



Administrative Report

Office of the Director, Financial Services/Treasurer

To: Warden McNamara and Members of Essex County Council

From: Sandra Zwiers, MAcc, CPA, CA
Director, Financial Services/Treasurer

Date: Wednesday, July 20, 2022

Subject: 2022-2023 Comprehensive Insurance Program Renewal

Report #: 2022-0720-FIN-R11-SZ

Purpose

The purpose of this report is to advise County Council of the purchase of Comprehensive Insurance Program Coverage for the twelve-month period from June 30, 2022 to June 30, 2023.

Background

AON Risk Services (AON) has prepared a comprehensive general insurance program for the twelve-month period from June 30, 2022 to June 30, 2023.

The premiums presented are a result of negotiations between County Administration and AON, reflecting the operating realities of the County of Essex and the insurance industry in general.

The County last went to market through an RFP process in 2014. At that time the County benefited from overall program savings and took advantage of a softer insurance market by increasing coverage sub limits at relatively low incremental premium costs. The last four program years were impacted by a hardening of the insurance market with carriers reassessing their risk tolerances across all lines of municipal coverage. A municipal market with already few players has seen further tightening since the County's last renewal. In addition to previous reductions in carriers in the general liability market, the municipal cyber insurance market is also experiencing a reduction in carriers willing to underwrite municipal exposure. The reduced competition in the market combined with reported industry losses continues

to translate into pressures to decrease coverage limits, increase deductibles and increase overall premium costs.

Discussion

Delegated Authority to Approve Program Renewal

At the meeting held on June 15, 2022, County Council passed the following resolution:

154-2022

Moved by Marc Bondy

Seconded by Joe Bachetti

That County Council delegate authority to the CAO to approve, prior to the June 30, 2022 expiration date, the County of Essex Comprehensive Insurance Program for the period June 30, 2022 to June 30, 2023;

And further that Administration provide County Council with a formal report regarding the approved Comprehensive Insurance Program at July 20, 2022 regular meeting of County Council. – **Carried**

Subsequent to the June 15, 2022 council meeting, Administration worked with AON representatives to secure a competitive renewal program that provides adequate coverage for the Corporation's balanced risk management needs.

On June 28, 2022, the CAO approved the renewal proposal. Details of the proposal follow below.

Annual Renewal Premium

As highlighted in the chart on the next page, the 2022/2023 program represents a net increase in premiums of \$50,500 or 4.76% (\$128,420 increase in 2021/2022).

2022/2023 Insurance Fee Distribution

Class	2021/22	2022/23	\$ Change
Municipal Liability	480,000	480,000	0
Excess Liability Layer 1	89,192	109,215	20,023
Excess Liability Layer 2	12,500	0	(12,500)
Comprehensive Crime	0	1,000	1,000
Environmental Impairment Liability	24,545	26,999	2,454
Municipal Accident / Conflict of Int.	1,960	1,960	0
Property and Business Interruption	74,621	81,294	6,673
Cyber Liability	32,605	34,710	2,105
Automobile Fleet*	344,686	375,431	30,745
Total (pre-RST)	1,060,109	1,110,609	50,500

Financial Implications

The 2022 Budget planned for a global insurance program increase of approximately 7%. The renewal proposal of 4.76% is within that limit. The quantities contained within the auto program are subject to final count/review and it is anticipated that the Corporation will see a reduction in the auto policy premium resulting in an overall program increase closer to 3%.

Consultations

Christopher Beneteau, Senior VP & Branch Manager, AON Risk Services
 Michelle Hobson, Associate Account Executive, AON Risk Services

Recommendation

That Essex County Council receive for information Report #2022-0720-FIN-R11-SZ, outlining the insurance program proposal submitted by AON Risk Services Number for the period commencing June 30, 2022 to June 30, 2023 at \$1,110,609 plus applicable taxes, having been approved by the CAO on June 28, 2022 in accordance with Resolution 154-2022.

Approvals

Respectfully Submitted,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Director, Financial Services/Treasurer

Concurred With,

Mike Galloway

Mike Galloway, MBA, CMO, Chief Administrative Officer

Appendix Number	Title
Appendix I	Due to the proprietary and confidential nature of the information in Appendix I, it will be provided to members of County Council under separate cover