HALDIMAND COUNTY

Report LSS-28-2023 General Insurance Program – RFP Results and 2024 Annual Premiums

For Consideration by Council in Committee on December 12, 2023

OBJECTIVE:

To provide information on the 2024 Municipal Insurance Program and premium rates.

RECOMMENDATIONS:

1. THAT Report LSS-28-2023 General Insurance Program – RFP Results and 2024 Annual Premiums be received;
2. AND THAT the 2024 insurance policies proposed by Marsh Canada Limited and Arthur J. Gallagher Canada Limited at a cost of $941,873 inclusive of applicable taxes, representing approximately a 4.80% decrease from the 2023 insurance premiums, be approved as follows:
   a. General Insurance Program including general liability, umbrella liability, medical malpractice liability, environmental impairment liability, crime, automobile, property insurance, municipal volunteers' accident and cyber coverage;
   b. Closed Landfill Policy be renewed, and cost shared with Norfolk County as joint owners;
3. AND THAT the Special Events Insurance Coverage for an annual cost of approximately $10,800 subject to renewal on April 13, 2024 for those parades and events that meet the criteria as outlined in Report LSS-28-2023, be approved;
4. AND THAT the Recreation Affiliates Policy at a cost of $2,668, once renewed, maintain affiliate contributions to the policy premium capped at the amount of $550 each, be approved.

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Respectfully submitted: Megan Jamieson, CHRL, General Manager of Corporate & Social Services

Approved: Cathy Case, Chief Administrative Officer

EXECUTIVE SUMMARY:

Haldimand County, like many other municipalities, has experienced year-over-year double-digit premium increases due to the historical hard market conditions – factors beyond the control of the County. Some of the influences that determine market conditions include a reduction in the number of insurers providing municipal insurance, an increase in severity and frequency of weather events resulting in catastrophic losses, as well as economic events such as inflation, labour shortages and supply chain disruptions. The growing litigation exposure to class action suits and joint and several liability remains a pertinent consideration in municipal insurance premiums. Despite the above, market conditions overall, are slightly trending towards a softer market, which typically signifies annual insurance premiums remaining relatively flat – especially for a client like Haldimand County who continues to be identified as a model client.

As the County's current insurance agreement expires December 31, 2023, staff went back out to the marketplace for open competition through the issuance of a Request for Proposal (RFP). The RFP sought municipal insurance coverage, risk management and claims services for a period of five (5) years, effective January 1, 2024, with the option of extending for up to five (5) additional years based upon annual renewals.

During the previous 2023 premium renewal, it was still identified as a hard market, and the County experienced a 15.4% premium increase. For the first time since 2017, the County has successfully achieved an **overall premium decrease of 4.80%** from the 2023 premiums; resulting in a total 2024 policy premium of $941,873, including applicable taxes, without any decrease in coverage. Staff are recommending to proceed with the proposed 2024 premiums as outlined in the recommendations.

BACKGROUND:

County's General Insurance Program

Haldimand County's General Insurance Program consists of two parts:

1) **Self insurance** – is where an organization maintains its own funding source to cover insurance costs rather than purchasing policies from an external insurance company. For Haldimand County, claims that fall below the County's established deductible dollar values for each policy type are covered through self insurance. All claim related expenses and/or settlements within this category are funded from the County's Self Insurance Reserve (SIR).
2) **External insurance** – involves purchasing external insurance policies from an insurance company to cover claims that are above the County's established deductible dollar values. The policies generally provide coverage for all associated costs or judicial awards that exceed the deductible value. The external insurance policies are renewed annually on January 1st, and the 2024 information is the purpose of this report.

Attachment 1 outlines the deductible values for each policy type and Attachment 2 provides a list of insurance terminology to help further explain the various insurance policies and their attributes.

