



REPORT TO COUNTY COUNCIL

FROM: Mike Hoogstra,
Manager of Procurement & Risk

DATE: November 28, 2023

SUBJECT: General Insurance and Risk
Management Services Program for 2024

RECOMMENDATIONS:

THAT the General Insurance and Risk Management Services Program proposed by Marsh Canada Limited ("Marsh") be approved at the annual premium cost of \$573,931 plus taxes commencing December 15, 2023 and expiring on December 15, 2024; and,

THAT the Manager of Procurement & Risk and Director of Financial Services/Treasurer be authorized to renew the policy.

INTRODUCTION:

This report provides details regarding General Insurance and Risk Management Services for 2024.

BACKGROUND AND DISCUSSION:

Pursuant to Council's resolution on December 9, 2021, Marsh was awarded the competitive RFP process to provide a General Insurance and Risk Management Services Program for 2022. The RFP award also included options to renew for up to four, one-year terms, subject to annual Council approval of the proposed renewal program.

Staff recently received the renewal proposal regarding the extension of the existing contract for our insurance program for 2024. This constitutes the second one-year renewal of the potential four one-year terms identified above.

Marsh provided the following premium information:

2024 Annual Premium (Proposed)	\$573,931
2023 Annual Premium	\$486,023
Increase	\$ 87,908 (18.1%)

The 2024 premium increase is 18.1%. Marsh noted that the increases are primarily a result of the following:

- Liability – Increase due to market conditions.
- Property – Increase due to increased property values, inflation increases and standard rate increases.
- Terrace Lodge Property – The additional insurance value for Terrace Lodge was adjusted in May 2023 for the Phase 1 addition. The 2023 annual premium amount noted in this report does not include the additional cost, which amounts to approximately \$40,000 of the 2024 increase.

The attached 'Annual Premium Comparison' is provided for Council's information showing the premium difference for each policy line from 2023 to 2024.

Rates for cyber insurance, accident insurance, crime and out of province emergency medical coverage have no increase. The rate for automobile insurance is decreasing slightly.

At this time, we are not recommending the County go to market for the 2024 policy term due to current market conditions. It is recommended that the County renew the policy with Marsh for a one-year term.

For Council's information, a summary of the actual annual premium costs for the last six (6) years are provided below:

Annual Premium	Cost	% Increase
2024 - Proposed ¹	\$573,931	18.1%
2023 ²	\$486,023	14.4%
2022	\$426,866	15%
2021	\$370,852	11.4%
2020 ³	\$332,737	6%
2019	\$312,674	-23%
2018	\$385,229	

¹ Terrace Lodge property insurance increase is approximately \$40,000 or 8.3%

² Property insurance deductible was increased to lower premium increase from 21% to 14.4%.

³ Cyber coverage was added in 2020.

FINANCIAL IMPLICATIONS:

The 2024 premium cost is \$573,931 which represents an increase of 18.1% over the expiring premium. A portion of the increase (8.3%) relates to the additional property insurance cost incurred as a result of the Terrace Lodge Redevelopment project. The actual market rate increase for 2024 is 9.8%.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Serving Elgin	Growing Elgin	Investing in Elgin
<input type="checkbox"/> Ensuring alignment of current programs and services with community need. <input type="checkbox"/> Exploring different ways of addressing community need. <input type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Additional Comments:**LOCAL MUNICIPAL PARTNER IMPACT:**

None

COMMUNICATION REQUIREMENTS:

None

CONCLUSION:

With the changes and challenges in the current hard insurance markets, many municipalities have experienced large percentage increases in their insurance premiums over the last three years. The County of Elgin is no exception with a proposed 18.1% increase over the expiring premium.

All of which is Respectfully Submitted

Approved for Submission

Mike Hoogstra
Manager of Procurement & Risk

Don Shropshire
Chief Administrative Officer/Clerk

Jennifer Ford
Director of Financial Services / Treasurer