

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON TUESDAY, OCTOBER 22, 2019
FROM:	BARRY CARD MANAGING DIRECTOR CORPORATE SERVICES AND CITY SOLICITOR AND JASON WILLS MANAGER III, RISK MANAGEMENT DIVISION
SUBJECT	REQUEST FOR PROPOSAL 19-01 INSURANCE AND RISK MANAGEMENT SERVICES

RECOMMENDATION

That, on the recommendation of the Manager III, Risk Management Division and Managing Director, Corporate Services & City Solicitor and with concurrence by the City Treasurer, Chief Financial Officer, the following actions **BE TAKEN**,

1. The proposal submitted by Frank Cowan Company Limited, 75 Main Street North Princeton, ON N0J 1V0, at a total annual premium of \$2,235,546 plus Tax, **BE ACCEPTED** in accordance with the Procurement of Goods and Services Policy section 12.2 (b);
2. That Civic Administration **BE AUTHORIZED** to undertake all the administrative acts which are necessary in connection with this contract.
3. The approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or issuing a purchase order relating to RFP19-01 in accordance with the Procurement of Goods and Services Policy section 20.1 (a).

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

Risk Management Report 2018

BACKGROUND

Purpose:

As per the Procurement of Goods and Services Policy, section 12, a Request for Proposal (RFP) 19-01 was prepared seeking competitive bids to purchase insurance and risk management services set out with particulars in Appendix 'A' (attached). These policies are being purchased on behalf of an eight (8) member group consisting of The Corporation of the City of London, London Convention Centre Corporation, Covent Garden Market Limited, London Public Library Board, London Police Services Board, Housing Development Corporation, London and Eldon House Corporation, London Regional Art and Historical Museums o/a Museum London.

Purchasing Process:

The RFP was issued in May 2019 and three submissions were received from reputable insurance providers for Ontario municipalities, including:

- AON Reed Stenhouse Inc.
- Frank Cowan Company Limited
- Marsh Canada Limited

The submissions were reviewed by a team consisting of Geoff Belch–City Solicitor Legal Services, Linzi Lavery - Specialist I Risk Management, Jason Wills, Manager III Risk Management and facilitated by Sarah Denomy - Procurement Officer, Purchasing and Supply.

As identified in the RFP, proponents were scored on the following scale:

Evaluation Criteria	Weighting
Coverage and Completeness of Submission	30
Experience, Financial Stability and References	15
Services Offered	25
Municipal Experience	10
Price (Annual cost from Premiums)	20
Total	100 Points

Through a comprehensive review of coverage, limits and deductibles, it has been verified that coverage will remain in-line with our current policies or be enhanced.

The most comprehensive and competitive submission in accordance with our terms and conditions resulting in the highest score in our evaluation criteria is the Frank Cowan Company proposal.

Frank Cowan Company is a leader in providing specialized insurance programs, including risk management and claims services to municipalities (192 Canadian municipalities are current clients), healthcare, education, community, children's and social service organizations across Canada. Proven industry knowledge, gained through eight decades of partnering with insurance companies and independent brokers, gives Frank Cowan Company the ability to effectively manage the necessary risk, advisory and claims services for both standard and complex issues.

Frank Cowan Company is a Managing General Agent (MGA) with the authority to write and service business on behalf of strategic partners who share our commitment and dedication to protecting specialized organizations. The MGA model is different than a traditional broker/insurer arrangement in that an MGA provides specialized expertise in a specific, niche area of business. The Municipal insurance market has been a long standing specialty for Frank Cowan.

Please see Appendix A: for a list of policies, price and available services provided by the Frank Cowan Company.

Financial Impact:

This RFP resulted in competitive pricing by three reputable insurance providers. In selecting the Frank Cowan Company, a 13% (\$363,919) reduction in premiums will be realized. The 2020 insurance renewal will be budgeted appropriately in the 2020 – 2023 Multi Year Budget.

The term of the contract will be for a period of three (3) years with an option for renewal. The City at its absolute sole discretion has the option to renew the contract for two (2) additional one (1) year periods.