The General Insurance Program has adapted and changed since the County's inception to accommodate ongoing fiscal and operational needs by continuing to ensure insurance coverage types and values are appropriate. Since 2001, the County's insurance coverage has been provided by three different insurers, awarded through the Request for Proposal (RFP) process. For each annual renewal and when issuing a RFP for the County's general insurance program, insurers continue to maintain a highly technical and rigorous underwriting discipline. As a result, staff are required to complete fulsome questionnaires and provide supporting documentation to demonstrate capital investments, evidence of a valuation methodology of assets, loss reports and implementation of risk control recommendations if provided.

Since 2017, staff have been working with Arthur J. Gallagher Insurance Brokers (Gallagher) and Marsh Canada Limited (Marsh). The contract with Gallagher and Marsh ends December 31, 2023.

Market Trends

Each year, staff monitor the insurance market trends to determine potential impacts on the County's insurance program. This includes utilizing a variety of communications such as public insurance market studies, brokerage services and reports, networking with other municipalities, information provided through various municipal associations, etc. Overall, the Canadian municipal insurance market remains a transitional space. Although the 2024 renewals appear to be slightly trending towards a softer market – it still remains a conservative market environment; specifically as a result of continued uncertainty around economic and social inflation, geopolitical tensions, rising catastrophic losses due to weather events, and the continued persistence of supply chain and labour challenges.

The principle of joint and several liability (also known as the “1% Rule”) continues to be an ongoing and significant concern for Ontario municipalities, despite ongoing pressure on provincial legal regulators for reform. Under Joint and Several Liability, a municipality is only required to be found 1% liable for the cause of loss which contributed to a claimant’s injuries or loss, in order to be held jointly and severally liable – potentially having to pay 100% of the awarded amount, despite contributory negligence by other parties. Municipalities are frequently named in litigation claims as they are seen as having “deep pockets” or unlimited financial resources.

In addition to the above, some of the specific factors that are impacting the 2024 insurance premiums are:

- **Volume and Cost of Joint and Several Liability**: the cost of catastrophic cases has increased dramatically and of which municipalities are being held jointly and severally liable. A case that might have resolved for $6 million ten years ago is now resolving for $12 million or more. **Reason**: There is an overall public interest in medical and scientific advances, which are contributing to longer life expectancies and a better quality of life for people who have suffered catastrophic injuries, which results in larger fiscal awards to cover future care costs. Additionally, others who may have been contributory to the negligence are not carrying higher premium coverages to accommodate the growing trend in fiscal judicial awards. For example, drivers typically carry automobile insurance in the amount of $2 million. In the case of a motor vehicle accident where there was catastrophic injury, if the judgement is found for $10 million, the other driver could be accountable for the upset limit of their insurance coverage of $2 million. Even if the County’s contributory negligence may have been found at 1% valuing $100,000, the County could be held liable to pay the remaining $8 million.

- **Building Code Act**: this Act sets out a legislative framework for municipal building inspections with the purpose of protecting public health and safety. Municipalities can end up as the only defendant in building inspection claims. **Reason**: Other potential defendants such as architects, builders, contractors, and homeowners who hired them are often under insured, no longer exist or cannot be found by the time the claim arises, which results in the municipality who issued the permits to be the sole defendant. Joint and Several Liability or the 1% Rule also applies to the Building Code Act.

- **Climate Change**: Extreme weather events can be a major source of loss for insurers as they involve many properties and can cost millions of dollars in damage in a single event. **Reason**: As significant weather events occur across Canada, there has been significant loss of assets and increased costs to fix or replace the assets - which has been driven by supply chain issues and contractor shortages, thereby having a significant increase on the value of the claims paid out.

- **Cyber Insurance**: During the height of the COVID-19 pandemic, the insurance industry experienced “the insanity” of cyber crime ransomware claims. Canadians were suddenly working from home, employees were separated from each other and during this unprecedented time, cyber and ransomware attacks grew exponentially. Cyberthieves encrypted company information, stole personnel information and demanded a ransom to release the data. As a result, Cyber liability claims spiked. **Reason**: cyber providers are cautious to underwrite public sector entities like municipalities due to the scale and complexity of potential claims. Coverage remains restricted and is expensive, yet necessary.

