

Municipality of Lakeshore – Report to Council

Legal and Legislative Services

Corporate Leader - General Counsel



To: Mayor and Members of Council
From: Susan Hirota, Corporate Leader – General Counsel
Date: January 3, 2025
Subject: 2025 Municipal Insurance Renewal

Recommendation

This report is presented for information only at the January 28, 2025 Council meeting.

Strategic Objectives

This report does not relate to a Strategic Objective but ensuring that the Municipality maintains adequate insurance coverage is a critical risk management function.

Background

The Municipality's liability, automobile, and property insurance policies have been renewed for the coverage period January 1, 2025 to January 1, 2026.

Lakeshore's insurance program includes the following coverages:

- General Liability and Excess Liability
- Errors & Omissions
- Owned Automobile and Non-Owned Automobile
- Environmental
- Property
- Equipment Breakdown (Boiler & Machinery)
- Crime
- Cyber
- Marine
- Municipal Officials accident, critical illness, out of province
- Volunteer accident
- Drone (to be renewed separately in February 2025)

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, Definity (formerly Economical) and AIG.

The insurance premium for 2025 is \$1,411,143.00 (exclusive of tax) which represents a 5.09% increase from 2024.

There are a number of factors that impact the cost of the municipal insurance program:

- increased frequency and severity of catastrophic losses in Canada (Insurance Bureau of Canada statistics)

Year	Cost of Catastrophic Losses in Canada + adjustment expenses
1983	\$38.4 million
2001	\$302.3 million
2011	\$1.5 billion
2021	\$2.3 billion
2022	\$3.1 billion
2023	\$3.6 billion
2024	Summer of 2024 \$7.1 billion

- increased cost to build or replace municipal assets due to the rising costs of construction materials and labour, as well as supply chain issues
- increased frequency and severity of claims for slips, trips and falls on municipal property (sidewalks, roads, pathways, parking lots) and in municipal facilities
- increased frequency and severity of claims from members of the public who are injured at special events or while participating in a municipal program
- 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

The insurance premiums for 2025 were originally forecasted to increase by 7%, with a one-time transfer from the Self-Insuring Reserve included in the draft 2025 budget to fully offset the projected increase. However, the municipality has been advised that the actual rate increase for 2025 will be 5.09%, resulting in total insurance premiums of \$1,524,034 (including applicable tax) the total 2025 budget for insurance premiums is \$1,551,751 a difference of 27,717 which can remain in the insurance reserve.

As the actual increase is lower than the amount forecasted, the transfer from the Self-Insuring Reserve will be reduced accordingly. This adjustment ensures there is no net impact to the 2025 budget, as the entire premium increase remains offset by the reserve transfer.

Report Approval Details

Document Title:	2025 Municipal Insurance Renewal.docx
Attachments:	
Final Approval Date:	Jan 20, 2025

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

Prepared by Susan Hirota

Approved by the Corporate Leadership Team