

TO: Mayor Avis & Members of Council
FROM: Debbie Scofield, Deputy-Treasurer
DATE: September 2, 2014
SUBJECT: 2014-2015 Insurance Renewal

BACKGROUND

Attached is an email from Bruce Armstrong of Gillons' Insurance and Mahsa Hosseinnjad of BFL Canada regarding the increase in Municipal Insurance for the 2014/15 term. As noted, there will be an approximate 5% overall increase in premiums, including the 3% increase in property values, which would be approximately \$9,900 more than the 2013/14 term. The formal quote will not be supplied until after BFL's mid September meeting to discuss 2015 renewals and pricing. For your information, an article from Northern Life regarding increases in Municipal Insurance rates is also attached.

On November 1, 2014, the Town will be entering the fourth year of a four-year term of insurance before a Request for Proposal must be undertaken in 2015. This does not preclude the option for the Town to issue a Request for Proposal for Municipal Insurance in any given term.

Administration is seeking Council's direction whether to proceed with a RFP before the formal quote is received from BFL Canada or to wait for the quote and proceed accordingly.

RECOMMENDATION

That the Administration and Finance Executive Committee recommends not proceeding with a Municipal Insurance RFP at this time, providing the formal quote received from BFL Canada is within range of their preliminary estimate of a five percent increase including the three percent increase in property values, over the 2013/14 term of insurance.

Council Approval of This Report Will Agree with the Administration and Finance Executive Committee's recommendation to not proceed with a Municipal Insurance RFP providing the formal quote received from BFL Canada is within range of their preliminary estimate of a five percent increase including the three percent increase in property values, over the 2013/14 term of insurance.



Bruce Armstrong
<Bruce.Armstrong@gillons.on.ca>

08/27/2014 02:51 PM

To "dscofield@fort-frances.com" <dscofield@fort-frances.com>

cc Carrie Shouldice <Carrie.Shouldice@gillons.on.ca>

bcc

Subject FW: 2014/15 Renewal - Fort Frances

Hi Debbie,

Hope your day is going well. Below is a response from the underwriter at BFL Canada to your question regarding the overall 5% increase. I believe this number would be safe to use in estimating the 2014/2015 policy term. The 5% increase is based on the expiring premium not the inception premium so all changes incorporated over the last yr. will be over and above the inception premium. Hope this makes sense. If not please call me. Thank you Debbie.

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From: Mahsa Hosseinnejad [<mailto:mhosseinnejad@bflcanada.ca>]

Sent: Wednesday, August 27, 2014 1:53 PM

To: Bruce Armstrong; Chris Sinardo

Cc: Carrie Shouldice

Subject: RE: 2014/15 Renewal - Fort Frances

Hi Bruce,

The approximate 5% overall increase would include the 3% increase in property values for the cost of inflation. However, this would not include any new property additions as the property values will affect the pricing and at this time we do not know what the values are if any.

We are meeting with our markets mid-September to discuss the 2015 renewals and their pricing. At that time we will have a better understanding of how the markets will be rating the Municipal Insurance program that is currently in place and will know what the possible increases may be.

We will get back to you once we have had our discussion with our markets.

Regards,

Mahsa Hosseinnejad, BA, RIBO, CAIB
Client Service Manager, Public Sector



BFL CANADA Risk and Insurance Services Inc.

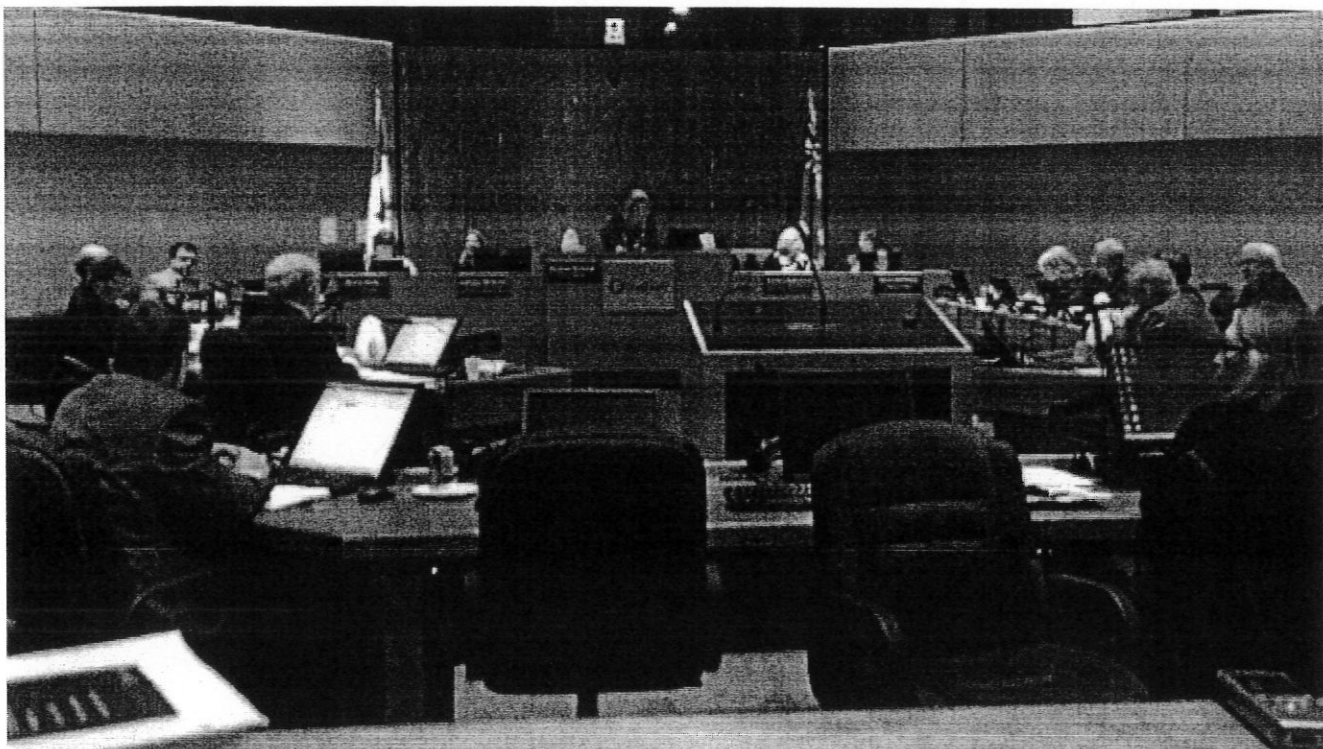
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Province takes slow approach to reforming liability legislation