- **Litigation costs**: The number of Canadian litigation claims continues to grown year over year. There is an increase in self-represented litigants, vexatious claims and an increase in a duty to defend actions between municipalities and insurers. **Reason**: Trial lawyers often name multiple defendants, including municipalities, in claims as a matter of due diligence. This practice is utilized as they may not have all the facts at the start of the claim, and failing to name all possible defendants could put their clients at risk. The slow pace of litigation can further exacerbate the length of time if takes for a claim to be resolved, and municipalities must budget accordingly while awaiting a court decision which can take years.

Municipal insurance itself is complex in terms of size, diversity of operations, scope of risk and global claim costs. The number of insurers willing to provide coverage for municipalities continues to decline, with the insurers focus shifting to obtaining higher premium revenues rather than providing competitive offerings.

Municipal claim experience also impacts insurance rates; the higher the claims costs, the higher the premiums – this is known as a liability loss ratio. Haldimand County continues to be known as a model client due to proactive risk mitigation activities; and has a lower liability loss ratio than the industry standard, which benefits the County at time of obtaining coverage.

Strategy

Over the years, Haldimand County has earned the positive reputation as a model client, being that the County has a higher risk tolerance and good claims loss ratio (frequency and severity) compared to some other municipalities. Historically, the County is willing to accept higher uncertainly and greater volatility, such as having higher insurance deductibles, in exchange for premium savings. Higher risk tolerances are alleviated through the continued work of staff through the identification and implementation of various risk mitigation strategies into Haldimand's way of work. This proactive approach helps to reduce potential claim exposure and continues to maintain a good claims loss history.

The County's overall insurance portfolio has remained consistent; however, over the last number of years, the market conditions have fluctuated from a soft market (lower premiums) to a hard market (higher premiums) resulting in premium changes.

To mitigate premium fluctuations while remaining fiscally responsible, staff collect and analyze data, and discuss options with our insurance partners. These options include a review of deductible levels, insurance coverage programs, and an examination of the Self Insurance Reserve over the long term; while continuing to factor in the ever-changing market conditions including climate events, inflation, supply chain disruptions, growing litigation exposure to class actions suits and joint and several liability, etc.

Request for Proposal

In July 2023, staff initiated the extensive work of developing a non-binding Request for Proposal with the objective of obtaining the best value for a comprehensive municipal insurance package through a competitive process. The non-binding RFP enabled staff to clarify requirements and negotiate improvements on pricing and value-added terms. Part of this process also requires staff to complete extensive questionnaires and provide supporting documentation to demonstrate capital investments, evidence of a valuation methodology of assets and risk control measures.

The RFP was issued on August 14, 2023 and closed on September 26, 2023, with six registered Bidders. Staff were proactive in reaching out directly to potential insurers providing notification of the RFP to potential insurers with the purpose of seeking competition – thereby best value. Despite this proactive approach, only one (1) bid was received from Arthur J. Gallagher (Broker) and Marsh Canada (Insurer). Comments received from other Bidders after the RFP closed included: "not enough time to prepare" and a request to extend the closing date by two (2) weeks. Due to tight timelines, the closing date was not extended. While most Bidders acquired the RFP within a week of posting, one Plan Taker did not obtain until the week before it closed. Staff are of the opinion that the six weeks during which the RFP was in the marketplace was sufficient and exceeded the typical four-week timeframe.

The RFP Evaluation Committee was comprised of five staff members from Legal and Support Services and Finance respectively, with the evaluation also including a review of existing limits of liability, deductibles, coverages and extensions within the proposal. The proposal was evaluated according the Evaluation Criteria stated in RFP LSS-01-2023. At the conclusion of the evaluation, several items were identified as points for negotiation. These included: deductible levels, liability limits, coverages, value added or enhancement items such as risk management support, training sessions, claims management, access to updated legislation and its impact on Haldimand.

