

**FINANCIAL MANAGEMENT COMMITTEE**

**TO:** MAYOR AND COUNCILLORS

**SUBJECT: 2025 INSURANCE PROGRAM – CONTRACT RENEWALS**

**RECOMMENDATION:**

**THAT** the total amount of \$4,278,241 payable to Aon Reed Stenhouse Inc. for insurance premiums for all twelve insurance contracts, as outlined in the report titled “2025 Insurance Program – Contract Renewals” dated April 1, 2025, of the Financial Management Committee, be approved.

**REPORT**

The Financial Management Committee, at its meeting held on April 1, 2025, received and adopted the attached report requesting Council approval to award insurance contracts for the annual property and liability insurance programs.

On behalf of the Financial Management  
Committee,

Councillor S. Dhaliwal  
Chair

Councillor A. Gu  
Vice Chair

**TO:** FINANCIAL MANAGEMENT COMMITTEE (FMC)  
**FROM:** DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER  
**SUBJECT:** **2025 INSURANCE PROGRAM – CONTRACT RENEWALS**  
**PURPOSE:** To request approval to award insurance contracts for the annual property and liability insurance programs.

## RECOMMENDATION

**THAT** the total amount of \$4,278,241 payable to Aon Reed Stenhouse Inc. for insurance premiums for all twelve insurance contracts, as outlined in the report titled “2025 Insurance Program – Contract Renewals” dated for April 1, 2025, be approved.

## 1.0 POLICY SECTION

Not applicable.

## 2.0 BACKGROUND

Aon Reed Stenhouse, an international brokerage firm, was awarded a two-year contract with three one-year contract extensions through a Request for Proposals for insurance brokerage services in 2020. The City is currently in the third year of a three one-year contract extension that was signed in December 2022. Working closely with Aon, the Risk Management Division of the Community Safety Department manages the process of marketing, selecting, and arranging insurance coverage for the City. In consideration of an annual fee, Aon is providing a wide range of professional services that include: advice and negotiation of coverage and policy wording; marketing of the City’s risk in the global insurance market; binding coverage and paying premium on behalf of the City; and, as necessary, acting as a claims advocate with insurers. City insurance programs renew annually on May 1.

The cost of maintaining insurance programs is a necessary operating expense and is included in the City’s 2025 – 2029 Financial Plan. Insurance charges are exempt from PST and GST.

## 3.0 GENERAL INFORMATION

### 3.1 Insurance Programs

- *Property Insurance*

The City’s property assets are appraised annually by Universal Appraisal Services. The total insured value is currently reported at \$2.2 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. Zurich Insurance Group Ltd. (Zurich) and American International Group Inc. (AIG) were selected as their rates were the most competitive. Both Zurich and AIG remain very strong insurers with an “A” credit rating and have sufficient capacity to underwrite this program. The final renewal terms include a premium increase of 19% which is solely attributed to the rise in total insured value. If you calculate the renewal premium based on the last year’s total values and renewal rate, this year’s rate has decreased by 3%. The premium for the Property Policy (Contract #1) is \$3,448,591.

- *Main Equipment Breakdown*

Main Equipment Breakdown insurance coverage for major property assets is purchased from Intact. The final renewal terms include a premium increase of 25% which is solely due to the increase to the total insured value, there was no rate increase. Premium for the Main Equipment Breakdown (Contract #2) is \$45,554.

- *Parametric*

Parametric insurance coverage for all property assets, inclusive of buildings, road and sidewalk infrastructure and underground infrastructure is purchased from Swiss Re Ltd. and is providing \$5 million limit for natural catastrophes such as earthquakes, floods and extreme temperatures. This coverage will provide the City with an instant funding source in responding to the needs of the City during a catastrophic event as the claims process is settled fast with coverage confirmed in days and funds arrive within weeks. The coverage is also flexible in that it covers City owned property that is not covered through traditional property coverage. This includes roads, sidewalks and water and sanitation infrastructure. With the uncertainty of climate change and its affects on the weather, this coverage provides the City with an efficient and flexible risk transfer solution. The renewal terms are provided on the same basis as per the expiring policy. Premium for the Parametric Policy (Contract #3) is \$200,000.

