

Section III – Items for the Information of the Board

TO: Chair and Members of the Executive Committee
Friday, June 11, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **2021 INSURANCE PROGRAM UPDATE**

KEY ISSUE

Report summarizing Toronto and Region Conservation Authority's (TRCA) Insurance and Surety Programs.

RECOMMENDATION

IT IS RECOMMENDED THAT the staff report summarizing TRCA's insurance and surety programs be received.

BACKGROUND

As a constituent member of Conservation Ontario, TRCA participates in a cooperative insurance program available to all 36 conservation authorities ("CAs"). 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.

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

- Property
- Cyber
- Crime
- Auto
- Commercial General Liability ("CGL")
- 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 insurer 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.

Cyber Insurance

TRCA's Cyber insurers have indicated that there has unfortunately been a steady increase in cyber related attacks and losses facing the information and technology sector at large. In particular, the industry has seen a 240% increase in ransomware attacks in the last operating year alone, and at the same time, ransomware payments have increased 2300%. Marsh Canada has informed TRCA that 85% of cyber claims now come from organizations that have not implemented Multi-Factor Authentication (MFA). As a result, MFA has now become an industry-wide minimum requirement for binding Cyber coverage moving forward. To meet this

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prerequisite, TRCA's Information Technology and Records Management staff has been working diligently to implement MFA as per the insurer's requirements.

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. 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) Liability Insurance
- Marine Hull Insurance
- Contractors Pollution Liability Insurance (CPL)
- Bathurst Glen Golf Course Club Package

In addition to the above listed specialty lines of insurance, from time-to-time TRCA also procures project specific coverages, most often to facilitate major construction projects. Examples include Lakeview Waterfront Connection, Ashbridges Bay Landform Connection, and TRCA's new head office construction.

Surety Update

As per Board of Directors resolution RES.#A165/18, TRCA entered into a standby surety facility arrangement with Trisura Guarantee Insurance Company (Trisura) in 2018. TRCA entered this facility arrangement in order to be able to issue bonds for public contracts in compliance with the *Construction Act*, but also to ensure best possible rates in situations where TRCA needs to post bonds for projects within its construction portfolio. Table 1 provides a summary of bonds outstanding at the time of writing.

Bond Number	Amount	Project	Obligee	Est Project End
TCS0122707	\$341	Remedial erosion control works at various hazard sites along Patterson Creek within the City's Patterson Creek Lands, Contract No. 10021237 - 2019 Works at Site CC and C8 & 2020 Works at Site C11	City of Richmond Hill	Project Completed, Warranty Expires 12/15/2021
TCS0122800	\$ 50,328	Ashbridges Bay Treatment Plant Landform Construction	City of Toronto	4/23/2024

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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 3 – Rethink greenspace to maximize its value

FINANCIAL DETAILS

The global insurance industry has been hardening consistently since the first quarter of 2018. A hardening market is characterized by increased premiums, reduced coverage offerings and increased underwriting or scrutiny of individual risks. Marsh Canada's 2021 Q1 Global Insurance Market Conditions Update reported that globally, the commercial property and casualty market, was seeking premium increases in excess of 20% with select sectors seeing renewal rates of up to 35%.

TRCA reviewed this market report with its municipal risk management counterparts and confirmed that the public market was experiencing renewals on similar terms with some municipalities posting premium increases as high as 100% or having coverage withdrawn altogether. While TRCA was exposed to similar increases on specific lines, TRCA's overall increase in premiums for its non-project specific was approximately 29% for the 2021 renewal.

Table 2 provides a summary of premiums paid by TRCA by line of coverage for the period of 2017-2021.

Insurance/ Surety Line	2017	2018	2019	2020	2021
Auto	\$63	\$60	\$58	\$75	\$93
Commercial General Liability	\$149	\$171	\$186	\$210	\$270
Crime	\$4	\$4	\$4	\$4	\$4
Errors and Omissions	\$140	\$140	\$141	\$132	\$173
Property and Boiler	\$229	\$232	\$253	\$303	\$355
Umbrella	\$49	\$49	\$49	\$50	\$113
Bathurst Glen	\$15	\$13	\$13	\$13	\$14
Non-Owned Aircraft	\$1	\$1	\$1	\$1	\$1
Marine	\$9	\$14	\$14	\$11	\$14
Directors and Officers	\$1	\$1	\$2	\$3	\$8
Contractor's Pollution	\$17	\$27	\$27	\$46	\$46
Cyber	\$9	\$9	\$9	\$9	\$7
Group and Travel	\$2	\$2	\$2	\$2	\$12
Remote Piloted Aircraft System (Drone)	\$3	\$3	\$3	\$3	\$6
Surety Maintenance				\$2	\$2
SUBTOTAL	\$691	\$726	\$762	\$864	\$1,112
% Change	5%	5%	5%	13%	29%
Project Specific			\$2,001	\$196	\$0
TOTAL	\$691	\$726	\$2,763	\$1,003	\$1,112

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DETAILS OF WORK TO BE DONE

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 2021-2022 Policy Term