The term of the agreement is for five years, with an option to extend the agreement for five additional one-year periods for a total agreement term of 10 years. What this means, is that for the next five years starting with the 2024 insurance year, the County can enter directly into an agreement with Gallagher / Marsh for annual insurance renewals without going back out to the marketplace. This is subject to the County receiving acceptable insurance premiums based upon market conditions, the County's loss ratio; and continued satisfactory service. After the initial five years, the County can then renew annually with Gallagher / Marsh for up to five additional one-year renewal periods – once again subject to satisfactory premiums, loss ratios and service. All Bidders were made aware in the RFP that the County's insurance premium renewals are subject to obtaining annual Council approval through a public report.

The expiring 2023 insurance program had a renewal premium of $941,873. The 2024 premium **is a decrease of $47,521 or -4.8% percent.** Although there was an overall premium decrease as a direct result of the insurer removing an aggregate limit on the property policy and the County no longer being required to purchase an additional excess property policy, the individual liability and excess liability premiums did increase – which is further explained in the Analysis section of this report.

ANALYSIS:

The 2024 General Insurance Program includes general liability, umbrella liability, medical malpractice liability, environmental impairment liability, crime, automobile, property insurance, municipal volunteers' accident and cyber coverage, Closed Landfill Policy, Facility User Program, the Community Hall Boards and Recreation Affiliates policy.

Through the issuance of the RFP, staff entered into negotiations focusing on:

- **Seeking quotes for changes to deductible limits and the associated premium differentials:** as part of the work to optimize the County's Self Insurance Reserve, coverage, premium cost and deductibles, staff continually monitor and are proactive in mitigating risk exposures and addressing how risk exposure is controlled. In light of this, staff are working with the Broker on the completion of an analysis of deductible limits and associated premiums as part of the services offered by the Broker. As this analysis will not be completed until the new year, and to ensure that the County has insurance coverage for January 1, 2024, staff are recommending that deductibles as outlined in Attachment 1 remain status quo. At the completion of the analysis, if there is value added in potentially changing deductibles, Self Insurance Reserve savings and /or premium impacts, staff will provide a subsequent report to Council with a summary of the analysis findings and recommendations for their review and consideration.
- **Request for risk management information to help support the County's Corporate Risk Management Strategy:** The Broker has committed to providing at no additional cost, several materials and resources to help supplement the County's risk management strategy of which is later described in this report.

The 2024 premium is $941,873 (including applicable tax) which is a savings of $47,521 compared to the 2023 premiums. More information comparing 2023 and 2024 premiums is outlined within Table 2 in the Financial/Legal Implications section of this report.

General Insurance Program – Described by Policy Type

Each of the policy types have been identified below along with a brief description of the purpose of the policy, the proposed premium and the premium differential increase from 2023. Attachment 2 provides a list of insurance terminology to help further explain the various insurance policies and their attributes.

i. General Liability Insurance

General liability is coverage for liability related to bodily injury and/or property damage to third parties. The policy includes a number of extensions, coverages, and endorsements such as Errors & Omissions Liability, Employers' Liability, Employee Benefits Liability, Wrongful Dismissal (Legal Expense) Reimbursement, Conflict of Interest, Non-Owned Automobile coverage as well as other smaller lines of coverage. The 2024 premium is $104,726 which represents approximately 7.68% or $7,472 increase from 2023.

ii. Umbrella Liability Coverage

The General Liability policy has a limit of $5,000,000 which is known as Primary liability coverage. It is important that the County retain Umbrella coverage as judicial awards related to general liability exposures have increased and are a significant fiscal exposure to the County. When judicial awards exceed $5,000,000 the Umbrella coverage provides an additional layer of insurance, in the event that the primary General Liability policy limits are exceeded.

The 2024 premium is $59,777 which represents an increase of 19.2% over the 2023 premium and provides additional coverage of $45,000,000. This additional coverage consists of two (2) excess policies of $20,000,000 and $25,000,000 respectively. The calculation of Excess insurance premiums is based on the underlying liability premium. If the underlying liability premium increases so to does the Excess premium. To date, the County has not drawn upon these policies, but in all likelihood, it is only a matter of time due to the growing litigious society and increased judicial awards. If the County did not retain Umbrella coverage and the Primary liability coverage limit was exceeded, the County would be fully responsible for paying the difference. It is critical that this limit of coverage be retained to adequately protect the County from claims related to catastrophic injury and growing fiscal awards related to Joint and Several Liability.

Under the General Liability and the Umbrella Liability policies, the following exclusion still applies: Perfluorinated Compounds, Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Exclusion. This exclusion applies only to the County's water treatment, water supply and firefighting operations. These compounds and substances mean any organic molecule, free radical or ion, the composition of which includes at least one:

- Perfluorinated methyl group (-CF3), or
- Perfluorinated methylene group (-CF2)

Per and Polyfluoroalkyl substances (PFAS) are considered emerging contaminants and in recent years have become one of today's most significant environmental issues. PFAS are widely detected in soil, groundwater, surface water and associated with landfills, and wastewater treatment plants.

As the operations of the County's water treatment and water supply are contracted services, the County will continue to work with these service providers to be proactive in addressing this requirement. Risk mitigation strategies to address this with County in-house service providers have also been completed.

If the County were to engage the Umbrella coverage, there is no deductible.

iii. Medical Malpractice Liability

Medical Malpractice Liability is a stand-alone policy (separate policy) from the Municipal Insurance program, also known as third party coverage. A medical malpractice policy provides County coverage for healthcare services provided by paramedics, firefighters, personal support workers, registered practical nurses, etc. The 2024 premium is $41,656 which is 5.0% or $1,984 over the 2023 premium.

iv. Environmental Impairment Liability

Environmental Impairment Liability provides coverage for claims that arise from sudden and accidental incidents (oil leakage from a County vehicle or a piece of equipment) to gradual loss (leakage/seepage over a period of time). This coverage is available for third party site clean up, applicable emergency costs, etc. The 2024 premium is $12,773 representing an increase of 5.0% or $609 over the 2023 premium.

This year, the retroactive date has been amended from “unlimited” to November 15, 1993. A retroactive date is the earliest point in time that an insurance policy will cover an incident or a dispute. Unlimited retroactive dates are rare and likely directly related to the growing number of catastrophic and environmental claims in the insurance industry. The Environmental Impairment Liability Policy is a claims made policy. This means that this Policy will respond to any third party environmental claim received in 2024 as long as the alleged incident occurred prior to November 15, 1993. If an individual brings an environmental allegation that occurred prior to November 15, 1993, insurance coverage would not be provided or the County would be required to self-insure. Although this is a risk, the exposure is minimal as it is likely that if there was an exposure, evidence of such would have been brought forward by a claimant in the past 30 years.

v. Crime Insurance

Crime Insurance provides a variety of coverages from employee dishonesty, loss of money, forgery and related professional legal and auditing expenses and is known as first party coverage. The 2024 premium remains the same at $2,700, a 0% increase.

vi. Automobile Insurance

Automobile Insurance provides liability and physical damage coverage for County owned or leased (over 30 days) vehicles, known as first party coverage. The 2024 premium is $160,675 representing an overall decrease of $2,983 or 1.82%. The savings is a direct result in a decrease in the number of insurable fleet licenced vehicles - there were 234 units in 2023 and only 220 units in 2024.

vii. Property Insurance

Property Insurance applies to the physical damage and machinery breakdown for all municipally owned property and is first party coverage. In 2022, the insurance provider established an upset aggregate limit of $100 million per event with the aggregate and also applied to the 2023 property policy. Given that the County has a total insured value that exceeds $518 million, the limit of loss was a significant gap in insurance coverage and a detriment to the County. As a result, an Excess Property policy costing $70,875 was secured to ensure no gap in coverage. In 2024, the insurer, removed the upset aggregate limit of $100 million per event – meaning that the County no longer needs to purchase an additional Excess Policy resulting in an immediate one-time savings of over $70,000 compared to the 2023 premiums.

When providing insurance values in the RFP for County-owned property and machinery, staff also advised that a 11% Inflationary Rate was applied in 2023 to avoid insurers indexing a substantive increase for 2024. The inflationary index is a tool utilized to monitor inflation by measuring changes in labour costs which has a direct impact on premiums - if property and machine values increase, the price of insurance will likely increase to address the increase cost to replace or rebuild. As a result of this proactive approach, the insurer did not apply an index for 2024.

Significant capital improvements (i.e. $100,000 or more) to County property and machinery does have an impact to the asset value as the cost to replace or rebuild also increases, which results in premium increases. Table 1 below identifies the capital improvements made to County property that fell within this criterion. There are times where capital improvements can also result in premium savings such as upgrades to fire suppression systems, changing a roof from tar based to metal, etc.

Table 1: Property Value Changes

Location	2023 Value	2024 Value	Increase in Value
Kohler Yard	$3,178,936	$6,047,525	$2,868,589
Fisherville Outdoor Multi-Purpose	$87,000	$216,179	$129,179
Townsend Washrooms	$116,988	$411,897	$294,909
Dunnville Pool & Filter Building	$1,474,043	$2,729,981	$1,255,938
Jarvis Pumping Station	$2,000,000	$2,500,000	$500,000
Dunnville Water Treatment Plant	$28,077,017	$30,128,700	$2,051,683
		Total Increase	**$ 4,102,530**

With the capital improvements made, the 2024 premium is $447,506 or $4,357 more than the 2023 premium representing a slight increase of 0.98%.

viii. Municipal Volunteers' Accident Benefit Policy

The Municipal Volunteers' Accident Benefit policy protects the County's volunteers from financial consequences of accidental injuries. This policy is designed to provide insurance protection for all County volunteers performing supervised and sponsored volunteer activities. The 2024 premium is the same as the 2023 premium at $1,080.

ix. Cyber Insurance

Haldimand has been successful in securing cyber insurance for 2024 at no additional cost over 2023 at a premium of $67,770.

Cyber insurance differs slightly from other policies as the coverage provides incident response services in the event of a cyber concern.

x. Community Hall Boards

The Community Hall Boards policy extends liability coverage to those boards who are operating County Community Halls on the County's behalf; and retains this as a separate insurance policy to ensure that if there is any claim against this policy, it will not impact the County's claim history. There are currently 18 Community Halls that are operated by autonomous volunteer boards of directors who manage hall finances. The County remains responsible for the life, health and safety of assets, along with major capital and emergency repairs.

The 2024 premium is $13,946 which is 4.98% or $662 over the 2023 premium.

xi. Recreation Affiliates Insurance

The Recreation Affiliates policy provides liability coverage for incorporated groups who cannot be identified as volunteers under the County General Liability policy because of their incorporated status. This coverage is known as third party coverage.

Currently, the Dunnville Soccer Park Corporation and Haldimand Youth Soccer Corporation are insured under this policy. For several years, the County has facilitated this insurance coverage on the group's behalf in an effort to secure the most economical premium possible. Since 2012, Council has capped these two organizations' contributions to the annual premium at $550 each, with the remainder of the premium paid by the County.

The 2024 premium is $2,668 which is -1.15% or -$31 less than the 2023 premium.

At this time, staff recommend no changes to the cost sharing model currently in place.

xii. Joint Municipal Landfill Property and Landfill Liability and Umbrella Liability - Closed

The Joint Municipal Landfill policies are stand-alone policies providing liability and property coverage for those landfills that are jointly owned by Haldimand County and Norfolk County. The property policy has a first party limit of $2,500,000 blanket limit of loss; the liability coverage has a third-party limit of $5,000,000; while Umbrella policy has an excess liability limit of $20,000,000. The 2024 premium is $26,596 which is an increase of 6.64% or $1,657 over the 2023 premium.

