

The Township of The Archipelago

Recommendation Report to Council

Report No.: Finance 2024-09

Date: November, 21 2024

Originator: Erin Robinson, Chief Financial Officer

Subject: Municipal Insurance & Risk Management Services

RECOMMENDATION

1. THAT Finance Report 2024-09 Municipal Insurance & Risk Management Services be received as information; and
 2. THAT the Chief Financial Officer be authorized to execute the necessary documents with Intact Public Entities Inc. for the 2025 Insurance Program in the amount of \$108,630 plus applicable taxes.
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BACKGROUND

The purpose of this report is to present and advise Council on anticipated costs relating to the 2025 Insurance Program and provide a recommendation to obtain insurance and risk management services with Intact Public Entities Inc. (Frank Cowan Company Limited). The Townships' general insurance program operates on an annual basis, which is renewable on January 1st of each year.

In early September, staff contacted our existing insurer (Marsh Canada Limited) requesting an estimate of the proposed increase for the 2025 municipal insurance program. Staff also contacted Intact Public Entities Inc. regarding their Municipal Insurance and Risk Management program. Following that meeting, staff prepared the documentation, questionnaires and reports required to receive an unsolicited quote from the insurers.

Market Trends

The worldwide insurance industry has experienced significant market fluctuations in the past few years which have been fueled by the pandemic, increased losses across the insurance industry and rising claims costs. These have driven up the costs of premiums for both corporate and personal insurance. Municipalities throughout Ontario continue to face significant increases in the cost of insurance.

Factors contributing to this include:

- rising claim costs,
- reduced capacity to write municipal policies, and
- increased reinsurance renewal rates.

Municipalities are impacted by escalating premiums beyond their direct control. An area of focus is now on prevention of claims and risk management programs implemented by municipalities.

The focus on risk management practices makes a municipality proactive rather than reactive when dealing with safety threats and claims. The benefits of implementing a formal risk management program include:

- Protects public assets and reduces financial risk:
 - help identify and mitigate potential threats to these assets, ensuring they remain safe, functional, and sustainable over time.
- Lowers costs by reducing claims and insurance premiums:
 - Effective risk management reduces costly claims and minimizes the need for emergency spending.
- Enhances public safety and community trust:
 - By identifying potential hazards in public spaces and addressing them proactively, municipalities can improve public safety and reduce accidents.
- Improves decision-making:
 - Risk management programs provide data that can be used to make more informed decisions by analyzing risk exposure.
- Strengthens resilience and continuity of essential services:
 - Risk management enables the development of contingency plans, ensuring that the municipality can respond quickly to crises without major disruptions to public services.

FINANCIAL IMPLICATIONS

On October 22, 2024, Intact Public Entities Inc. presented the renewal program to staff and advised that the 2025 total annualized premium for The Township, would be approximately \$108,630 plus applicable taxes. Our existing insurer presented an e-mail indicating a 6-8% inflationary factor on the 2024 premium resulting in a total annualized premium of approximately \$114,789. Over the past four years, we have been experiencing an average of 9% increase on our insurance premiums with no increase in claims.

There are only three insurers within Ontario that provide municipal insurance coverage:

- Aon
- Marsh Canada
- Intact Public Entities

The decision to not follow our standard procurement policy by obtaining three quotes for insurance services stems from the limited number of insurers operating within the market. Additionally, staff are seeking additional services surrounding corporate risk management that are not offered at the same level by all three insurers.

Intact Public Entities Inc. can provide extensive risk management services alongside our Municipal Insurance program. Additionally, they also offer services pertaining to contract reviews, and annual facility inspections on both new and existing assets. Their educational resources and workshops would be of significant value to expanding our risk management practices.

STRATEGIC PLAN

This direction is in alignment with the following strategic priorities contained within our Strategic Plan:

- Sustainable & Cost-Effective Services
- Effective Relationships & Partnerships

CONCLUSION

Staff are recommending that The Township of The Archipelago execute a contract with Intact Public Entities Inc. for the 2025 Insurance Program for a premium of \$108,630 plus applicable taxes. Staff will continue to work with each department to identify loss exposures, review procedures, and make recommendations to lower the Townships overall risk. Staff will continually track and review any new claims with Intact Public Entities Inc. to identify ways to mitigate future losses.

Respectfully Submitted,



Erin Robison B.Comm., CPA
Chief Financial Officer

I concur with this report,



John B. Fior
Chief Administrative Officer

ATTACHMENTS

2025 Insurance Proposal – Intact Public Entities Kennedy Insurance Brokers Inc.