

FINANCIAL MANAGEMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: INSURANCE CONTRACT RENEWALS - PROPERTY POLICIES

RECOMMENDATION:

1. THAT Council approve the award of two (2) contracts of insurance, as outlined in this report. The total amount payable to Aon Reed Stenhouse Inc. is \$1,344,306 to fund the insurance premiums for both contracts.

REPORT

The Financial Management Committee, at its meeting held on 2021 May 19, received and adopted the attached report seeking approval to award insurance contracts for the annual property insurance programs.

Respectfully submitted,

Mayor M. Hurley
Chair

Councillor S. Dhaliwal
Vice Chair

Copied to:	Acting City Manager Director Finance Director Public Safety & Community Services Director Corporate Services Risk Manager
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TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2021 May 12

FROM: DIRECTOR FINANCE
DIRECTOR PUBLIC SAFETY &
COMMUNITY SERVICES

FILE: 5820-01
*Aon Reed Stenhouse
Inc.*

SUBJECT: **INSURANCE CONTRACT RENEWALS – PROPERTY POLICIES**

PURPOSE: To request approval to award insurance contracts for the annual property insurance programs.

RECOMMENDATION:

1. **THAT** the Financial Management Committee recommend Council approve the award of two (2) contracts of insurance as outlined in this report. The total amount payable to Aon Reed Stenhouse Inc. is \$1,344,306 to fund the insurance premiums for both contracts.

REPORT**1.0 INTRODUCTION**

As noted in the 2021 April 21 Finance Management Committee report, this is the subsequent report which includes the City's Main and Excess property policies. Due to the significant total property value the City is insuring, combined with insurers in general lowering their overall capacity, Royal & Sun Alliance Insurance Company (RSA) is insuring seventy percent (70%) and QBE Insurance Group Limited (QBE) is insuring thirty percent (30%) of the City's portfolio.

The cost of maintaining insurance programs is a necessary operating expense and is included in the City's 2021 – 2025 Financial Plan. Insurance charges are exempted from PST and GST.

2.0 POLICY SECTION**Goal**

- A Thriving Organization
 - Reliable services, technology and information –
Protect the integrity and security of City information, services and assets

To: Financial Management Committee
From: Director Finance
Re: Director Public Safety & Community Services
Insurance Contract Renewals – Property Policies
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3.0 INSURANCE PROGRAMS

3.1 Property Insurance

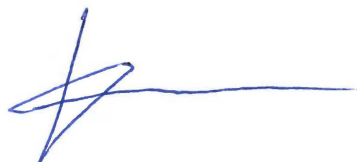
The City's property assets are appraised annually by Universal Appraisal Services. The total insured value is currently reported at \$1.28 billion. Changes in the total insured value from year to year are attributable to new facilities that have been constructed or acquired during the past year; the ever-rising cost of replacement construction due to inflation; and, the accumulating building code and bylaw update requirements for replacement construction. RSA and QBE were selected as their rates were the most competitive. Both RSA and QBE remain very strong insurers with an "A" credit rating and have sufficient capacity to underwrite this program. The final renewal terms include a rate increase of 48% which is attributed to the current insurance market rates and an increase to the total insured value. The premium for the Main Property Policy (Contract #1) is \$815,419 and premium for the Excess Property Policy (Contract #2) is \$528,887.

3.2 Program Summary

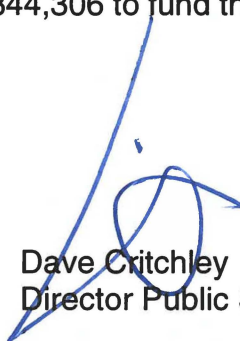
Contract	Program	Limit/Value	Amount
1	Main Property	Assets values at \$1.28 billion Loss Limit of \$100 million	\$ 815,419
2	Excess Property	Assets valued at \$1.28 billion Loss Limit of \$400 million	\$ 528,887
Total			\$ 1,344,306

4.0 RECOMMENDATION

It is requested that the Financial Management Committee recommend Council approve the award of two (2) contracts of insurance as outlined in this report. The total amount payable to Aon Reed Stenhouse is \$1,344,306 to fund the insurance premiums for these two (2) contracts.



Noreen Kassam, CPA, CGA
Director Finance



Dave Critchley
Director Public Safety & Community Services

NK:DC:SH / md

Copied to: Acting City Manager
Risk Manager