

DECISION/DIRECTION NOTE

Title: Broker Contract and Insurance Renewal Terms 2019/2020

Date Prepared: October 10, 2019

Report To: His Worship, the Mayor and Members of Council

Councillor and Role: Mayor Danny Breen, Governance & Strategic Directions

Ward: N/A

Decision/Direction Required:

Seeking approval of the City's brokerage and insurance renewal terms.

Discussion – Background and Current Status:

Given the fact that the insurance industry is now experiencing a hard market due to significant catastrophic claims and rates are increasing in general, the City of St. John's has obtained reasonable terms for our insurance renewal. The City's contract with its current broker Aon renews on November 1, 2019 as well as the insurance renewal.

The terms of the renewal are noted below:

Aon Risk Solutions via Amlin, Aviva & Other Specialty Insurers	
Fees – Insurance Brokerage, Risk Management & other related services	\$ 95,000.00
City Auto, Property, Casualty, Umbrella & Travel Insurance	\$1,209,739.00
Total	\$1,304,739.00

The coverages remain through Aon with Lloyd's via Amlin for the Casualty coverage, with QBE for the Excess Liability and Fairfax for the Umbrella Liability coverage. The premium for the liability combined coverage was decreased slightly due to the City's good performance. The City property values also increased from \$1,082,998,117 to \$1,087,202,807 resulting in the City's insurable assets increasing by over \$4 million. The increased values combined with loss ratio experience for the Automobile Fleets City and St. John's Transportation Commission resulted in an increase in premium for these coverages with the broker fee remaining at the current \$95,000. The overall increase in premium over last year is \$96,493. Given the fact that there is no longer any retail sales tax on automobile the premium increase including tax will actually be approximately \$60,000.

ST. JOHN'S

The total of the entire insurance program includes St. John's Sports & Entertainment Ltd. and the St. John's Transportation Commission.

This insurance does not include specific lines arranged separately for the City:

User Group November 1, 2019 expiring premium \$2,000 specialty Insurer premiums paid by Non-Profit Groups etc. Cyber February 1, 2020 expiring premium \$38,400. Quidi Vidi Plantation Artist Special Policy expiry June 6, 2020 expiring premium \$2,100 paid by artist contract agreement

Key Considerations/Implications:

1. Budget/Financial Implications
 - The money is budgeted appropriately.
2. Partners or Other Stakeholders
 - Council, staff and members of the general public
3. Alignment with Strategic Directions/Adopted Plans
 - a. Fiscally Responsible
4. Legal or Policy Implications
5. Privacy Implications – n/a
6. Engagement and Communications Considerations – n/a
7. Human Resource Implications – n/a
8. Procurement Implications – n/a
9. Information Technology Implications - n/a
10. Other Implications – n/a

Recommendation: It is recommended that the City accept the terms as proposed for the broker services with Aon together with the insurance terms proposed via Amlin, QBE Fairfax and Aviva. These Insurers are still considered A+ in the insurance market. This renewal is the third year of a three-year period that commenced on November 1, 2017 in which the City agreed to retain AVIVA & AMLIN to provide the same service, coverage and rating. Amlin can no longer provide the total limits of \$50 million and in this third term we had to work with Aon to obtain the other two Lloyds Markets listed. Several other markets were approached, others could not provide the reasonable terms as outlined here. This option was chosen based on the better conditions reflected in the contract.

Prepared by: Elizabeth Clarke, Manager of Corporate Risk & Recovery

Approved by: Kevin Breen, City Manager

Attachments: N/A