



## **Gillons Insurance Renewal Proposal**

**For**

**The Corporation of the Town of Fort Frances**

**PROPOSED INSURER**  
**PROPOSED EFFECTIVE DATE**  
**TERM:**

Intact Public Entities  
November 1, 2021  
12 Month(s)

**PRESENTED BY:**

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**Dated: September 28, 2021**

*The information in this summary report is intended for informational purposes only. For full details with respect to coverage, exclusions, conditions and limitations refer to the policy wordings. While coverage may be quoted, once a policy is issued coverage is only applicable if shown on the Declaration Page or Schedule of Coverage. Nothing herein alters the terms, conditions, and exclusions contained in the printed insurance contract.*



Background on recent trends affecting the cost of municipal insurance and the driving factors behind increased claims costs:

1. Climate change – property losses are more frequent and severe, this has increased both property and reinsurance rates globally
2. Cyber Attacks – cyber liability claims have increased dramatically over the last three years and are anticipated to grow at an exponential rate. Cyberhackers are attacking municipalities daily using increasingly sophisticated tactics.
3. Joint and Several Liability (The 1% Rule) - As severity of awards increases, the exposure also increases for those who are perceived to have deep pockets (municipalities)
4. Class Actions – increasing in frequency as the certification process becomes easier and more lawyers are pursuing this type of claim. The cost to defend these is much more difficult and costly.
5. Changing Legal Landscape – Society is becoming more litigious, personal accountability is declining, paving way for higher frequency and severity of claims.
6. Future Care Costs – A number of years ago \$5 Million liability award was alarming. 10 years ago a \$5 Million settlement is now settling around \$12-\$18 Million today. This can be attributed in part to the increased costs of providing future care to catastrophically injured plaintiffs as a major factor.
7. Defense Costs increasing – claims are more complex to defend resulting in additional costs in the investigation and hiring more experts, this can increase the length of time to defend which is impacted further with increasing rates.

Please refer to the document provided for further information on each of the above.

Notes on the current Hard Market:

- Insurance industry is historically in a hard or a soft market
- Currently in a hard market – (higher rates, reduced level of capacity)
- Difficult to predict, but will likely last into 2022
- Over the past 5 decades there have been approximately 4 hard markets, with the last one in the early 2000's.

## **INSURANCE SUMMARY**

### **GENERAL**

- Overall 16.09% increase in premium from expiring. This increase is primarily due to the following: hardening of the market conditions which is driving rate increases, increase in property limits.

### **PROPERTY**

- Approximate 4% inflationary increase on buildings in the POED blanket limit. Overall increase in property values was \$5,102,800. Overall increase in this line of coverage was \$13,630 or 14.8%
- Equipment breakdown premium increased by \$189 due to increased property values which works out to a 2% increase overall

### **GENERAL LIABILITY**

- General liability increase of \$14,317, which works out to a 15% increase and was a minimum average increase on the IPE municipal program
- Claims – 1 new liability claim was reported in the last term with 1 older claim also still open. This along with liability trends across Intact Public Entity municipal book of business account for the increase in the liability premium.

### **CRIME**

- A slight inflationary increase of \$39 - 3%

### **EXCESS LIABILITY**

- A premium increase of \$180 – 9%.

### **AUTO**

- Change in auto from expiring is additional \$9,140 or 30%. There is a minimum 26% rate increase applied on the automobile line of coverage for this segment.

### **GARAGE AUTO**

- A premium increase in this coverage line of \$132 – 15%.

## CHANGES TO INSURANCE PROGRAM

- See page 18-19 of Intact Public Entity proposal
- Subscribing company changed, Lloyd's addition conditions form updated
- Important changes to the Liability and Errors and Omissions. Please review the Policy Changes First Party Pollution and Cyber Exclusions document. See page 20-21
- Legal Expense – Coverage for Human Rights tribunals is now included under the Legal Defence coverage, in addition to wording changes
- First Party Pollution Clean-up has been amended to \$1,500,000 at renewal with a reporting requirement of 180 days instead of previous 365 days
- Intact Public Entities has added an annual aggregate for flood and earthquake
- Cyber exclusions clarified in multiple coverage lines (Property, Liability and E&O)

## OUT-OF-PROVINCE TRAVEL — removed in 2020

## CHANGES IN PREVIOUS YEAR

### Property policy

Changes in prior term due to inspection of properties:

- o deleted 1150 Portage Ave N - daycare building
- o deleted the rink shack 1030 Portage
- o deleted Cat Loader and added 2020 John Deere loader