Summary:

The current practice is to explore the insurance market every four to five years. The present market is tightening. The main factors include risks associated municipal claims as well as global insurers dealing with substantial catastrophic losses incurred in 2017 and 2018. In review of the conditions, many municipalities are reporting above average rate increases for their renewals. The present environment is being reported at an average increases of 8-25%.

Based on the above factors and our selection criteria, it is the recommendation of staff to have the Frank Cowan Company provide the municipal insurance coverage for The Corporation of The City of London on January 1, 2020, at a premium cost of \$2,235,546.00 plus Tax.

This report was prepared by Jason Wills, Manager, Risk Management with the assistance of Sarah Denomy.

PREPARED AND RECOMMENDED BY:	REVIEWED AND CONCURRED BY:
JASON WILLS , FCIP, CRM MANAGER III, RISK MANAGEMENT	IAN COLLINS, CPA, CMA DIRECTOR, FINANCIAL SERVICES
REVIEWED AND CONCURRED BY:	RECOMMENDED BY:
ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	BARRY P. CARD MANAGING DIRECTOR, CORPORATE SERVICES & CITY SOLICITOR

cc: S. Denomy, Procurement, Finance and Corporate Services

Attached – Appendix A: Annual Cost of Premiums / Risk Management Services

Appendix A

Annual Cost from Premiums

Proposed Program Term (\$)

Casualty

General Liability	694,933
Errors and Omissions Liability	34,191
Non-Owned Automobile Liability	756
Environmental Liability	142,198
Crime	18,227
Conflict of Interest	1,560
Legal Expense	5,383
Cyber	31,563
Unmanned Aerial Vehicle	10,050

Directors' and Officers' Liability

2,500

Group Travel Accident

1,000

Property

Property incl. Fine Arts	698,844
Equipment Breakdown	42,823

Automobile

Owned Automobiles	406,382
Garage Automobile	3,359

Excess

Follow Form	61,715
Follow Form – 2 nd Layer	80,062

Total Annual Premium

\$

2,235,546

(Excluding Taxes Payable)

Services Offered

PROPOSAL REQUIREMENT

Teamwork and cooperation between all the members of companies in business. Constant feedback and interaction of business people is essential for getting the leading positions in market.

The examples can be found in any kind of business. Further to the same examples, it is worth mentioning that other business people did offer fifth to sixth level of capital management. Further to the same examples, it is worth mentioning that other business people did offer fifth to sixth level of capital management. Further to the same examples, it is worth mentioning that other business people did offer fifth to sixth level of capital management.

Risk Management Services

In addition to day to day risk advice, Frank Cowan Company is pleased to present the Corporation of the City of London with a multi-year plan designed to have a positive effect on your overall risk performance.

Risk Management Services	Cost	2020-2021 Policy Term	2021-2022 Policy Term	2022-2023 Policy Term
Asset Valuations and Risk Inspections	No additional cost	As outlined below		
Cyber Assessment	Additional fees may apply	Available upon request throughout all Policy Terms		
Road Risk Assessment	No additional cost			Available upon request
MMS Compliance	No additional cost	Available upon request		
Contract Reviews	No additional cost	Available throughout all Policy Terms		
Driver Training	No additional cost		Available upon request	
Educational Training	No additional cost	2 sessions - topics to be chosen by the City	2 sessions - topics to be chosen by the City	2 sessions - topics to be chosen by the City
Policy and Procedural Reviews	No additional cost	Available upon request throughout all Policy Terms		
Risk Management Centre of Excellence	No additional cost	Available throughout all Policy Terms		
Weather Monitoring Portal	No additional cost	Available throughout all Policy Terms		
Fleet Management Evaluation	No additional cost		Available upon request	
Claims History Analysis	No additional cost	Available upon request throughout all Policy Terms		
Frank Cowan Company Institute of Municipal Risk Management	Additional fees apply	Available upon request throughout all Policy Terms		

Frank Cowan Company was the first insurer to recognize the benefits of providing municipalities with complimentary risk management services. A solid risk management program is an important factor when considering your overall insurance program provider. You want services delivered by professionals that actively reduce the frequency and severity of loss because these factors impact your claims experience.

