

Item 10.1.

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Meeting #5/19, Friday, June 07, 2019

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **INSURANCE PROGRAM UPDATE**

KEY ISSUE

Report Summarizing Toronto and Region Conservation Authority's (TRCA) Insurance Program.

RECOMMENDATION

IT IS RECOMMENDED THAT the staff report summarizing TRCA's insurance program be received.

BACKGROUND

Conservation Ontario Insurance Committee Cooperative Insurance Program

As a constituent member of Conservation Ontario, TRCA participates in a cooperative insurance program available to all 36 conservation authorities. The Conservation Ontario Insurance Committee (COIC), a sub-committee of the Conservation Ontario Council has delegated authority to select both health benefits and property/casualty insurance providers for participating member CAs. TRCA's Associate Director, Property and Risk Management currently serves on the COIC along with representatives from other participating authorities.

The COIC procures the following insurance policies on behalf of its participating members through a brokerage agreement with Marsh Canada Limited:

- Property
- Crime
- Auto
- Commercial General Liability (CGL)
(Includes Statutory Defense)
- Errors and Omissions Liability (E&O)
- Umbrella Liability,
- Directors and Officers Liability (D&O)
- Boiler and Machinery (Boiler)

The above policies are purchased by COIC and issued by the underwriter to each member CA. Payable premiums under each policy are subsequently divided among each member CA based upon COIC approved allocation models. The allocation models are subject to review by the COIC membership.

Other Insurance

In addition to the policies procured through COIC, TRCA has identified several additional exposures for which it requires coverage to conduct its business. In order to get the most competitive and cost-effective pricing for each coverage line, these policies have also been brokered through Marsh Canada and include:

- Non-Owned Aircraft
- Group Travel Insurance (includes Volunteer Accident Benefits)
- Remote Piloted Aircraft System (RPAS)
- Marine
- Contractors Pollution Liability Insurance (CPL)
- Bathurst Glen Golf Course Club Package
- Cyber
- Other Project Specific Insurance

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In addition to the above listed specialty lines of insurance, TRCA from time to time needs to place project specific coverages as either part of restoration and infrastructure projects or as part of major construction exercises. TRCA will be placing builder's risk and wrap-up liability policies for the new TRCA Administrative Office and expects to be placing similar project specific coverages for the Ashbridges Bay Landform Construction Project in 2019.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 7 – Build partnerships and new business models

FINANCIAL DETAILS

Total insurance premiums payable by year by TRCA are summarized in the table below.

2015 – 2019 Premium Summaries (All dollar amounts are in thousands of dollars)

Insurance Line	2015	2016	2017	2018	2019
Auto	\$58	\$60	\$63	\$60	\$58
Commercial General Liability	\$128	\$128	\$149	\$171	\$186
Crime	\$3	\$4	\$4	\$4	\$4
Errors and Omissions	\$157	\$148	\$140	\$140	\$141
Property and Boiler	\$208	\$221	\$229	\$232	\$253
Umbrella	\$48	\$48	\$49	\$49	\$49
Bathurst Glen	\$17	\$18	\$15	\$13	\$13
Non-Owned Aircraft	\$1	\$1	\$1	\$1	\$1
Marine	\$7	\$8	\$9	\$14	\$14
Directors and Officers	\$1	\$1	\$1	\$1	\$2
Contractor's Pollution		\$19	\$17	\$27	\$27
Cyber			\$9	\$9	\$9
Group and Travel	\$2	\$2	\$2	\$2	\$2
Remote Piloted Aircraft System (Drone)	\$3	\$3	\$3	\$3	\$3
SUBTOTAL	\$633	\$661	\$691	\$726	\$762
% Change		4%	5%	5%	5%
Other Projects		\$121			
TOTAL	\$633	\$782	\$691	\$726	\$762

Premiums for most lines of coverage have remained consistent for the period of 2015-2019. Where premium increases were incurred, they were attributable to a reallocation of the cost sharing model between COIC committee members for the CGL, as well as increases in the reported total insured value of property insured or reported revenue year over year.

2019 also saw the first major increase in rates for many of TRCA's lines of coverage including Property, CGL and D&O in 5 years. 2019-2020 rate increases for both Property and CGL were 2.5% and 2% respectively, while the D&O increase was 41%. In the case of both the Property and CGL renewals the rate increases were in line or below global insurance indices. The D&O increase was attributable to an increase in claims during the 2018-2019 reporting year and represents an approximately \$1,000 increase in premiums.

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Staff work closely with COIC as well as its brokers to address fluctuations in premiums as they are presented. Corporate wide lines of insurance, including CGL, E&O, D&O, Umbrella, Crime, and Group and Travel, are funded through the corporate insurance account 012-29 from municipal funding partners.

TRCA expects the premiums for project specific coverages associated with the new administrative office to cost in the range of \$300k-800k, coverages for the Ashbridges Bay Landform Project are expected to cost between \$800k-\$1.6M. Funding for these projects as well as all other lines of insurance are covered by project specific accounts.

DETAILS OF WORK TO BE DONE

While insurance is not the only tool available to the organization in managing risk, it has been and will be the major component of TRCA's risk management program for the foreseeable future. At the time of writing, TRCA has not suffered any significant losses outside of coverage offered by some form of insurance.

Staff are constantly reviewing exposure levels against current insurance limits to ensure adequate coverage. TRCA staff will continue to ensure that the correct balance between risk retention and risk transfer is achieved while ensuring both proper coverage but also maximum value from premium dollars spent.

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Attachments: 1

Attachment 1: Insurance Policy Summary 2019-2020 Policy Term