



Subject: Insurance Renewal 2025

Report to: Thorold City Council

Recommendations

1. That the general insurance program for 2025 renewal with BFL Canada at a cost of \$1,087,982.52 including taxes **BE APPROVED**.
2. That the provision for the self-insured deductibles remaining at the \$108,000 level for Budget 2025 **BE APPROVED**.
3. That the program be marketed in 2025 for 2026.

Key Facts

- Municipal Insurance coverage for the period commencing January 1, 2025 is required
- Renewal proposal received from BFL Canada at a cost of \$1,087,982.52 (\$980,058 2024) including taxes, an increase of 11% to 2024 premiums. Based on budget 2024 and lower than expected Cyber insurance costs in 2024, this will represent a budget increase of 7.7% or \$77,000

Budgetary Status

Incorporated into Draft Budget 2025. Impact of \$77,000

Analysis

For the 2016 insurance, Council approved the engagement of Robert Harder Consulting to market the City's insurance program at a cost of roughly \$10,000 resulting in the engagement of BFL Canada. While we had hoped to market the plan every five to six years, due to difficult insurance market conditions and staff resources issues, we have held off pending a stabilization of the market and appropriate staffing resources

We have received the renewal proposal from BFL Canada for 2025, at a cost of \$1,087,982.52 or a difference of roughly \$108,000 (including taxes) or 11%.

INSURANCE MARKET OVERVIEW

The following explanations have been provided by the broker:

Catastrophic Events in Canada and Globally

These events can include both fire and severe weather events. Claims in Canada have increased from \$38 Million in 1983 to \$7.1 Billion to the summer of 2024. They state: "Municipal budgets are continuously being stretched and this can limit the amount of funds a municipality has to upgrade their assets leaving their facilities and infrastructure more vulnerable to costly property damage claims if their community experiences a severe weather event or large fire. While climate change and global warming remains top of mind for all levels of government, insurers will continue to pay for claims costs resulting from catastrophic events, and these events will continue to impact property insurance premiums"

Rising Claims Costs

Cost to build or replace municipal assets has increased due to a number of factors, such as increased severity year over year of catastrophic losses; increased cost of building materials; shortages in construction materials; supply chain bottle necks; increased fuel and labour costs. The costs to rebuild municipal assets will continue to have a direct impact to the insurer's cost when settling property damage claims.

Liability

Damages awarded to injured parties continues to increase year over year, along with legal fees, adjusting costs and engagement of experts to help build the municipality's defense. Future care costs are also being awarded more frequently.

Many municipalities have suffered losses in both frequency and severity that can include: Slips, trips and falls; provision of emergency services; injuries at special events or municipal programming.

Damages awarded by courts to injured parties continues to increase year over year.

The broker continues to stress the benefits of having a strong risk management philosophy throughout the organization

Thorold

For Thorold's renewal specifically, we see major impacts as follows:

Property/Equipment Breakdown

- Premium has increased by \$21,473 (11%) excluding taxes as a result of:
 - Total Insured Values have changed from \$133.8 Million to \$148.7 Million based on an annual inflation adjustment and full valuation of the new Municipal Operations Centre and Fire Station 1

Liability Insurance Program /Crime Insurance Program

- Premium has increased by \$69,609 excluding taxes (12.5%) as a result of:
 - Increased cost of claim settlements for municipalities across Canada
 - Inflationary pressures
 - Thorold specific claims history
 - Population change

Owned Automobiles Insurance Program

- Premium has changed by \$6,686 (8.1%) as a result of:
 - Increase in claims costs due to a variety of factors, including cost of parts, computerized elements, and prevalence of fraudulent automobile claims, particularly in Ontario
 - Thorold specific claims history

Deductibles

In 2024, we adjusted the deductibles levels from \$25,000 to a \$35,000 deductible level for Liability and \$50,000 for Property, Environmental and Equipment Breakdown. No change is recommended for 2025.

The City maintains an insurance reserve to cover our deductibles in third-party claims. Our operating budget incorporated an amount of \$108,000 in the 2024 budget to accommodate the payments for the potential increase to the deductible portion of the claims. No change is recommended for 2025

Staff have been very pleased with the services provided by BFL Canada, and would respectfully recommend renewing the general insurance program with BFL Canada for 2025.

However, given the extent of the increase for the past few years, and the fact that we strive to market the plan every five or six years, it is respectfully recommended that we market the plan in 2025, for 2026,

Impact on the Environment, Climate Change

There are no known environmental or climate change related impacts to this Report.

Alternatives Reviewed

Not applicable

Relationship to Strategic Plan

Other Pertinent Reports

Not applicable

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