



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Corporate, Finance, and Legislative Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors
From: Adam Giddings, Treasurer/Director of Corporate Services
Standing Committee Date: November 28, 2024
Report Number: COR-2024-019
Council Meeting Date: December 18, 2024
Subject: **Comprehensive Insurance Program – November 1, 2024
to November 1, 2025**

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1. Recommendation:

WHEREAS the Committee adopt the following recommendation and refer to Regular Council for final approval.

NOW THEREFORE BE IT RESOLVED THAT Council accept the recommendation from McDougall Insurance Brokers Inc. (Cobourg) and renew the Comprehensive Insurance Program with Marsh Canada for the period November 1, 2024 to November 1, 2025 at a cost of \$767,365 (excluding taxes).

2. Executive Summary:

The Town of Cobourg's comprehensive insurance program expires November 1, 2024. McDougall Insurance Brokers Limited provides brokerage services to the Town of Cobourg.

The broker has gone to market for the November 1, 2025 renewal and their recommendation is that the Town of Cobourg accept the renewal terms as

provided for the policy year from November 1, 2024 to November 1, 2025. It is recommended that the municipality accept the renewal of the Town of Cobourg Comprehensive Insurance program with Marsh Canada Limited at the quoted premium of \$767,365, excluding taxes. It is further recommended that Council extend the current agreement with McDougall Insurance Brokers Inc. (Cobourg) for brokerage services through November 1, 2026.

3. Background

The insurance market for municipalities contains a few companies willing to provide the municipal insurance package required. Issues such as increasing court awarded settlement amounts and joint and several liability have increased premium costs and forced companies from the market. The current year review of the insurance policy included reviewing the stability and responsiveness of the municipal insurance market to determine the necessity of a competitive process at this time.

Historically, the Town of Cobourg has asked the broker to go out to market every three to five years to obtain quotes from competing insurance companies. The review was completed two years ago which prompted the acceptance of the bid from Marsh Canada Limited, which is now completing their second term as the municipal insurance provider. The term was extended to a year for November 1, 2024 to allow for the transition of the Director of Corporate Services/Treasurer. Depending on market conditions, the Town aims to market the program approximately every five years to ensure competitiveness.

As in prior years, cyber insurance coverage was renewed earlier in the year. The current cyber policy is from August 6, 2024 to August 6, 2025. The municipal cyber policy does not provide coverage for the Cobourg Police Service which operates their own network.

4. Discussion:

Overview

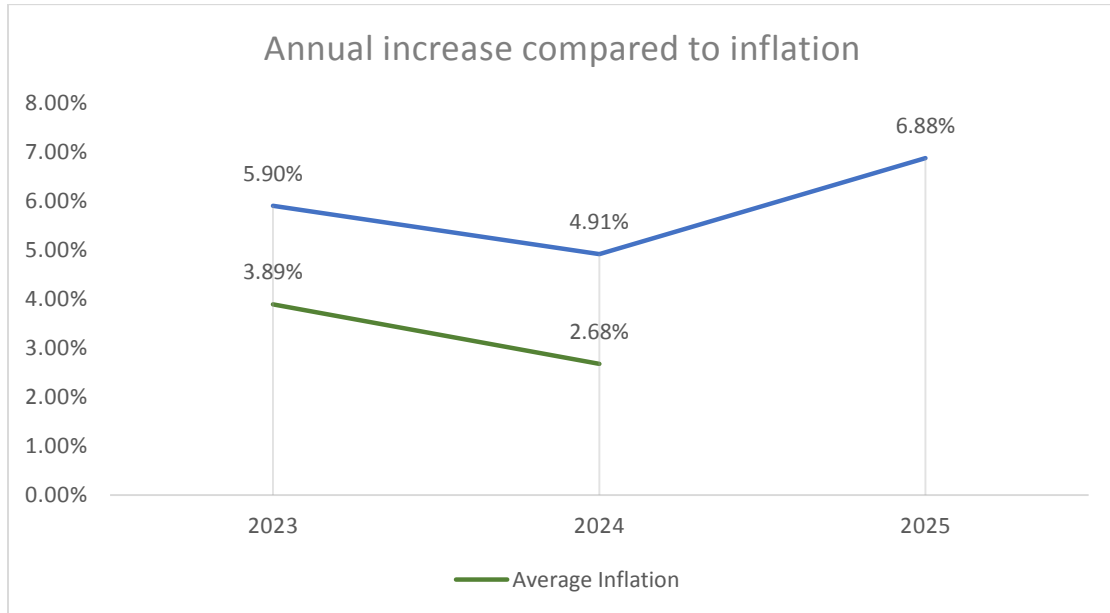
There have been no significant changes in either coverages, policy limits, or deductibles from the current policy. The Town maintains a full complement of insurance policies and coverages in order to protect the Town and its assets from various exposures. The largest policy is the General Liability which protects the Town from exposures up to \$10,000,000. The Town also maintains several additional, small liability policies to protect specific tasks. The additional liability policies include errors and omissions, non-owned automobile, environmental liability, and environmental impairment liability.

Several vehicle policies are purchased annually for the various fleets maintained by the Town. There are two main vehicle policies within the Town's portfolio: a) the general fleet policy provides full automobile coverage on all fleet vehicles including Fire, Parks and Recreation, and Public works; and b) coverage for the Town's transit fleet.

Analysis

The quoted premium of \$767,365, excluding taxes, represents an increase of \$49,378 or 6.88% from the prior year. The increase reflects increases in property insurance, fleet, and transit.

The increase of 6.88% represents a favourable renewal rate in comparison to what over municipalities are accepting for this renewal term. Further, the increase is not unexpected as public insurance continues to experience challenging market conditions and limited providers.



As noted above, insurance has increased by an average of 5.90% from 2023 to 2025 compared to inflation of 3.29%. Although costs have increased at a rate greater than inflation, this is not unexpected due to the risks associated and willingness of insurance companies to provide insurance to municipalities.

Cyber Insurance

As noted, cyber insurance coverage is renewed earlier in the year. The current cyber policy is from August 6, 2024 to August 6, 2025 at a premium of \$23,500 (excluding taxes) which is a decrease of \$2,200 or 8.56% from the prior year.

5. Financial Impact and Budget

The premium increase of \$49,378 represents an increase of 0.16% based on the 2025 budgeted tax levy. The total insurance included in the 2025 budget is \$739,906. The difference of \$27,459 is considered immaterial to adjust the 2025 budget.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

Service Excellence

Sustainability

Appropriate and adequate insurance coverage ensures an enhanced financial and asset management plan and allows for appropriate levels of service and long-term sustainability.

7. Public Engagement:

Public engagement is not considered necessary.

8. Attachments:

None