PROPERTY INSPECTIONS AND ASSET VALUATIONS

Our team of Risk Inspectors work to determine the construction details, update the use and occupancy classification, and produce a photographic inventory of municipally owned assets. From our inspections we are able to provide our clients with calculated reconstruction costs for insurance purposes. This enables us to ensure that all assets have adequate insurance to value. Our proposed reconstruction cost values are based on costs to repair, replace or reconstruct, as closely as possible, damaged property with new materials of like kind and quality and for similar occupancy.

Frank Cowan Company's loss control inspectors are either Professional Engineers, Certified Engineering Technologists or have backgrounds in loss control. They have a strong understanding of the various provincial and national model codes as well as other relevant standards.

As members of our loss control team, they have all received specialized training in Heritage/Historic buildings, green buildings, LEED criteria, BACnet, bleachers and grandstands, wind turbines, geothermal and solar power. In addition, each inspector is a Registered Playground Practitioner and can provide expertise with respect to CSA standard Z614 (Children's Playspaces and Equipment).

Our inspectors provide information regarding earthquake exposure zones and classifications with respect to fire protection status (FUS) for your locations. Due to the varied backgrounds and experience of our inspection team, they can provide a unique perspective to the different situations that can occur in your municipality. They have access to the various building and fire codes and are familiar with the accessibility requirements applicable in context of our policy wording for replacement/reconstruction to the latest legislation.

This service is available at no additional cost.

RISK HAZARD ASSESSMENTS

Our inspectors will also analyze your facilities and provide risk recommendations to help reduce the incidence, frequency and severity of claim and liability issues.

Our liability inspection services also extend to trails; playgrounds; toboggan hills and any sport playing fields or parks as well as any open spaces.

Our loss control services include the risk inspections to identify potential risks that could result in injury, property loss or litigation, and to suggest corrective measures, which may control or reduce the possibility of these situations from occurring. The reported hazards are prioritized and timelines for compliance are provided.

This service is available at no additional cost.

CYBER ASSESSMENTS

Frank Cowan Company has partnered with Watsec Cyber Risk Management to provide cyber assessments to our clients. We have the following available:

Cyber Privacy Audit:

- Provision of a Cyber Privacy Questionnaire to be completed by applicant;
- Review of the responses provided by applicant;
- Verification of completeness of the supporting evidence provided by applicant;
- An Audit Report for MFIPPA describing degree of the level of auditing rigor applied, summarized results, and list of deficiencies if present;
- Additional audits against other legislation such as PIPEDA, FIPPA, PHIPA, etc. are also available

System security assessment:

- Pre-assessment Interviews with business system asset owners;
- An External Network Vulnerability Assessment (Up to 10 active public IP addresses);
- An Internal Network Vulnerability Assessment (Up to 250 internal devices);
- Review of three critical security policies (Privacy, Acceptable Use, & Incident Response);
- Executive Summary Report with a clear, prioritized list of network and procedural exposures;
- Secure access to Watsec's client portal for your reports and results.

Additional fees may apply for this service.

ROAD REVIEWS

Road Risk Assessment

Non-repair of road liability claims are costly to defend, result in high court awards and greatly impact a municipality's cost of risk.

In order to help municipalities, minimize their exposure to non-repair of road claims, Frank Cowan Company has an experienced Roads Specialist to provide our municipal clients with road risk assessments. These assessments can include any of the following:

- Adequacy of documentation
- Compliance to the Ontario Traffic Manual
- Adequacy of current policies and procedures
- A review of select road segments with a focus on:
 - Adequacy of the road for alternative uses such as bicycle facilities and Off-Road Vehicles
 - Adequacy of pavement markings, warnings and regulatory signs
 - Identification of hazards within the roadside

Our sidewalk consulting services can help reduce the frequency of falls on your sidewalks.

Alternatively, the City may choose another area of concern.

A report will be presented to the City of London and a collaborative discussion will follow complete with recommendations for improvements if warranted.