- *Fine Arts*

Fine Arts insurance coverage for all art assets is purchased from Lloyd's of London and is providing \$9.7 million limit. This coverage includes all fine art, inclusive of the Carousel, Wurlitzer Band Organ, Antique cars, Old Curly Locomotive and the Tram at Burnaby Village Museum This coverage traditionally fell within the main property policy. By purchasing a standalone policy, the City recognizes modest savings and is provided specialize coverage with no deductible. The renewal terms are provided on the same basis as per the expiring policy. Premium for the Fine Arts Policy (Contract #4) is \$9,475.

- *Commercial General and Excess Liability*

This Commercial General and Excess Liability coverages are provided by Lloyd's of London for all three liability policies. Lloyd's of London is providing \$10 million limit for Primary General Liability (Contract #5), \$45 million limit for 1<sup>st</sup> Excess/Umbrella Liability (Contract #6) and \$15 million limit for 2<sup>nd</sup> Excess/Umbrella Liability (Contract #7). The renewal terms are provided on the same basis as per the expiring policy. The premium total for these three contracts is \$292,810.

- *Network Security and Privacy Liability*

The Network Security and Privacy Liability coverage for data assets is purchased from American International Group Inc.(AIG) and includes a maximum limit amount of \$6,000,000. The average data breach loss in Canada was \$6.6 million in 2024. The renewal terms include a premium increase of 7% which is solely attributed to the increase in limit from \$5M to \$6M. If you calculate the renewal premium based on the last year's total values and renewal rate, this year's rate has decreased by 5%. The premium for the Network Security and Privacy Liability (Contract #8). is \$237,200.

- **Other Programs**

Aon also marketed several other smaller insurance programs, including the Crime and Fidelity policy with The Travelers Indemnity Company (Travelers) (Contract #9); a minor Equipment Breakdown policy that applies to commercial properties at Deer Lake I & II, the Hart House Restaurant, and Brentwood Community Resource Centre with RSA (Contract #10); a minor General Liability (commercial) policy specific to the Deer Lake I and II operations placed with Aviva Canada Inc. (Contract #11); and an Accidental Death & Dismemberment policy which covers Mayor, Council and Volunteers and is placed by Industrial Alliance Financial Group (Contract #12). There is a premium increase of 7% inclusive of all 4 coverages, due to the increase in property value and volunteer numbers. The total premium for these programs is \$44,611.

### 3.2 Program Summary

Contract #	Insurer	Program	Limit/Value	Amount
1	Zurich & AIG	Main Property	\$500 million	\$3,448,591
2	Intact	Main Equipment Breakdown	\$110 million	\$45,554
3	Swiss Re	Parametric	\$5 million	\$200,000
4	Lloyds	Fine Arts	\$9.7 million	\$9,475
5	Lloyds	Primary General Liability (Major Liability Program)	\$10 million / occurrence	\$292,810
6	Lloyds	Excess/Umbrella Liability (Applies to all Liability Programs)	\$45 million	
7	Lloyds	Excess/Umbrella Liability (Applies to all liability programs)	\$15 million	
8	AIG	Network Security and Privacy Liability	\$6 million	\$237,200
9	Travelers	Crime & Fidelity	\$10 million	\$44,611
10	Intact	Minor Equipment Breakdown	\$130 million (asset value)	
11	Aviva	Minor General Liability	\$5 million / occurrence	
12	Industrial Alliance	Special Accidental	n/a	
<b>Total:</b>				<b>\$4,278,241</b>

#### **4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT**

Not applicable.

#### **5.0 FINANCIAL CONSIDERATIONS**

Funding for this operating work is included in the 2025 – 2029 Financial Plan for the corresponding insurance premiums.

Respectfully submitted,

Scott Houston, Senior Manager Risk, Insurance & Claims

For

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

#### **ATTACHMENTS**

None

#### **REPORT CONTRIBUTORS**

This report was prepared by Scott Houston, Senior Manager, Risk, Insurance & Claims, and reviewed by Dave Critchley, General Manager Community Safety.