



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Jackie Osti, Manager of Purchasing and Risk Management Services
Date: Tuesday, November 29, 2022
Subject: **Renewal of County Insurance Programme - 2023**

Background:

Since 2007, Intact Public Entities (IPE) has managed the County's insurance programme (IPE formerly operated as Frank Cowan Company Limited). The County Purchasing Policy allows staff to negotiate annual insurance renewals outside of a competitive process at its discretion.

IPE is an alternate insurance provider approved by Housing Services Corporation (HSC) to insure the non-profit housing (rent-geared-to-income and affordable housing). Each year IPE and Marsh (HSC's insurer) provide insurance quotes. If the quote from Marsh is lower than IPE, the County is obligated to bind coverage under the HSC programme. This year Marsh's quote was significantly lower because IPE is moving their business away from risk in the non-profit housing sector.

Insurance Overview

General Liability (GL)

Both IPE and Marsh carry appropriate CGL limits. IPE has a \$50,000 deductible per claim and Marsh has a \$25,000 deductible per claim. IPE provides a primary liability limit of \$5M and Marsh \$2M primary limit with \$3M umbrella, both have no annual general aggregate. IPE's general liability maximum is \$25M consisting of \$15M Primary and \$10M excess follow form and Marsh carries \$30M consisting of a self-insured claims trust fund for the first \$2.5M and then underwriting the maximum limit.

Property Insurance

Both IPE and Marsh provide programmes with full property coverage (all risk) for buildings and contents at full replacement cost. IPE utilizes a "blanket" property limit and Marsh utilizes a 15% + property limit.

Automobile

The County fleet is insured at full replacement cost with a \$10,000 deductible per claim.

Insurance values

Description	Insured Value
Property (County)	\$259,998,200 - includes contents and unlicensed equipment
Property (Housing)	\$227,241,541 - includes contents
Rental Income (Housing)	\$ 14,913.980
Licensed Vehicles	\$ 19,322,800

Claims

The County's potential deductible payment on open claims is \$354,058 pending the settlement of each claim. Open claims consist of nine motor vehicle accidents, four slip and falls, two fires and one flood. Since 2007, IPE has paid out \$3,815,955 in claim settlements with the County's deductible payment being \$883,891.

County staff are dedicated to risk awareness and follow prescribed operational standards such as regular inspections of roadways and housing units to mitigate losses. However, the impact of municipal joint and several liability places an inequitable amount of the liability on municipalities. AMO continues to lobby the provincial government *"to find a balance to the issues and challenges presented by joint and several liability, including implementing full proportionate liability and a cap on economic loss awards."*

The combined 2023 insurance premiums are \$1,572,712 which represents a 16.48% bottom line increase over 2022. The insurance industry attributes most premium increases to escalating inflation rates reflected in property values and property claims (construction labour and material), vehicle rates and rising defense costs (litigation and higher damage awards).

Recommendation:

That the 2023 insurance programme renewal submitted by Intact Public Entities be accepted at the quoted premium of \$1,265,681, and;

That the 2023 insurance programme renewal for housing submitted by Marsh be accepted at the total quoted premium of \$307,031, and;

That staff be authorized to bind insurance as required.

Respectfully submitted,



Jackie Osti
Manager
Purchasing and Risk Management Services