This service will be provided by Brian Anderson, Frank Cowan Company's Road Specialist.

This service is available at no additional cost.

Minimum Maintenance Standards (MMS) Compliance

Minimum Maintenance Standards (MMS) were developed under the authority of Section 44(4) of the Municipal Act as the Provincial response to municipalities' requests for relief from onerous court decisions. A recent MMS Amendment was signed into law on May 3, 2018. To use this statutory defence in court, a municipality must be able to show through documentation that it met the minimum standards, as defined in Regulation 239/02. Documentation and record-keeping are critical.

Our MMS Compliance review focuses on reviewing the municipality's policies/procedures/documentation and comparing these to the required standards set under the MMS as well as the best practices developed by the Ontario Good Roads Association.

A report will be presented to the City and a collaborative discussion will follow complete with recommendations if warranted.

This MMS Compliance Review will be provided by Brian Anderson, Road Specialist.

This service is available at no additional cost.

CONTRACT REVIEWS AND CONSULTATIONS

One major purpose of a contract is to ensure that the assumed risks are identified and managed. The contract cannot make the risk disappear, but it should determine who is responsible for its management and financing. Insurance is the most widely accepted means of financing contractual risks. But, in order for insurance to be an effective financing vehicle, the risks must be identified and then supported by the correct insurance coverages to minimize your financial exposure.

We provide you with a contractual risk assessment and recommendations to help you determine the most appropriate liability transfers and the subsequent required insurance coverages. This service also includes a review of the insurance requirements in Tender and RFP documents and supporting Certificates of Insurance.

To further support our municipal clients, Frank Cowan Company has developed an exclusive and extensive insurance requirement contract guideline workbook. This guideline addresses a number of common contracts that municipalities enter into, for example Summer Road Construction; Winter Road, Parking Lots and Sidewalk Maintenance; Construction of New Facilities; Culvert and Overpass Construction; Underground Infrastructure Repair and Replacement; and provides the suggested insurance wordings. All your staff have to do is “cut and paste.”

This complimentary service is among our most popular because a third-party contract review has the ability to make a substantial difference.

This service will be provided by Jennifer Sandison, Paralegal.

This service is available at no additional cost.

ONGOING TRAINING AND SEMIARS



Driver Training

Frank Cowan Company has launched a new Driver Training service. We can provide your staff – from fleets to individual drivers – with comprehensive driver training. We have seminars, tools and guidelines to assist with everything from pre-employment checklists and driver management policies to defensive and cooperative driving education.

This service will be provided by Paul Cote who is a Driver Trainer.

This service is available at no additional cost.

Educational Training

We can develop customized sessions on specific risk issues for your municipality. These customized sessions can be tied to a claims review; documentation review; policy & procedure review or any risk issue facing your municipality.

We can also provide training through webinars on any topic of your choosing. The webinars will be developed and delivered by specialists in the topic of your choosing. We will also record these webinars and make them available to you, so your managers can use them at any time to train new staff or as a refresher for existing staff. Our plan for the City of London includes 2 seminars in the 2020-2021 policy year with the topics chosen by the City. This service will be provided by the subject matter expert.

This service is available at no additional cost.

We offer the following seminars:

FUNDAMENTAL RISK MANAGEMENT

Risk Management 101

Risk is inherent in the operating environment of every municipality. It is impossible to eliminate risk, but it is possible to manage it. The principles of risk management have been around for many years. Their implementation is crucial in today’s changing world. Escalating claim costs, joint and several liability and new provincial regulations are some of the reasons why ignoring the importance of sound risk management can have serious consequences for any organization. This seminar will outline the steps or risk analysis, relevant legislation and real-life examples of claim situations. It will give the participant important tools for effective risk management that they can take and use in the course of their work.

Risk Assessments

What was supposed to be a fun treat at a party turned into a nightmare when the bouncy castle that was rented for the day went flying into the air, kids inside, and landed on a roof some distance away. The castle was not anchored properly and was picked up by high winds. In this case, negligence was responsible for an accident that caused injury to children. The incident could have been prevented had the organization undergone a risk

assessment prior to renting the bouncy castle. This seminar builds on the basic foundation of risk management and looks further into risk assessments. With new activities being introduced, whether it's longboarding, parkour or adult gym equipment in parks, it is imperative that municipalities keep up with new emerging risks. Risk assessments can help an organization determine the risk involved in an activity and how to minimize exposure.

BUILDING ON RISK MANAGEMENT 101

We encourage municipalities and their staffs to build on the core competency risk management skills learned in Risk Management 101 and develop their risk skills in their areas of interest. We take the risk management basics and apply the techniques to various municipal disciplines. The participants will learn of risks associated with the topic and various risk management strategies specific to that area. Claim examples will be given, and pictures used to enhance the learning experience. These can be taken on their own or added to a 101 session. Subject areas include, but are not limited to the following:

- Arenas
- Parks and Recreation
- Municipal Trails
- Liquor Liability
- Premises Risks

ROADS & SIDEWALKS

Risk Management Considerations for Municipal Roads in Ontario

The result of the Giuliani decision has had serious ramifications for municipalities in Ontario. It was one of the first times that the Minimum Maintenance Standards (MMS) had been substantially considered by the courts, and unfortunately the disappointing decision weakened a MMS based defence. The team at Frank Cowan Company has worked with various stakeholders to seek amendments to the MMS. As of February 2013, new amendments to the MMS have been approved. With many municipalities looking to review their policies and procedures or renew road maintenance agreements, we are pleased to present a new seminar designed to help answer the question of what to do post Giuliani. Working with the Ontario Good Roads Association to help navigate through the current legal environment, this seminar will look at strategies to create your road maintenance policies and other documents.



Risk Management Considerations for Municipal Sidewalks in Ontario

This seminar will walk participants through section 44 of the Municipal Act and its effect on Municipal Sidewalk maintenance and repair. It will go through the winter and summer policies to have in place as well as considering defences and judgment trends. The Minimum Maintenance Standards will be highlighted, and practical risk management tips will be reviewed.

RISK ISSUES FOR EVERY ORGANIZATION

Abuse

While not a new topic, the issue of abuse is the number one concern among organizations that work with vulnerable populations. It is important for these entities to reduce their risk of abuse and understand their insurance coverages.

Volunteers

Volunteers are an essential resource to municipalities but also a source of risk. This seminar will discuss methods of mitigating that risk and how they can be implemented through various municipal departments. Participants will be walked through the process of creating volunteer plans, policies and procedures.

Social Media

With the rise in the use of social media for business and personal pursuits comes the rise in risks associated with it. This seminar will address the emerging issues surrounding social media and your municipality and how to mitigate exposure. Recent case law in the area will be discussed.

Privacy Breaches & Cyber Risk

Cyber breaches are becoming common place and news stories continue to feature incidents of private information being stolen or lost. It is imperative that municipalities learn to assess their cyber exposure and protect the information they hold. This seminar will discuss the latest trends in cyber breaches and the likely culprits. It will look at internal and external risk controls to help mitigate loss and the steps to take when a breach has occurred.

BEYOND THE BASICS: CONTRACTS & WAIVERS

Contracts

Contracts tend to be an area people like to avoid – the language can be confusing and the clauses difficult to understand. The insurance requirements of some contracts reflect a lack of understanding of the nature and scope of insurance. In many cases the clauses do not make sense and can be contrary to your interests. This seminar addresses these concerns and demystifies the language of contracts, focusing on the insurance sections. In particular, we address:

- Indemnification/ hold harmless clauses
- Insurance covenants that should be included in all contracts
- Structuring insurance requirements

Certificates of Insurance

Often contracts will require a certificate of insurance, but many people do not understand the significance of this document. This seminar will provide participants with an understanding of the importance of certificates of insurance and why this information is necessary. The session will answer important questions such as:

- How long should I keep a certificate of insurance?
- What should I look for in a certificate of insurance?
- When do I need to involve legal counsel?

Attendees will also receive a checklist that can be used as a tool to assess certificates of insurance to ensure they are issued as requested.