By: Darren MacDonald - Sudbury Northern Life | Aug 20, 2014 - 7:41 PM |



There will be no quick relief for Ontario municipalities who are having to shell out millions due to the rising number of lawsuits filed against cities -- and the climbing damage awards that accompany them. The province has said it's open to reform, but change will take time. File photo.

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Current rules driving double-digit increase in municipal insurance rates

Hopes the province would act quickly to help cities stem soaring insurance costs were dashed at this week's meeting of the Association of Municipalities of Ontario.

What's known as 'joint and several liability' rules in the province often force municipalities to pay the bulk of multi-million dollar damage awards in lawsuits.

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Province takes slow approach to reforming liability legislation

Under the 'one per cent rule,' even when cities are found to have played an extremely minor role in an accident, judges can order them to pay most of a damage claim if the other defendants don't have the resources.

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That's because cities are viewed as having deep pockets when it comes to compensating accident victims.

In one case a few years ago in southern Ontario, a man who had been drinking – even had a beer in his lap while he was driving – blew threw a stop sign and caused a serious accident. The judge in the case ruled the municipality had to pay the bulk of the award because was partially responsible since the signage alerting drivers about the stop sign was inadequate.

Joint and several liability is particularly costly in Ontario for municipalities because of no-fault vehicle insurance rules. With lawsuit awards usually capped at \$1 million for car insurance companies, plaintiffs often will include cities because there's no limit in place on what they can be forced to pay.

That's driving up municipal insurance costs across the province, including Sudbury. Premiums are up this year by 40 per cent in the city's police budget, almost 55 per cent in building services, 37.1 per cent in waste collection, 48.6 in Ontario Works, 40.3 per cent in children's services and 29.1 per cent in emergency services.

In dollar terms, rising premiums cost local taxpayers \$300,000 in added costs this year alone. AMO has long lobbied for reform, and there was hope the new Liberal majority government would be receptive.

But in his remarks to delegates meeting this week in London, AMO president Russ Powers said they had been informed that change was not coming any time soon.

“This week the Ontario government informed AMO that it would not act on this,” Powers said, describing the current rules as “immoral and wrong.

“Other provinces have introduced sensible limits on municipal liability and protections for property tax payers. We won’t stop until we get that done.”

While not ruling out changes, Attorney General Madeleine Meilleur told the Ontario Legislature in July the government wants to ensure that whatever changes they make won't end up hurting victims or have other unintended consequences.

That's what happened under the no-fault insurance rules, which were aimed at slowing the rise in automobile insurance rates. Another example is a Supreme Court of Canada ruling that capped general damage awards at \$100,000, and tied it to inflation. That prompted judges to look for other parties who could pay compensation to accident victims. So reform will take time, Meilleur said.

“Legal liability reform is an important and complex issue,” she said, in response to a question from PC MPP Randy Pettapiece. Whatever the province does, she said “there will be winners and losers. It’s a very complex matter, and we want to make sure that we have it right before we move forward.”

Ontario is reviewing rules used by Saskatchewan, she said, to see whether they could work here. Under that model, “if there is a shortfall because one defendant is insolvent and the plaintiff’s own negligence contributed to the harm, the shortfall is divided among the remaining defendants and the plaintiff, in proportion to their fault,” says a post on AMO's website.

“Another model will limit municipal liability for negligence in road maintenance to two times the proportion of damage,” Meilleur said. “It could look very simple for some of us, but it’s a very complex issue. Indeed, if this bill is passed, (as I said) there will be winners and losers, and that’s what we have to consider before moving forward with it.”

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Darren MacDonald

Staff Writer

@Darrenmacd

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