

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. 08-98-0002
Your File/V/Réf.

DATE 21 December 1998

TO/DEST. Co-ordinator
 Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **1999 INSURANCE RENEWAL**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee and Council receive this report for information.

BACKGROUND

In accordance with authority delegated to the Finance Commissioner under section 4.3.6 of the Corporate Policy Manual, the Finance Department, through the Region's Insurance Advisory Committee composed of members of the Ottawa Insurance Brokers Association, has negotiated insurance renewals for 1999. The Region placed its insurance program with the Frank Cowan Company for a total premium of \$656,332 which represents a decrease of 23.2% from 1998. The Frank Cowan Company has provided general insurance requirements to Ontario public entities, including municipalities, since 1932.

DISCUSSION

Since the 1985 insurance market crisis there have been fewer companies willing to underwrite broad form insurance coverage for municipal risks. However, despite the impact of recent natural catastrophic disasters, there are indications that the insurance market has recently become far more competitive ("soft"). Companies, such as Zurich and St. Paul, are apparently looking to return to the municipal insurance field.

As a result of this soft market, we have been able to negotiate a substantial reduction of 23.2% from last year's premium levels while maintaining our current level of coverages and deductibles. The 1999 renewal program premium of \$656,330 (including tax) is \$198,790 less than our expiring term's annualized insurance premium. This reduction compares favourably with quotes

being obtained by other Ontario municipalities through market allocations, while maintaining a relationship with a secure, stable insurer. The Frank Cowan Company is underwritten by General Accident Assurance Company of Canada, Guarantee Company of North America, Lombard General Insurance Company of Canada, insurance effected at Lloyd's London, and the Boiler Inspection & Insurance Company of Canada.

PUBLIC CONSULTATION

Since 1969 the Region has received advice from the Insurance Advisory Committee (IAC) on insurance matters. The members of the IAC are from the Ottawa Insurance Brokers Association thus providing access to a broad range of insurance expertise and markets. Public consultation is not required on this administrative matter.

FINANCIAL IMPLICATIONS

Renewal of insurance coverage satisfies Legislative requirements and ensures that an appropriate risk financing mechanism is in place to protect the Region's exposure to catastrophic losses.

Funds are available in the 1999 Insurance Budget to cover the cost of premium renewals and premium adjustments that may be required due the acquisition of new buildings and vehicles.

CONCLUSION

The 1999 insurance program has been renewed with the Frank Cowan Company effective 1 January 1999. A cost comparison summary of the Region's insurance coverages is attached as Annex A.

Approved by
J.C. LeBelle
Finance Commissioner

COST COMPARISON SUMMARY
(Including Provincial Sales Tax)

<u>Policy</u>	<u>1998 Premium</u>	<u>1999 Premium</u>	<u>% Change</u>
<u>Property Coverage</u>			
All Risk Property	\$258,961	\$196,380	-24.2
Boiler and Machinery	13,630	12,434	-8.8
Electronic Data Processing	24,209	23,604	-2.5
Registered Mail	270	264	-2.2
<u>Liability Coverage</u>			
Municipal Liability (incl. E&O)	300,556	205,103	-31.8
Automobile Fleet	219,362	191,648	-12.6
Excess Automobile	17,764	8,339	-53.1
Travel Accident	1,657	1,616	-2.5
Crime	16,226	14,522	-10.5
Conflict of Interest	<u>2,484</u>	<u>2,422</u>	-2.5
Total All Premiums	\$855,119	\$656,332	-23.2