### Auto policy

- o noted by Jamie with renewal review that the 2011 Chev Equinox #2CNFLEE5B86223153 was dropped in error on the renewal excel
- o 2017 Haulmark Trailer VIN# 575PB1429HH351996 - missed on renewal schedule so added back on
- o 2002 International to the airport department with premises cover only and amended the 99 International at the airport to premises cover only
- o May 17, 2021 added the 2021 Chev Silverado 1500 #1GCRYAEK1MZ293666
- o May 21, 2021 added a 2022 Peterbilt 348 Sand truck #2NP3LJ0X4NM773208 and removed the 2004 Sterling LT9500 #....36697.
- o 2007 Ford E350 added back on policy - missed on renewal.
- o July 30, 2021 added a 2021 GMC Sierra 2500 #1GT49LE77MF292957

## PROGRAM OPTIONS

(See page 23-24 of proposal)

- Crime Options – See page 23 and 42 of proposal
- Crime Coverage – Fraudulently Induced Transfer Coverage page 23 and 43 of the proposal
- Board Members Accident, 24 hour coverage extension and critical illness are available. See page 23 and 44 of proposal
- Legal Expense Policy additional coverages– see page 23 and 34 of the proposal
- Unmanned Aerial Vehicle Coverage – see page 45 of the proposal
- Income can change from year to year so it is important to annually review your Business Interruption needs. Higher limits or Optional Coverages to protect your income are available.
- User Facility Program – see page 24 and 46 of the proposal.

## REQUIREMENTS FOR RENEWAL

- List of additional insureds (liability and property). Please review and advise if the lists requires any additions or deletions.
- Require Level 2 CVOR
- Which type of explosives are being carried and any particular vehicle assigned to carry them?

**CLAIMS HISTORY** – page 47-48 of the proposal

## PREMIUM

Policy premium (excluding out of province medical)

\$269,298 plus applicable taxes

2020/2021 – Automobile Adjustment premium

\$TBD





# **2021 Municipal Insurance Program**

## **CORPORATION OF THE TOWN OF FORT FRANCES AND FORT FRANCES PUBLIC LIBRARY BOARD**

Renewal Report for the Policy Term November 1, 2021, to November 1, 2022

In Partnership with:  
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# Cost Analysis

	Expiring Program Term	Renewal Program Term
<b>Casualty</b>		
General Liability	\$ 77,562	\$ 89,196
Errors and Omissions Liability	6,820	7,843
Non-Owned Automobile Liability	189	189
Environmental Liability	9,065	10,425
Crime	1,288	1,327
Board Members Accident	434	434
Conflict of Interest	420	420
Legal Expense	1,500	1,500
<b>Property</b>		
Property	91,909	105,539
Equipment Breakdown	9,425	9,614
<b>Automobile</b>		
Owned Automobile	30,476	39,619
Garage Automobile	880	1,012
<b>Excess</b>		
Follow Form	2,000	2,180
<b>Total Annual Premium</b>	\$ 231,968	\$ 269,298
(Excluding Taxes Payable)		



# Changes to Your Insurance Program

Please be advised of the following changes to your insurance program that now apply:

## Subscribing Companies

Please note the change of Insurer(s) and participation % as well as Lloyd's contract number(s). Intact Insurance Company is integrating The Guarantee Company of North America's business and policies and, as such, The Guarantee Company of North America has been replaced as a subscriber by Intact Insurance Company.

Liberty Mutual Insurance Company has been added to the property policy.

Directors and Officers' policy is now 100% Intact Insurance Company.

Some forms have been amended to reflect the above changes.

## The Lloyds Additional Conditions Form

This form has been updated effective February 1, 2021. Under the following headings changes include:

- IDENTIFICATION OF INSURER / ACTION AGAINST INSURER and LLOYD'S UNDERWRITERS' POLICYHOLDERS' COMPLAINT PROTOCOL - the address noted in the wording has been updated.
- SEVERAL LIABILITY CLAUSE – the following paragraph has been removed:
  - INSURE IN CANADA A RISK
  - For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Underwriters' insurance business in Canada.

All other terms and conditions within the form remain unchanged.

## Liability and Errors and Omissions

- We have made important changes please review the **Policy Changes First Party Pollution and Cyber Exclusions** document.
- We have included notification regarding the Errors and Omissions changes within this notification document. You may or may not have Errors and Omissions coverage on your policy, please refer to the Schedule of Coverage to determine whether your coverage has been affected.

## Legal Expense Market and Product Changes

- Intact Public Entities has partnered in the past and continues to partner with DAS Legal Protection Inc. (DAS) to provide your Legal Expense Coverage. DAS is a Managing General Agent (MGA) and continues to handle the Legal Expense Insurance claims on behalf of Intact Public Entities as they have in the past.
- The Legal Expense wording has been updated and include changes to your policy. Coverage for Human Rights tribunals is now included under the Legal Defence coverage. The General Conditions have been updated and should be reviewed carefully.
- DAS Legal Expense Insurance policies are underwritten by Temple Insurance Company and both companies are members of Munich Re (Group). Temple Insurance Company will be shown as the Subscribing Company on your Legal Expense Policy if the effective date is prior to December 15, 2021.
- ARAG Group, a global leader in legal expenses insurance and currently active in 19 countries has acquired DAS Legal Protection Inc. in Canada earlier this year. The subscribing company on your legal expense policy now show ARAG effective December 15, 2021 new business and renewal business. We anticipate no changes in coverage or claims reporting at this time, if there are changes we will notify you of these in subsequent communication.



