

Municipality of Lakeshore – Report to Council

Legislative and Legal Services

Legal Services



To: Mayor & Members of Council
From: Susan Hirota, Corporate Leader - General Counsel
Date: January 14, 2024
Subject: 2024 Municipal Insurance Renewal

Recommendation

This report is for information only.

Background

The municipality's liability and property insurance policies have been renewed for the coverage period January 1, 2024 to January 1, 2025.

Lakeshore's insurance program includes the following coverages:

- General Liability and Excess Liability
- Errors & Omissions
- Owned Automobile and Non-Owned Automobile
- Environmental
- Property
- Business Income and Extra Expense
- Equipment Breakdown (Boiler & Machinery)
- Crime
- Cyber
- Marine
- Municipal Officials accident

Comments

The municipality's broker, BFL Canada, prepared a comprehensive municipal insurance renewal proposal that provided premium quotes from multiple insurers including Lloyds, Zurich, Intact, SSQ and AIG.

The total premium for 2024 as initially quoted represented a 7.87% increase from 2023. BFL Canada, however, supported increasing the municipality's deductible from

\$25,000.00 to \$50,000.00 in light of the author’s claims and insurance defence background to realize substantial premium savings and to be more in line with the deductibles of other smaller and similarly sized municipalities. BFL was asked to proceed with increasing the deductible to \$50,000 and a revised quote was received with a savings of \$183,247.00.

2023 premium (\$25,000 deductible)	2024 premium (\$25,000 deductible)	2024 premium (\$50,000 deductible)
\$1,423,382.00	\$1,535,367.00	\$1,342,120.00

The cost of obtaining municipal insurance coverage has been increasing year over year across Canada. This is due to a number of factors:

- increased cost to build or replace municipal assets due to inflation
- increased frequency and severity of catastrophic losses in Canada
- increased frequency and severity of claims for slips, trips and falls in Canada
- increased damages and future care costs awarded by courts for bodily injury claims
- increased costs to retain experts

Lakeshore’s loss history over a ten-year period is also factored into the quoted premiums but to a far lesser extent than inflationary pressures and increased claim costs experienced on a provincial and national level. Trip and fall injury claims are the most common type of open claim that Lakeshore has.

Others Consulted

BrokerLink

BFL Canada

Financial Impacts

Finance was looking at a projected 5% increase in premium in 2024. Increasing the deductible to \$50,000 resulted in a 5% savings. The amounts have been updated in the 2024 budget.

BFL was asked to review Lakeshore’s ten-year loss history and conduct an analysis of the costs to the municipality with a \$25,000 deductible versus a \$50,000 deductible. The analysis confirmed that the premium savings associated with increasing the

deductible to \$50,000 significantly surpassed the municipality's average annual costs based on historical data over the previous ten years.

The municipality has a healthy insurance reserve to fund the increased deductible at this time.

Report Approval Details

Document Title:	2024 Insurance Renewal.docx
Attachments:	
Final Approval Date:	Jan 18, 2024

This report and all of its attachments were approved and signed as outlined below:

Prepared by Susan Hirota

Approved by Justin Rousseau and Truper McBride