



## Gillons Insurance Renewal Proposal

For

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

*Proposed coverage is underwritten by:*

**PROPOSED INSURER**

Frank Cowan Company

**PROPOSED EFFECTIVE DATE**

November 1, 2020

**TERM:**

12 Month(s)

**PRESENTED BY:**

Luc Romaniuk, B.A., B.Ed., CAIB

*ACCOUNT EXECUTIVE, BUSINESS INSURANCE*

Phone: 807-274-7716 Ext. 3705

Cell: 807-271-4011

Email: luc.romaniuk@gillons.ca

Dated: September 28, 2020

*This is a condensed report of insurance coverages which are being offered as a complete insurance program. Any changes to the overall program are to be agreed to as part of this review process. 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. 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)
3. 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.
4. Changing Legal Landscape – Society is becoming more litigious, personal accountability is declining, paving way for higher frequency and severity of claims.
5. 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.
6. 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.

## **INSURANCE SUMMARY**

### **GENERAL**

- Overall 14.3% 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 3% inflationary increase on buildings in the POED blanket limit. Overall increase in property values was \$3,675,600. Any properties inspected in the prior term were not affected by the inflation factor.
- Property premium increased by \$11,949 due to increased property values and minimum rate increase of 12%.
- Equipment breakdown premium increased by \$187 due to increased property values which works out to a 2% increase

### **GENERAL LIABILITY**

- General liability increase of \$12,927, which works out to a 20% increase.
- Claims – 1 new liability claim was reported in the last term with 2 older claims also still open. This along with liability trends across Frank Cowan municipal book of business account for the increase in the liability premium.

### **CRIME**

- A slight inflationary increase of \$33

### **EXCESS LIABILITY**

- No changes in premium.

### **AUTO**

- Change in auto from expiring is additional \$3,933. This is due to a minimum rate increase of 15% on this line of coverage across the Frank Cowan book of municipal business.

## **GARAGE AUTO**

- Slight increase in this coverage line of \$80.

## **CHANGES TO INSURANCE PROGRAM**

- See page 14 of Frank Cowan proposal
- Important to note the Virus and Bacteria Exclusion has been applied for the property policy. A full description can be found on page 14. This exclusion does not apply to the liability policy at this time.
- Automobile replacement cost coverage change – 20-25 years. Full description on page 15 of the proposal.

## **OUT-OF-PROVINCE TRAVEL**

<b>Name</b>	<b>Title</b>
June Caul	Mayor
Michael Behan	Councilor
Wendy Brunetta	Councilor
Andrew Hallikas	Councilor
Douglas W. Judson	Councilor
John D. McTaggart	Councilor
Rick Wiedenhoeft	Councilor

## **CHANGES IN PREVIOUS YEAR**

### Property policy

Changes in prior term due to inspection of properties:

- o Blanket amount for buildings decreased by \$490,700 (only on the buildings inspected)
- o Exterior paved surfaces increased by \$200,000 to \$250,000
- o Growing plants, any one item increased by \$24,000 to \$25,000
- o Fine arts increased \$12,000 to \$1,168,152

### Auto policy

- o Mar 23 2020 - add 2019 Spartan LA4MC22116 #457CU2D96LC087765 lpn \$597,514 - fire dept
- o June 5, 2020 - add 2020 Vactor 2100i Vacuum truck mounted on a Western Star 4700 Chassis #1FVHBXAK51HH87477 purchase price \$531,780.

## PROGRAM OPTIONS

(See page 16-17 of proposal)

- Crime Options – See page 16 and 35 of proposal
- Crime Coverage – Fraudulently Induced Transfer Coverage page 16 and 36 of the proposal
- Board Members Accident, 24 hour coverage extension and critical illness are available. See page 16 and 37 of proposal
- Volunteer Accident – See page 16 and 38-39 of the proposal
- Legal Expense Policy – see page 16 of the proposal
- Unmanned Aerial Vehicle Coverage – see page 17 and 40 of the proposal
- Liability Limits – See page 16 of proposal.
- Active Assailant and Associated Coverages see page 17 and 41 of proposal
- User Facility Program – see page 17 and 42.