Waivers of Liability

This topical seminar will look at case law illustrating the continuing battle of contractual waivers, especially waivers used in sporting and recreational activities. Organizations draft waivers and plaintiffs seek to negate them. When an entity tries to limit or extinguish its liability to potential claimants, a court will undertake an analysis in order to decide whether or not the release is enforceable. The seminar will give valuable tips to consider when drafting and administering a waiver.

CLAIMS & LITIGATION

Documentation

Documentation is a key element of good risk management. In the world of litigation, it is not what you did; it is what you can prove that you did. Cases are document intensive as the main body of evidence in any proceeding is based on the documents and records kept. Documentation is used as evidence to prove that the standard of care was met, or that contracts existed. This seminar will go through important considerations such as:

- The importance of documents and how they used in a claim
- Creating your documents
- Staff training and audits

Incident Reporting

Incident reporting can be a topic on its own or combined with documentation. Incident reporting is an important part of risk management and claims handling. It helps ensure prompt reporting and investigation of incidents. This seminar will highlight some key aspects of Incident reporting, including:

- Standardized report forms
- Accident reporting procedures
- The “Do’s & Don’ts” of incident report filing

Developing a Claims Protocol

Claims are an unfortunate reality for municipalities. This seminar will focus on claims reporting guidelines. It will go through the different policy types (claims made vs occurrence-based policies), counselor involvement, as well as some the most frequently asked questions about the claims process. The session will also address the issues of damage escalation and joint and several liability. It will conclude talking about ways to mitigate the risk and cost of claims and the litigation process.

POLICY AND PROCEDURAL AUDITS

We can help the City audit systems and processes to reduce potential losses within your organization. Our reviews focus on identifying any gaps or inconsistencies between written policies and procedures, operational procedures and current legislation. The review also includes a claims analysis to identify trends, patterns and adherence or its lack of to the written operational policies and procedures. A report is presented to you with recommendations if warranted.

This service will be provided to the City by Melanie Marsh, Risk Analyst.

This service is available at no additional cost.

ONLINE REFERENCE LIBRARY OF RISK MANAGEMENT RESOURCES

The Frank Cowan Company Risk Management Centre of Excellence is an online resource that provides clients with information and tools needed to manage various risk issues. The Risk Management Centre of Excellence was created to help our clients become more proactive regarding risk mitigation.

Legislative amendments and new service demands from your community can quickly change your risk profile. When this happens, you need to make smart decisions around your existing risk management strategy. Frank Cowan Company partners with local, provincial and national professional associations in addition to numerous Provincial Ministries to share knowledge and resources. Our articles are written by professionals from a cross section of disciplines with a focus on comprehensive information that you will find useful and easy to understand.

This tool is available 24 hours a day, 7 days a week to all staff and can be accessed from any electronic or mobile device. There are currently over 300 articles on the Centre of Excellence.

We have included sample Centre of Excellence articles for your review.

This service is available at no additional cost.

WEATHER MONITORING PORTAL

On January 25, 2013, Ontario Regulation 239/02 was amended. The amended regulation now includes a Weather monitoring standard. The standard is written as follows:

Weather monitoring

3.1 (1) From October 1 to April 30, the minimum standard is to monitor the weather, both current and forecast to occur in the next 24 hours, once every shift or three times per calendar day, whichever is more frequent, at intervals determined by the municipality.

(2) From May 1 to September 30, the minimum standard is to monitor the weather, both current and forecast to occur in the next 24 hours, once per calendar day.

To help our municipalities meet this standard, Frank Cowan Company partnered with Operasoft to build a weather monitoring station. A solution was developed to assist municipalities in better planning, managing, automating and documenting their public works related activities.

The weather monitoring portal is a web service which includes the following:

- Displays 24/7 localized forecast weather data from credible sources such as Environment Canada
- Automatically logs which users have verified weather within the system
- Provides email alerts if weather has not been checked within one hour of the shift start
- Provides electronic documentation of the measures taken during a winter event

Our weather monitoring portal can be accessed by any municipal employee. We will provide training if the Municipality wishes to use this service.

This service is available at no additional cost.