Norfolk County as co-owner, will cost share the annual premium (56.25% Norfolk share) and will be notified of the 2024 renewal rates.

xiii. Facility User Program

The County offers a number of facilities for rent for the purpose of sports, events and activities whether it is for such things as an organized event or a pick-up hockey game. The rental of County facilities requires that users have liability coverage to protect them and the County against any financial impact of claims associated with the use of the rental. To assist, the County administers a Facility Rental User Liability Insurance Program. This program enables individuals and/or groups renting a county facility to obtain insurance at a reasonable rate while also ensuring that the County's risk exposure is mitigated. This program does not apply to those Users or Groups who have their own insurance coverage and supply the required documentation.

The Facility User Program provides liability coverage for bodily injury and property damage and adds the County as an additional insured. This is known as third party coverage. The premiums are collected by the County when a facility is booked and are remitted directly to the insurance provider.

xiv. Special Event Policy

In 2013, Council approved the purchase of a Special Events Policy for parades and special events that meet certain criteria. This initiative was brought forward as community event organizers were experiencing difficulty in obtaining and/or financing the required liability insurance for their events held on Haldimand County property. Anytime an event is held on County property which is approved through an established application process, the County requests insurance coverage in order to protect the County's interests and mitigate risk.

This policy is equally beneficial to the event organizers and to the County. The organizers will benefit by not having to obtain independent insurance for their event, thus avoiding a potential cost as well as the administrative work in securing such coverage and providing the documentation to the County. The County will benefit by having the security of insurance coverage that protects the County's interests based on the terms of coverage specified by the County. It should be noted that any claim under the group policy related to an individual event could have future implications to the coverage, deductible, and premium for all covered events.

The Council approved criteria for receiving insurance coverage under the Special Events Policy is as follows:

- the event is mostly, if not all, held on County owned property;
- the event is sponsored by a volunteer, not-for-profit organization;
- the event is held on an annual recurring basis;
- the event is for the benefit of the general public, as opposed to a specific target audience;
- the event contributes to community vibrancy and may encourage tourism;
- the event is not for the purpose of fundraising;
- the main event is free of admission charges; and
- funding of the insurance for an event does not create an inconsistency with other similar events held on property not owned by the County.

The 2013 report specifically identified 19 events including parades, light up nights and festivals that would be included under the Special Events Policy. Since the approval of the Delegated Authority By-law, the General Manager, Community & Development Services can approve permits for minor festivals and returning major festival and events. A gap has been identified that although these events meet the bulleted criteria listed above, they were not included in the 2013 report as an approved event in order to obtain coverage under the Special Events Policy. To streamline the process, staff are recommending that if the General Manager, Community & Development Services approves an event that complies with all of the bulleted items above, that the Special Events Policy can be offered to them as an option. Over the last few years, the number of events utilizing the policy has fluctuated between 13 and 18 from a one day event to a multi-day event.

The policy outlines the cost per event and/per day of the event. This policy has a deposit premium of $1,512 which is the amount of money required by an insurer to initiate the policy. Once the deposit premium has been exhausted, the insurer then invoices for each event. The rates including tax for events vary as follows:

- parade rate is $162
- one day event rate is $540
- any multi-day event the rate is $540 x number of days of the event

This policy has a renewal of April 13, 2023 to April 13, 2024. It is also important to note that this is a standalone policy, and that any claims made against this policy will not have a negative affect on the County's loss history portfolio.

Risk Management Strategy

The County's General Insurance Program continues to be Haldimand's main source of risk financing, providing many different policies and coverages for the multitude of exposures based upon the nature of its legislated and operational responsibilities as a single-tier municipality.

