

Report to Council

Report Title: Municipal Liability Insurance

Prepared By: Trish Serratore, Chief Financial Officer

Department: Finance

Date: August 27, 2019

Report Number: FIN2019-27 **File Number:** C11FIN, F18

Attachments: None.

Recommendation:

That the Council of the Municipality of Brockton hereby accepts Report Number FIN2019-27 – Municipal Liability Insurance, prepared by Trish Serratore, Chief Financial Officer and in doing so authorizes a by-law coming forward to accept the Municipal Liability Insurance proposal from Frank Cowan Company.

Report:

Background:

On June 26, 2019 a Request for Proposal was sent out for the Municipal Liability Insurance and Risk Management services with an amended closing date of July 31, 2019 at 2:00 p.m.

The municipality received two bids, one from Frank Cowan Company, partnered with CMR and the other one from our current provider, Marsh Canada (formally JLT).

The annual insurance premiums for 2017 – 2019 were as follows:

- 2019 - \$298,697
- 2018 - \$286,132
- 2017 - \$279,139

Both proposals were reviewed by staff. Upon review of both proposals, it was discovered that the package received by Marsh Canada Inc. was missing one of the required documents to ensure compliance with the Request for Proposal. The proposal was, therefore, non-compliant and it was disqualified from the process. It should be noted that the application received by Marsh was also the higher bid of the two received.

Analysis:

Staff have reviewed the submission from Frank Cowan Company ("Cowan"), in partnership with CMR insurance brokers in detail and has summarized the key points below:

Annual Premium for 2020: \$208,605

Liability Coverage:

Cowan’s insurance coverage is for \$50 million, comprised of 3 layers:

- 1. Primary Policy - \$15 million per occurrence/no aggregate
- 2. Follow Form Excess Policy - \$10 million
- 3. Excess Policy - \$25 million/\$25 million aggregate

The effect of “layering” essentially allows the insurer to reduce the premium, as the primary layer is the more expensive coverage and the umbrella/excess policy is less expensive to purchase. Most claims do not exceed the \$15 million primary limit.

Experience:

Cowan: This insurer is a leader in providing specialized insurance programs and risk management services to municipalities across Canada. Through this arrangement, the Municipality would deal with CMR Insurance (located in Walkerton/Hanover) as our broker.

Services Offered:

Cowan included a comprehensive five year risk management plan which includes the following:

- Asset Valuation and Risk Inspections;
- Road Risk Assessment;
- Driver Training;
- MMS Compliance; and
- Annual Educational Training, and much more.

References Submitted:

Cowan provided multiple municipal references as requested, with three of the references located within Bruce/Grey Counties. Staff have contacted some of these references to gather more information. No significant issues have been identified through this process.

Interview/Inquires:

Staff have been in contact with representatives at Cowan to clarify certain points contained within the proposals submitted. All responses were completed in a timely fashion and satisfactory to staff.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Do the recommendations help move the Municipality closer to its Vision? | Yes |
| • Do the recommendations contribute to achieving Cultural Vibrancy? | Yes |
| • Do the recommendations contribute to achieving Economic Prosperity? | Yes |
| • Do the recommendations contribute to Environmental Integrity? | N/A |

- Do the recommendations contribute to the Social Equity?

N/A

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

Should Council move forward with the proposal from Cowan, there will be a budgeted savings in 2020 of \$90,000.00. Staff are also seeking Council's direction about whether there any areas of coverage that should be added or deleted prior to bringing forward the by-law to authorize the Request for Proposals from Cowan.

Respectfully Submitted by:



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer