

Subject: Municipal Insurance Program Renewal Update 2024-2025

Report to: Corporate Services Committee

Report date: Wednesday, April 9, 2025

Recommendations

1. That Report CSD 17-2025 **BE RECEIVED** for information.

Key Facts

- The purpose of this report is to provide Council with information regarding the November 1, 2024, to November 1, 2025, insurance program renewal.
- In accordance with Council approval on April 25, 2024, of CSD 8-2024, Staff pursued a renewal quotation from Niagara Region's existing Broker/Insurer, Marsh Canada Limited ("Marsh"), for the November 1, 2024 to November 1, 2025 policy period.
- Staff successfully negotiated and bound coverages with Marsh for Niagara Region, Niagara Regional Police Services ("NRPS") and Niagara Regional Housing ("NRH") within budget and with improved property coverage limits.
- The insurance premium for November 1, 2024, to November 1, 2025 policy period is \$2,681,190 (inclusive of non-recoverable 8% PST where applicable) compared to last year's premium of \$2,441,443. The overall premium increase of 7% is primarily attributable to increased asset values and inflation.
- A further report will follow regarding next steps for the November 1, 2025 to November 1, 2026, insurance renewal, targeting May 2025.

Financial Considerations

The total premium cost for November 1, 2024, to November 1, 2025, is \$2,681,190. (inclusive of non-recoverable 8% PST where applicable) which is within the approved 2024/2025 budgets.

The approved budget for the 2025 fiscal year is \$3,099,807 compared to \$2,968,264 for 2024.

Given the premium term, it is funded by the budgets of two fiscal years; namely the months of November and December 2024 were funded from 2024 budget and the months of January to October 2025 are funded from the 2025 budget.

The 2025 budget also includes funding for an estimated increase for the months of November and December 2025 that are part of the subsequent renewal process for the 2025-2026 term of insurance. Staff believe there is sufficient funding within the approved 2025 budget for the above noted two months. In addition, Staff believe the 2025 budget can accommodate any increases in premium flowing from the Property Valuations and Loss Control assessments currently underway that are anticipated to result in determinations of increased property values.

Analysis

November 1, 2024, to November 1, 2025 Insurance Renewal Update

On April 25, 2024, by approval of Report CSD 8-2024, Council authorized Staff to negotiate a renewal with Marsh on behalf of Niagara Region, NRPS, and NRH for an additional one-year policy term for the period of November 1, 2024 to November 1, 2025, and authorized the CAO to execute any required agreements and documentation for purposes of the extension, subject to available budget.

Staff negotiated with Marsh who went out to the municipal insurance market on Niagara Region's behalf to secure the best terms available. Staff's review and analysis of the renewal terms presented by Marsh revealed a modest 7% premium increase over last year which was primarily due to increased asset values and inflation. Most other coverage rates were flat, and Marsh indicated that our property insurer applied their lowest rate available to Ontario municipalities in their municipal portfolio to Niagara Region's account. Staff were also able to negotiate and secure additional property limits of \$50M and still remain within budget. In communication with other comparable municipalities regarding their renewal experience, it is Staff's view that the renewal terms were favourable.

On October 30, 2024, Staff obtained CAO approval and was able to bind the 2024-2025 insurance program for Niagara Region, NRPS and NRH commencing November 1, 2024, for an annual premium of \$2,681,190 (inclusive of non-refundable 8% PST where applicable).

November 1, 2025 Insurance Renewal

Staff have been actively reviewing options and alternative approaches for the November 1, 2025 - November 1, 2026, insurance renewal. Research of the current municipal insurance sector indicates the market has stabilized; however, it is important to note that going back out to the market still comes with some uncertainty and risk.

There are currently only 3 other municipal Broker/Insurer insurance programs, besides the current provider, with the capability to quote given Niagara Region's size/portfolio; however, they are unable to quote for social housing and some may also have property limit capacity issues to cover Niagara Region's large asset portfolio. Preliminary reviews suggest that only Marsh can continue to include NRH in its renewal quote with Niagara Region and NRPS; meaning that NRH would instead be required to seek direct quotes from the Housing Services Corporation (HSC) insurance program that may result in overall increased premiums, costs and reduced coverages for NRH.

Staff will continue researching available options for the November 1, 2025- November 1, 2026, renewal, targeting a further report to Council for consideration in May 2025.

Alternatives Reviewed

This report is for information purposes only to advise that negotiations with Marsh were successful in securing improved coverages within the approved budget for the Nov. 1, 2024- Nov.1, 2025 renewal term as authorized by Council further to Report CSD 8-2024.

Relationship to Council Strategic Priorities

Niagara Region's insurance program placement for 2024-2025 (which includes NRPS and NRH) is consistent with Council's 2023-2026 strategic priority focus on Effective Region by delivering fiscally responsible and sustainable services. The inclusion of NRPS and NRH within Niagara Region's insurance program results in sustainable shared insurance and risk services as well as premium cost and Staff resource efficiencies.

Other Pertinent Reports

- [CSD 8-2024 dated April 10, 2024 – Municipal Insurance Program Update and Recommendations for 2024-2025 Renewal](https://www.google.com/url?client=internal-element-cse&cx=005774670460367375179:knxndu-yx3mm&q=https://pub-niagararegion.escribemeetings.com/filestream.ashx%3FDocumentId%3D36988&sa)
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