurance Services Inc. (BFL) for the provision of Insurance Coverage and Risk Management services for a period of one (1) year (January 1, 2024 to December 31, 2024).

3. BACKGROUND:

The Town of Georgina Municipal Insurance Program expires each year on December 31st. In 2019, the Northern Six (N6) York Region municipalities, namely the Towns of Aurora, East Gwillimbury, Georgina, Newmarket and Whitchurch-Stouffville and the

Township of King, jointly issued a Request for Proposals (RFP) for Insurance and Risk Management Services. The RFP was issued for a three (3) year contract, with each Municipality having the option to renew annually thereafter subject to satisfactory performance and budget approval. On November 27, 2019, Council adopted recommendations from the Clerk's Division and awarded its insurance coverage and risk management services contract to BFL for a one (1) year term commencing January 1, 2020, with an option to extend the agreement through annual renewals, subject to satisfactory performance and budget approval.

4. ANALYSIS:

4.1 Market Conditions

The last few terms of municipal insurance renewal have been impacted by a hardening of the insurance market. A 'soft market' typically exhibits low rates, generous terms, abundance of capital and more competition. A 'hard market' is the opposite – higher rates, reduced insurer capacity, focus on account profitability, reduced product offerings, restrictive terms, less competition, premiums charged being commensurate with risk, and higher minimum deductible requirements. During this time, the insurance industry outlook has been challenging in terms of capacity and pricing with lower appetite from insurers to cover specialty risks such as municipalities. A slight shift has occurred since our last renewal with emerging signs of softening of the insurance market. Insurers are critically reviewing each renewal based on its own merits. Improved data and analytics are utilized in the underwriting process to better understand classes of business.

4.2 Renewal with BFL Canada Risk and Insurance Inc.

BFL Canada Risk and Insurance Inc. (BFL) was founded in 1987 in Montreal, Quebec. BFL's dedicated Public Sector team specializing in insuring Ontario municipalities has operated out of the company's Toronto office since August 2005. BFL is the Town's current insurance broker and risk management services provider. The Town has been working with BFL since January 2012. BFL is familiar with the municipality's day-to-day operations and variety of service requirements. Overall, the service provided by BFL has been satisfactory.

4.3 Municipal Insurance Premium

Factors that may influence premiums include improvements and construction of new facilities and infrastructure, purchases of new equipment, increases in population, the insured's loss record, rising claims costs and the state of the current insurance market.

Currently, major factors that have influenced the Town's proposed insurance premium for the fiscal year 2024 include the increased cost of claims settlement for Ontario municipalities in general, current inflation, and claims loss history specific to the Town since 2012.

4.4 Evaluation of Insurance Proposals

On November 5th, 2023, BFL issued its 2024 Insurance Renewal proposal to the Town of Georgina as detailed in Table 1 below:

Table 1- Proposed Insurance Coverages and Annual Premiums for fiscal year 2024 and premium comparison from 2023.

Line of Coverage	2023 Premium	2024 Premium	Difference In Premium (\$)	Difference In Premium (%)
Municipal General Liability, includes Public Officials Liability, Employee Benefits Liability, Legal Expense Insurance and Non-Owned Automobile	\$357,750.00	\$402,469.00	\$44,719.00	12.50%
Excess Liability	\$88,013.00	\$92,413.00	\$4,400.00	5.00%
Environmental Impairment Liability	\$37,998.00	\$39,898.00	\$1,900.00	5.00%
Crime	\$3,185.00	\$3,344.00	\$159.00	4.99%
Property	\$347,568.00	\$381,555.00	\$33,987.00	9.78%
Equipment Breakdown	\$12,668.00	\$1,637.00	\$1,637.00	12.92%
Owned Automobile	\$105,584.00	\$116,284.00	\$10,700.00	10.13%
Municipal Officials' Accident	\$1,176.00	\$1,176.00	\$0.00	0.00%
Cyber / Privacy Breach	\$44,223.00	\$37,925.00	(\$6,298.00)	-14.24%
Cyber Policy Fee		\$500.00	\$500.00	
Drone Liability	\$3,700.00	\$5,550.00	\$1,850.00	50.00%
Marine Facilities	\$5,250.00	\$5,500.00	\$250.00	4.76%
Fire Vessel with Liability	\$4,625.00	\$5,375.00	\$750.00	16.22%
TOTAL – ALL LINES	\$1,011,740.00	\$1,106,294.00	\$94,554.00	9.35%

The proposed premiums from BFL are based on a \$50,000 deductible per claim for each of the proposed primary policies.

5. RELATIONSHIP TO STRATEGIC PLAN

This Report supports the following Strategic Goal:

“Delivering service excellence”

This report provides information to Council for renewing the Town’s Insurance policy contract for the year 2024 and allows the Town to manage finances and assets proactively through improved risk management services.

6. FINANCIAL & BUDGETARY IMPACT:

The total amount of the Town's insurance premiums (which include broker fees) are allocated in the operating budget each year. The Town also estimates and budgets for the impact of paying deductibles based on previous experience. The 2024 premium for renewal of the Town's municipal insurance and risk management services is \$1,106,294.00 plus applicable taxes, representing a rate increase of \$94,554.00 from last year, which is a percentage increase of 9.35%. The proposed 2024 premium for renewal of insurance including applicable taxes is \$1,185,494.80. There are currently sufficient funds allocated in the 2024 Draft Budget to cover the proposed increase as well as contingency for the potential of assets being added to the policy throughout the fiscal year.

7. PUBLIC CONSULTATION AND NOTICE:

There are no public consultation or notice requirements with respect to this matter.

8. CONCLUSION:

Staff recommend that Council approve the engagement of BFL CANADA Risk and Insurance Inc. (BFL) as the Town's Insurance and Risk Management Service provider and the renewal of the Town's municipal insurance for one (1) year, from January 1, 2024 to December 31, 2024.

APPROVALS

Prepared By: Mamata Baykar, Deputy Clerk
Reviewed By: Rachel Dillabough, Town Clerk
Reviewed By: Michael Bigioni, Director of Legislative Services / Town Solicitor
Recommended By: Rob Wheeler, Deputy Chief Administrative Officer / Treasurer
Approved By: Ryan Cronsberry, Chief Administrative Officer