## REQUIREMENTS FOR RENEWAL

- List of additional insureds (liability and property). Please review and advise if the lists requires any additions or deletions.
- Frank Cowan recommends a business continuity and Crisis Management Plan be put in place after reviewing the COVID-19 completed.
- Note: still waiting on Cyber insurance terms, which we should have within the next week.


## PREMIUM

**Policy premium (excluding out of province medical and taxes)** **\$232,097**

**Out of Province Medical Coverage (Excluding taxes)** **\$1,500.00**

**2019/2020 – Automobile Adjustment premium** **\$TBD**





# 2020 Municipal Insurance Program

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

Renewal Report for the Policy Term November 1, 2020 to November 1, 2021

In Partnership with:

Luc Romaniuk

Gillons' Insurance Brokers Ltd.

326 Church Street

Fort Frances, ON, P9A 1E1

Prepared by:

Jason Gervais, CRM, C.Tech, R.I.B. (Ont.)

Regional Manager

Ref 25100/kl

18 September 2020

75 Main Street North  
Princeton, ON N0J 1V0  
1-800-265-4000  
frankcowan.com

MIP 04-2017-v1

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**Cost Analysis**

	Expiring Program Term	Renewal Program Term
<b>Casualty</b>		
General Liability	\$ 64,635	\$ 77,562
Errors and Omissions Liability	6,820	6,820
Non-Owned Automobile Liability	189	189
Environmental Liability	9,065	9,065
Crime	1,250	1,288
Board Members Accident	434	434
Conflict of Interest	420	420
Legal Expense	1,500	1,500
<b>Property</b>		
Property	80,500	92,449
Equipment Breakdown	9,328	9,515
<b>Automobile</b>		
Owned Automobile	26,042	29,975
Garage Automobile	800	880
<b>Excess</b>		
Follow Form	2,000	2,000
<b>Total Annual Premium</b>	<b>\$ 202,983</b>	<b>\$ 232,097</b>
(Excluding Taxes Payable)		

# Changes to Your Insurance Program

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

## General Policy Change

- Effective January 1, 2020 we have updated Form GNGX408 Lloyds Additional Conditions which attaches to all policies where Lloyds is a participating carrier. The 'Notice Concerning Personal Information' section has been updated. A Sanctions Limitation and Exclusion clause has also been added to this form.

## Property Policy

- Building values have been increased in order to reflect inflationary trends. No inflation on Buildings inspected in previous term.
- **Virus and Bacteria Exclusion**

Frank Cowan Company 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.

## Non-Owned Automobile Policy and Rented Vehicles

- Non-Owned Auto Coverage includes the SEF 94 endorsement – Legal Liability (Physical Damage) to a Hired/Rented Auto. Coverage is automatic for short term rentals (less than 30 days).
- If rentals are automatically renewed on a regular basis (for consecutive 30 day periods) coverage is required under the auto policy, #OPCF 27B endorsement and will be charged for accordingly. Please review this exposure and advise us of the details.

## Environmental Wording Changes

- We have amended the look of our Environmental Form. It is now in our standard font. We have also added quotations around defined terms throughout the wording.

We have updated the following exclusions to follow industry standard and have incorporated these into the wording.

- War
- Fungi
- Nuclear
- Terrorism
- Data
- Asbestos

Previously the Fungi, Nuclear, Terrorism, Data and Asbestos exclusions were added via separate endorsements.

## Automobile Policy

- Replacement Cost Endorsement applies to vehicles 20 years and newer. Refer to Highlights Page for more information on fire trucks and coverage conditions.



# AUTOMOBILE REPLACEMENT COST COVERAGE CHANGE HIGHLIGHTS

## OVERVIEW

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GCNA 8 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 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

Please refer to the endorsement wording for complete details of coverage.

On the schedule of vehicles, REP is no longer an indicator of replacement cost 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 in this notice is intended for information 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 Declaration Page or Schedule of Coverage.