

REPORT TO COUNCIL FOR INFORMATION – CONTRACT RENEWAL

Project Award Reporting back to Council on the Delegated Authority to award the contract renewal to Marsh Canada in the amount of \$1,370,366 (exclusive of taxes and fees) for the Town's insurance policy portfolio and risk management services.

Purpose of Report As per Schedule H to ES-018-24, a report to Council for information is required in relation to the use of the delegated authority that was provided.

Background information The RFP for Insurance and Risk Management Services was awarded to JLT Canada (now Marsh Canada) on CORS-061-16 for a three (3) year period (January 1, 2017-December 31, 2019). There was an option to renew for additional years. The contract has since been renewed with the most recent term ending June 30, 2024.

The following outlines the premiums over the contract period:

5 Year Total Premium Comparison (incl. taxes and fees)	
2017	\$728,785
2018	\$771,667
2019	\$796,109
2020	\$844,900
2021	\$806,681
2022	\$1,090,926
2023	\$1,327,195
2024 (6 months - January to June)	\$640,811

Included within the changes above is consideration for the growth of the community and the Town's assets and services, including the addition of new facilities (such as the Sherwood Community Centre) as well as additional lane kilometers of roadways that are either constructed or assumed. The decrease in premium for the 2021 term is as a result of the discontinuation of the Excess WSIB Insurance Policy as outlined in Report CORS-048-21. The results of the 2022 renewal process were outlined in report CORS-004-22.

Through ES-018-24, staff received delegated authority to renew the Town's insurance policy portfolio and risk management services contract with Marsh Canada in an amount to be determined through the renewal process.

The following table presents the changes in premium costs through the renewal process:

Policy Type	2023 Premiums	2024 Premiums	Difference
Municipal Liability	\$513,163	\$589,144	\$75,981
Municipal Liability Excess	\$64,272	\$66,544	\$2,272

Schedule G

Layer 1			
Municipal Liability Excess	\$25,959	\$27,257	\$1,298
Layer 2			
Property	\$281,668	\$380,148	\$98,480
Boiler & Machinery	\$12,953	\$16,260	\$3,307
Automobile	\$118,095	\$105,482	(\$12,613)
Cyber Liability	\$112,500	\$130,000	\$17,500
Crime	\$8,000	\$8,000	\$0
Crime Excess Layer	\$5,097	\$5,355	\$258
Facility Users Insurance / Low Risk Event	\$37,500	\$41,376	\$3,876
Councillors / Volunteer Fire Fighters Accident	\$8,059	\$7,931	(\$128)

Note 1: Policy comparison presented excludes PST, broker and other fees that are also included in the total cost to the Town. Total cost to the Town is presented below in the Budget Impact section.

Note 2: Policy periods presented are for July 1st to June 30th, except for Councillors/Volunteer Fire Fighters Accident policy which is applicable for January 1st to December 31st, and therefore renewed separately.

Based on the pricing received through the latest renewal, the overall premium cost to the Town has increased 16% from the prior year. The largest area of pressure was in relation to the property policy. Contributing factors included the Town’s claim with respect to the weather damage to the dome in 2023, the updated building valuations that were identified through the recent facility audit updates, along with market conditions. Through the renewal process, the Town has updated the deductible related to the properties policy from \$50,000 to \$250,000 in order to help manage the financial pressure and in recognition of the Town’s ability to self-insure within the deductible limit for this policy. Other pricing alternatives were received and assessed for other potential deductible changes, however based on that review the existing deductible levels were maintained in relation to the Town’s other policies.

With the Town’s coverage now in place through to June 30, 2025, Town staff will continue to assess alternatives for the subsequent periods. At this time, it is expected that a competitive request for proposal (RFP) process will be undertaken in early 2025. Staff will continue to assess the market through the remainder of 2024, and prepare the information that will be required to support an RFP process should that route be selected.

Financial Planning Section: Budget Impact (Note 1)

Account Number(s)	Various Departments – 3799
Account Description	Insurance
Project Total Budget	N/A

Contract Budget (note 2)	\$826,860
Actual (note 2)	\$766,661
Variance (Note 3)	\$60,199 (F)

Funding Source	2024 Operating Budget
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Note 1: Financial impact includes the applicable non-rebatable Ontario insurance tax of 8%.
 Note 2: Represents budget remaining for 2024, along with pro-rated cost for the remainder of 2024.
 Note 3: Savings are projected for 2024 based on the combination of costs from the prior contract period along with the renewal period. Going forward, the annualized cost of the renewal period of \$1,533,322 (inclusive of all taxes and fees) exceeds the budget of \$1,467,671 by 4.4%. This variance will be addressed through the 2025 Budget process.