



**The Corporation of the
City of Sault Ste. Marie**

C O U N C I L R E P O R T

October 21, 2024

TO: Mayor Matthew Shoemaker and Members of City Council

AUTHOR: Melanie Borowicz-Sibenik, Assistant City Solicitor/Senior
Litigation Counsel

DEPARTMENT: Legal Department

RE: Exhibit A - General Insurance Services – Contract
Extension.docx

Purpose

This report is to seek Council's approval to extend the General Insurance Services Renewal Agreement between the City and Intact Public Entities Inc. for an additional year.

Background

In February 2021, following a Request for Proposals, the City entered into a contract with Frank Cowan Company Ltd. (the "Contract") to provide General Insurance Services and act as broker (collectively "Managing General Agent") to market and place the municipal insurance program for the City. In April 2021, the Managing General Agent rebranded the company and are now known as Intact Public Entities Inc, ("IPE") providing risk and claims management services to municipal, public administration and community service organizations across Canada.

The Contract has a three-year term that expired February 28, 2024. The City reserved the right to extend the agreement on a yearly basis upon mutual agreement of the Parties hereto and on completion of the Term of the agreement.

On October 10, 2023, Council passed By-law 2023-165 which authorized a one-year extension to the General Insurance Services Agreement between The Corporation of the City of Sault Ste. Marie and IPE.

IPE requested a meeting with City Legal Staff to discuss the 2025 Renewal. IPE advised that given the ongoing relationship with the City, the various industry affecting factors and the City's excellent loss ratios, IPE is prepared to guarantee that the City's premium for 2025 will be a maximum of five (5%) percent over the City's current 2024 premium if we were to extend the Term for a further year. Further, all deductibles, coverages and exclusions will also remain the same.

Analysis

Legal states that IPE’s offer of a guaranteed maximum premium of 5% for 2025-2026 is rare to receive, and a testament to both the City’s excellent loss ratios and our long-term relationship. The following summary sets out the actual percentage the City’s insurance premium has increased over the previous year’s insurance premium:

2024-2025	7.11% increase
2023-2024	12.1% increase
2022-2023	13.6% increase
2021-2022	20.0% increase
2020-2021	35.7% increase

Staff is recommending the one-year extension as opposed to going to RFP at this time, given the low guaranteed maximum rate, we continue in a difficult insurance market and insurance costs/prices typically increase across all lines of coverage. Both catastrophic and economic events through out the world can have an effect on pricing, capacity in the market and profitability. Many of these events, such as inflation; supply chain issues; severe weather events; wildfires which cause significant losses, are not within municipal control but affect an insurers’ book of business.

IPE has met its commitment to provide the City with a good insurance program for the period of this agreement and they are committed to providing the City the same service and coverage in the future. They also provide value added services that allows the City to gain the most from our insurance program.

Insurance providers prefer working with municipalities who intend to build long-term relationships and are committed to enhancing their risk management program. Maintaining relationships with insurers is beneficial to the City as they are familiar with our risk profile and can better provide assistance with mitigating risk. It also provides smooth continuity of service without having to transition to another provider where there is risk of gaps in insurance coverage and service interruptions.

Municipal insurance is considered to be a high-risk class of business for many carriers as municipalities are considered uniquely challenging to insure due to their complexity and size. Municipalities provide a wide range of services, have sizable property schedules and operate unique vehicles which require different rate filings. Municipalities that are responsible for transit and police services are considered in an upper tier as these responsibilities broaden the risk profile of the municipality. The municipal insurance market is limited making insurance procurement challenging. Underwriters have become more stringent and are asking for more

detailed information and asking far more questions during the RFP process, with the result of receiving fewer proposals.

Finance also supports a further one-year extension, with an RFP to follow next fall for the 2026 Renewal for the same reasons as set out herein. Purchasing has noted that most municipalities enter into at least a five (5) year agreement with possible extensions for insurance services and therefore also supports the extension requested.

Financial Implications

If the recommendation is accepted, the cost for the policy period of February 28, 2025 to February 28, 2026 will be five (5%) percent over the City's current 2024 premium. IPE shall provide coverage terms and the formal Renewal Proposal in January 2025 as in past years. Finance has confirmed that the 2025 Preliminary Budget will reflect the renewal cost as set out herein.

Strategic Plan / Policy Impact / Climate Impact

This is an operational issue and not part of the strategic plan.

Recommendation

It is therefore recommended that Council take the following action:

By-law 2024-156 which authorizes a year extension to the General Insurance Services Agreement between The Corporation of the City of Sault Ste. Marie and Intact Public Entities Inc. appears elsewhere on the agenda and is recommended for approval.

Respectfully submitted,

Melanie Borowicz-Sibenik
Assistant City Solicitor/Senior Litigation Counsel
705.759.5403
m.borowiczsibenik@cityssm.on.ca