# Property Policy

## First Party Pollution and Cyber Exclusions

We have made important changes please review the **Policy Changes First Party Pollution and Cyber Exclusions** document. This document outlines all coverage affected.

The First Party Pollution Clean-up has been amended to \$1,500,000 at renewal.

## Earthquake and Flood Aggregate

We have added an annual aggregate for flood and earthquake which are considered catastrophic coverages. Please refer to your policy wording for specific details and the 'Schedule of Coverage' within this document to view your Aggregate Limit.

## Liberty Mutual Insurance Company – New Property Subscriber

We have partnered with Liberty Mutual Insurance Company as a new subscriber on your property policy.

Since 1912, Liberty Mutual Insurance Company has grown their organization into the sixth largest global property and casualty insurer - based on 2019 gross written premium.

Over the past 100 years, Liberty Mutual Insurance has been committed to helping people preserve and protect what they earn, build and own.

## Building Values Increased

Building values have been increased in order to reflect inflationary trends.

## Virus and Bacteria Exclusion

Intact Public Entities is adding a virus and bacterial exclusion to property policies effective August 1st, 2020 for new business and October 1st, 2020 for renewals.

Previously we've communicated that our property coverage requires there to be a direct physical loss or direct physical damage subject to the policy terms and conditions and that business interruption coverage will not be triggered for a loss caused by a virus or bacteria.

The endorsement now clarifies that we exclude any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. The exclusion also stipulates that this exclusion supersedes any exclusion or coverage granted relating to 'pollutants' or 'contagions'.

The exclusion applies to all locations and all property policies and coverage including business interruption coverage, builders risk coverage, miscellaneous or other property coverage "form(s)" and any extensions, clauses or additions of coverage attached to and forming part of this policy, including exceptions to exclusions attached to these policies.

## Licensed Automobile Physical Damage on the Property Policy

As an accommodation, we previously allowed you to insure physical damage for licensed automobiles under the property policy. We will be discontinuing this practice as an automobile policy more appropriately covers this exposure.

To support this change, form PNGX6028 Licensed Equipment and Vehicle Schedule Endorsement has been updated and renamed Licensed Equipment Schedule Endorsement. We will continue to provide coverage for licensed equipment using this form.

# Automobile Policy

- The name of endorsements attached to your policy may have changed and reference to GCNA and associated numbers have been removed.
- Replacement Cost Endorsement applies to vehicles 20 years and newer. Refer to Highlights Page for more information on fire trucks and coverage conditions.
- Equipment Endorsement: This endorsement has been removed from your policy as coverage is provided by the Standard Auto Policy Wording.

# Automobile Replacement Cost Coverage Change Highlights

## Overview

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The Replacement Cost Endorsement is attached to your automobile policy and amends Section 7 'Loss or Damage Coverages' of the policy to remove our right to deduct depreciation in the event of a loss.

Coverage under this endorsement has been amended as follows:

We will pay:

- the cost to repair the automobile with material of like kind and quality
- In the event of constructive or total loss:
  - the cost of **replacing the automobile** with a new automobile of the same make and model, similarly, equipped **if you are the original purchaser** and the automobile was new at the time of delivery;
  - **the actual price paid by you** for the automobile and its equipment or actual cash value whichever is greater:
    - i) **if the automobile was not new** at the time of purchase, or
    - ii) **if you are not the original purchaser**, or
  - for **fire trucks over 20 years but not exceeding 25 years, the actual price paid by you** for the automobile and its equipment or actual cash value whichever is greater.

The following conditions apply:

- coverage only applies to owned light and heavy commercial automobiles, licensed contractor equipment and trailers that are **20 years old or newer** and **for fire trucks over 20 years but not exceeding 25 years as stipulated above**
- coverage does not apply to any automobiles branded rebuilt
- coverage does not apply to any automobiles insured on an agreed value basis

## Important Information

- Replacement cost Coverage is no longer available for Private Passenger Vehicles and Miscellaneous Vehicles
- Please refer to the endorsement wording for complete details of coverage.
- When providing us with details of additional or substituted vehicles, please advise us of the purchase price and whether the vehicle was purchased new or used.

The information provided by Intact Public Entities Inc. is intended to provide general information only. For full details with respect to coverage, exclusions, conditions and limitations refer to the policy wordings. While coverage may be quoted, once a policy is issued coverage is only applicable if shown on Declaration Page or Schedule of Coverage. Intact Design® is a registered trademark of Intact Financial Corporation. All other trademarks are properties of their respective owners. TM & © 2021 Intact Public Entities Inc and/or its affiliates. All Rights Reserved.