



# Staff Report

## Finance – Purchasing & Risk Management

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**Report To:** Committee of the Whole Meeting  
**Meeting Date:** August 9, 2022  
**Report Number:** FAF.22.124  
**Title:** 2023 Insurance Negotiation  
**Prepared by:** Serena Wilgress, Manager of Purchasing & Risk Management

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### A. Recommendations

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THAT Council receive Staff Report FAF.22.124, entitled “2023 Insurance Negotiation”;  
AND THAT Council authorize staff to negotiate with AON Reed Stenhouse for the 2023 Insurance Renewal.

### B. Overview

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Staff is requesting Council’s approval to proceed with negotiation with the Town’s current insurance broker for the 2023 term.

### C. Background

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The Town maintains a comprehensive insurance program both for the protection of its assets as well as to indemnify it against liability claims. The program includes comprehensive auto insurance for the Town’s fleet, property insurance covering damage to the Town’s equipment, facilities, and properties as well as Municipal Liability Coverage. The Town’s insurance program is an amalgamation of insurance policies supplied by a variety of insurers and is a combination of primary coverage policies supplemented by additional layers of excess coverage. The Town also maintains a deductible that requires it to pay the first specified amount of claims for any one claim. The structure of the Town’s program reflects an attempt to balance the cost of premiums with the cost of risk retained by the Town.

The Town awarded its General Insurance Program to AON Reed Stenhouse (AON) in 2017 for the 2018-2019 term. The proposal included an option to renew the contract for four additional one-year terms. The current contract term with AON will expire on December 31, 2022.

External factors such as the general hardening of the insurance market and overall concerns with municipal risk exposure have driven costs higher. Ontario municipalities are encountering challenges in securing affordable premiums for their respective programs. The constricted market and ongoing pressure on premiums continue to be influenced by municipality’s exposure to claims under the rules of joint and several liability which often means that

municipalities bear a share of compensation that greatly exceeds their proportionate share of the liability.

The Town has implemented many changes to its IT processes and protocols which has allowed the Town to continue to maintain Cyber Liability coverage. This coverage has been pulled from many Canadian municipalities due to a large increase in claims.

Staff requests Council's approval to proceed to negotiate renewal of the Town's Insurance coverage for 2023 with AON with the intention to release an RFP in 2023 for the Town's General Insurance Program.

## **D. Analysis**

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Staff continues to assess options for reducing insurance costs for the Town. Due to the hard market, staff do not recommend proceeding to bid for its insurance program at this time.

## **E. Strategic Priorities**

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### **1. Organizational Excellence**

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

## **F. Environmental Impacts**

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Not applicable.

## **G. Financial Impacts**

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The Town's Insurance Program premiums for the past three years:

2020 - \$207,316

2021 - \$219,861

2022 - \$275,911

Insurance costs are covered in the annual budget of the various departments; these costs are funded by taxation and user-fees depending on the department.

## **H. In Consultation With**

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Shawn Everitt, CAO

Ruth Prince, Director of Finance and IT Services

Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets

## I. Public Engagement

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The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Serena Wilgress, Manager of Purchasing & Risk Management, [purchasing@thebluemountains.ca](mailto:purchasing@thebluemountains.ca).

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## J. Attached

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None

Respectfully submitted,

Serena Wilgress  
Manager of Purchasing & Risk Management

Ruth Prince  
Director Finance & Information Technology Services

For more information, please contact:  
Serena Wilgress, Manager of Purchasing & Risk Management  
[purchasing@thebluemountains.ca](mailto:purchasing@thebluemountains.ca)  
519-599-3131 extension 278

## Report Approval Details

|                      |  |
|----------------------|--|
| Document Title:      | FAF.22.124 - 2023 Insurance Negotiation.docx |
| Attachments:         |  |
| Final Approval Date: | Jul 28, 2022                                 |

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

**Ruth Prince - Jul 28, 2022 - 2:00 PM**