
MEMORANDUM

CSC-C 17-2019

Subject: Insurance Program Renewal 2019-2020 Update

Date: December 4, 2019

To: Corporate Services Committee

From: Donna Pasto, Risk Management Program Manager

Staff was authorized under CSD 28-2019 to exercise the option in favour of The Regional Municipality of Niagara ("Niagara Region") to extend the insurance and risk management services contract with Jardine Lloyd Thompson Canada Inc. ("JLT") on the same terms and conditions for an additional term of one year for the 2019-2020 policy term.

In March 2019, it was estimated by JLT that the increase in overall premium from 2018-2019 would be 4.75%, which was subject to any increase in property and fleet values.

The 2018-2019 cost of insurance premiums for Niagara Region (including NRH and NRP) is approximately \$813,227 (inclusive of 1.76% non-refundable HST). The insurance premium quote from JLT for the 2019-2020 renewal (including increase in property and fleet values) is \$943,657 (inclusive of 1.76% non-refundable HST). On October 31, 2019, insurance coverage was bound by Staff for the 2019-2020 policy term on this basis. Staff continues to negotiate the Environment Impairment Liability ("EIL") coverage for NRH with JLT, which could result in premium savings.

The overall premium increase over last year's renewal is 15.69% (which is 10.94% over and above the projected 4.75% reported in March). This increase can be attributed to:

- 3.94% increase in property and fleet values and
- 7.0% liability premium increase due to the impact of our current general liability insurer recently **removing** medical liability coverage for Emergency Medical Services (EMS) from their municipal liability policy and the resulting necessity of securing a separate medical malpractice policy for EMS.

At renewal, JLT reported that the hardening market has impacted more than just medical malpractice coverage. Municipalities are now seeing increases starting at 10% on their general liability coverage, and other coverages are seeing 30-40% increases. While the overall insurance premium quote is higher than projected in March, Niagara Region's premium increase in comparison to other municipalities is within the low range.

In early summer 2020, Staff intends to go out to market for Niagara Region's insurance and risk management services given that the contract with JLT expires November 1, 2020.

Financial Considerations

Based on the 2019 budget of \$876,060 for insurance and risk management services, Staff can confirm that there will be no budget pressure as the increase can be accommodated within the approved 2019 budget. However, based on the proposed 2020 budget of \$904,100, there will be a budget pressure of approximately \$50,000.00 (which may be less depending upon the EIL coverage negotiations noted previously). The final impact of this increase once determined will be accommodated within the 2020 budget.

Respectfully submitted and signed by

Donna Pasto
Risk Management Program Manager