In 2024, Legal and Support Services (LSS) will continue to develop the framework for a Corporate Risk Management Strategy which will include evaluating the total cost of risk (insurance premiums, program structure, loss prevention, claims management, coverage gaps and contractual liability), development of appropriate risk mitigation and risk transfer strategies as well as providing education, training and techniques that can be implemented in the day-to-day operations throughout Haldimand County.

As risk management is a collaborative exercise, LSS understands that risk management cannot be confined to a single department or performed on an ad hoc basis inside operational silos. Ownership of risk must be shared across the municipality. The goal is to reduce risks associated with municipal operations and to mitigate further claims and insurance costs.

The Corporate Risk Management Strategy is an integrated process that incorporates all of the risk management processes, activities, methodologies and policies adopted and carried out in an organization. Risk management includes the identification, assessment and prioritization of risks or uncertainties in business. Strategies must be backed up by risk management analysis and a plan for controlling or mitigating risks. Strategic risk closely aligns with the compliance and governance function of a municipality.

In the RFP, the County sought broker/insurers will municipal related experience and knowledge in order to provide consistent and innovative risk management solutions. In their proposal, Gallagher has agreed to provide the County with the following risk management tools at no additional cost – all of which is a new offering to the County.

- Six (6) Educational Sessions per year that can be provided to all levels of County staff for general or targeted areas of risk mitigation training

- Portal containing resources and templates
- Ten (10) Physical Risk & Loss Control Surveys every 3-year cycle
- Twenty (20) Desk Top Asset Valuations per year

FINANCIAL/LEGAL IMPLICATIONS:

Table 2 (below) shows the variance of the proposed 2024 and the actual 2023 insurance premiums. All values are inclusive of Retail Sales Tax where applicable.

Although several of the premiums increased, the offset in premium costs is a direct result of the insurer no longer establishing an upset aggregate limit of $100 million per event for the property policy – meaning that the County does not need to purchase an additional Excess Property policy for 2024.

Overall, the 2024 insurance premiums represent a decrease in cost from the previous year, which hasn't occurred since 2017. Although there is a limited market supply of public sector insurance providers, along with a lack of joint and several liability reform, and an increase in climate change weather events, the 2024 premiums decreased by $47,521 representing a savings of 4.80% percent from 2023.

Table 2: 2023/2024 Insurance Premiums

Policy	2023 Premium	2024 Premium	2024 Increase	2024 Percentage Increase
Municipal General Liability	$ 97,254	$ 104,726	$ 7,472	7.68%
Umbrella Liability	$ 50,150	$ 59,777	$ 9,627	19.20%
Medical Malpractice Liability	$39,672	$ 41,656	$ 1,984	5.00%
Community Hall Boards Liability	$ 13,284	$13,946	$ 662	4.98%
Recreation Affiliates	$ 2,699	$ 2,668	$ (31)	-1.15%
Environmental Impairment Liability	$ 12,164	$ 12,773	$ 609	5.00%
Crime	$ 2,700	$ 2,700	$ 0	0.00%
Owned Automobile	$ 163,658	$ 160,675	$ (2,983)	-1.82%
Property	$ 443,149	$ 447,506	$ 4,357	0.98%
Volunteer Accident	$ 1,080	$ 1,080	$ 0	0.00%
Cyber	$ 67,770	$ 67,770	$ 0	0.00%
Excess Property	$ 70,875	N/A	$ (70,875)	-100.00%
Landfill Policies	$ 24,939	$ 26,596	$ 1,657	6.64%
	$ 989,394	**$ 941,873**	**$ (47,521)**	**-4.80%**

STAKEHOLDER IMPACTS:

All departments and various County Boards are insured under and impacted by elements of the General Insurance Program.

The Joint Municipal Landfill Liability costs are shared with Norfolk County. As co-owner, Norfolk is responsible for 56.25% of the 2024 annual premium.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: Yes

Policy: No

REFERENCES:

None

ATTACHMENTS:

1. Insurance Deductibles
2. Insurance Definitions