

<b>TO:</b>	<b>CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON TUESDAY, JANUARY 20, 2015</b>
<b>FROM:</b>	<b>JAMES P. BARBER MANAGING DIRECTOR, CORPORATE SERVICES &amp; CITY SOLICITOR</b>
<b>SUBJECT</b>	<b>2015 GENERAL INSURANCE RENEWAL</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services & City Solicitor and on the advice of the Risk Manager, the general insurance program **BE CONTINUED** for 2015 on behalf of The Corporation of the City of London, Covent Garden Market Corporation, London Convention Centre Corporation, London Police Services Board, London Public Library Board, Museum London, and London Middlesex Housing Corporation for a total annual premium of **\$3,717,689.24** inclusive of sales tax.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- “Property and Crime Insurance Program”, December 1, 2004
- “Property and Crime Insurance Program”, April 27, 2005
- “Ontario Municipal Insurance Exchange: No-retrocession Guarantee”, July 19, 2006
- “Ontario Municipal Insurance Exchange: No-retrocession Guarantee”, September 22, 2006
- “Request for Proposal 06-28 Insurance Services”, December 13, 2006
- “General Insurance Premium Review”, September 16, 2009
- “OMEX Retro Renewal”, January 12, 2010
- “2010 Insurance Renewal”, May 12, 2010
- “Property, Boiler and Machinery Insurance Deductible”, April 14, 2010
- “2011 Insurance Renewal”, March 9, 2011
- “2012 General Insurance Renewal”, February 6, 2012
- “2013 General Insurance Renewal”, January 22, 2013
- “2014 General Insurance Renewal”, January 21, 2014
- “2014 Supplemental Assessment Levied by OMEX”, July 22, 2014

<b>BACKGROUND</b>
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**Ontario Municipal Insurance Exchange (OMEX)**

The City of London is a member of OMEX, a not-for-profit insurance organization wholly owned by member Ontario municipalities. In accordance with terms of the subscribers’ agreement, OMEX coverage remains in force until the City terminates its membership with the reciprocal.

London continues to have a seat on the OMEX Board. All members are invited to an annual general meeting to receive a report on reciprocal operations and its financial position. Premiums are based on the amounts required to pay claims plus administrative expenses. Board-approved practices ensure competitive, fair and responsible risk financing prices that exclude any profit margin.

## Renewal Premiums

Insurance premiums are affected primarily by the following factors:

- The number and cost of claims reported to the insurer,
- The number and value of assets owned/leased by the City,
- The diversity of municipal operations, and
- The number of boards insured under the policies.

Type of Insurance	2014	2015	Comments
General Liability & Errors & Omissions	\$1,561,169	\$2,135,344	Premium increase due to worsening loss histories in municipal sector (37% increase)
Environmental Liability	\$81,000	\$81,000	No increase
Auto Fleet	\$553,790	\$527,933	83 less vehicles and 5 less trailers
Property	\$639,637	\$662,623	3.59% increase in values over 2014
Boiler & Equipment Breakdown	\$54,963	\$58,261	3.59% increase in values over 2014
Crime	\$14,500	\$15,500	Decrease in number of insured employees by 48.52
Group Travel Accident	\$1422	\$750	# of travel days decreased by 754.36
Overall Average Premium Increase: 20%			

The total renewal premium for all policies covering the City and insured Boards is \$3,717,689 including tax. This represents an increase of \$622,993 or 20% from the total premium of \$3,094,696 paid for the expiring policies. The premium increase is based on a combination of increasing property values and the insurer's response to the increasing cost of liability claims settlements.

The annual premium is allocated amongst the City and the Boards insured under the City's insurance policies. The renewal premium is shared proportionately amongst all of the entities covered under the blanket insurance program.

Single Tier Municipalities	Population Size	2015 Premium
Hamilton	520,000	\$ 3,868,159
London	373,700	\$ 3,717,689
Windsor	211,000	\$ 3,500,000
Sudbury	160,000	\$ 3,000,000

Compared to other single tier municipalities closest in population to London, we confirm London's premium per capita is in-line with our peers. Each municipality has unique features, including employee counts, properties, loss history, insured Boards, deductibles and other features; therefore the above table only represents a general range for premiums of similar municipalities.

**Conclusion**

The benefits and principles of a reciprocal insurer are notable, and have provided the City with excellent service and value; however, the renewal premiums over the past two years signify a 45% increase. To ensure the City maintains a comprehensive scope of coverage at a competitive price, the Risk Management Division will proceed with an RFP for insurance for the 2016 renewal.

It is recommended by the Managing Director, Corporate Services & City Solicitor on the advice of the Risk Manager that the general insurance program covering the City and seven Boards be continued at an annual premium of \$3,717,689.24. (Tax inclusive)

A summary of City of London 2015 insurance policies is attached for reference.

<b>PREPARED BY:</b>	<b>RECOMMENDED BY:</b>
<b>JASON WILLS – MANAGER III RISK MANAGEMENT</b>	<b>JAMES P. BARBER MANAGING DIRECTOR, CORPORATE SERVICES &amp; CITY SOLICITOR</b>

**CITY OF LONDON**

**2015 GENERAL INSURANCE PROGRAM**

<b>POLICY TYPE</b>	<b>BROKER / INSURER</b>	<b>LIMIT OF COVERAGE</b>	<b>DEDUCTIBLE</b>
<b>ALL RISK PROPERTY, COMPUTER &amp; BOILER/MACHINERY</b>	OMEX / RSA	All Property: \$1,877,420,092 (3.59% increase over 2014)	\$200,000.
<b>AUTO FLEET</b>	OMEX	\$50,000,000. Liability limit	\$250,000. Liability; \$100,000. Physical Damage
<b>CRIME (3-D BOND)</b>	OMEX / RSA	Employee Dishonesty & Depositors Forgery \$1,000,000. Loss Inside & Outside Premises - \$1,000,000. Counterfeit currency - \$1,000,000. Credit card forgery - \$1,000,000. Computer & Funds Transfer Fraud - \$1,000,000.	\$10,000. Except Credit Card Forgery - \$1,000.
<b>ENVIRONMENTAL LIABILITY</b>	OMEX	\$5,000,000. Limit per claim/ Annual Aggregate, claims made basis	\$500,000.
<b>ERRORS &amp; OMISSIONS</b>	OMEX	\$50,000,000. Limit, including Conflict of Interest & Defence Costs	\$500,000.
<b>EVENTS LIABILITY (Covers Event Organizers')</b>	Game Day Insurance Inc.	\$5,000,000. (Premium paid by event organizer)	\$500. (Deductible paid by event organizer)
<b>GARAGE AUTO LIABILITY</b>	OMEX	\$50,000,000.	\$250,000.
<b>GENERAL LIABILITY</b>	OMEX	\$50,000,000. Including Councillors	\$500,000.
<b>GROUP ACCIDENT</b>	Industrial Alliance	\$100,000. & \$200,000. Principal Sum	varies
<b>HEALTH CARE: PROFESSIONAL LIABILITY (Dearness Only)</b>	OMEX	\$25,000,000. Included as sub-limit of General Liability	\$500,000.
<b>NON-OWNED AUTO</b>	OMEX	\$50,000,000.	varies