



Report to Council

Department: Legal and Legislative Services
Date: December 2, 2019
Prepared by: Rob Auger, Town Solicitor/Clerk
Submitted by: Rob Auger, Town Solicitor/Clerk
Report Number: Legal and Legislative Services 2019-030
Subject: Town Insurance Agreement Option to Extend
Number of Pages: 4

Recommendation(s)/Conclusion(s)

The following two recommendations are provided for Council's consideration:

1. That Report Number Clerk 2019-030 entitled "Town Insurance Agreement Option to Extend " be received; and
2. That the Agreement with Aon Reed Stenhouse Inc. ("Aon") for the provision of the Town's general insurance and risk management services program be extended for a further five (5) year period beginning January 1, 2020 and continuing until December 31 2024 all in accordance with RFP CO-14-002 and the Town's Procurement and disposal of Goods and Services Policy (Policy number 013).

Reason for Report

Approval to extend an Agreement for a period beyond that which was provided for in the original agreement approved by Council requires Council approval.

Background

Council at its December 15, 2014 regular meeting passed Resolution R14-12-595 and thereby gave approval for the award of the Towns General Insurance and Risk Management Services program to Aon Reed Stenhouse Inc. ("Aon") for a term effective January 1, 2015 and

continuing until December 31, 2019. This award was made pursuant to Request For Proposal (RFP CO-14-002) the results of which were reported to Council via Report Number Clerk 2014-010 at that December 15, 2014 regular meeting of Council which Report a copy of which is attached hereto as Schedule "A" to this Report. In particular the terms of the Agreement (RFP CO-14-002) that was awarded to AON provides for an option by the Town to extend the contract award to AON for a further five (5) year term.

It is Administration's recommendation, based on the level of service provided to date, that the current contract with Aon for the provision of general insurance and risk management services to the Town be hereby extended for a further 5 year period as allowed pursuant to the terms of the current Agreement (RFP CO-14-002).

During the course of the initial five year term with Aon it is Administrations assessment that the level of service provided by Aon has been quite satisfactory with prompt service for such everyday matters as the issuance of certificates of insurance and responding to various general inquiries.

Furthermore, while the Town's Loss Run Reports (an insurers detailed history of claims made on the insurance policy) have been quite low during the term of the Aon contract, when the Town has had to make claims on the insurance policy the service provided by Aon and the interactions with its agents including its adjustors and legal advisors have been quite professional, efficient and satisfactory to date.

A recent analysis of the Towns insurance claims during the 2015-2019 term reveals that out of approximately 40 claims that were made over the 5 year term, 35 of those claims were closed and/or resolved without any loss or deductible payments having been made with the remaining active claims being relatively of low risk to the Town despite still pending resolution and/or adjudication. This relatively low claims history has certainly contributed to what has been during the course of the initial five year term with Aon relatively consistent and market competitive premiums as indicated below:

2015: \$534,767 *

* (a savings of approximately \$149,152) from the premiums charged in 2014 pre-award to Aon)

2016: \$560,111.36

2017: \$550,385.13

2018: 553,712.80

2019: \$581,703.60*

*(\$16,054.20 of which includes the 2019 addition of a Cyber Insurance policy)

These rates

Should Council give direction to exercise the option to extend the current Agreement it is further expected that the 2020 renewal of our insurance policies will not result in a dramatic increase in the annual premium. Finally, if extended, the Towns right, when or if required, to cancel or terminate the contract early (pursuant to the provisions of Contract RFP CO-14-002) would still remain in effect. If Council decides not to renew the current Agreement, Administration would need to move forward with the Request for Proposal Process pursuant to the Town's Procurement and Disposal of Goods and Services Policy (Policy number 013).

Financial Impact

The financial impacts of this report have been discussed under the "Background "section of this report.

Link to Strategic Priorities

- ☐ Manage, invest and plan for sustainable municipal infrastructure which meets current and future needs of the municipality and its citizens.
- ☐ Create a safe, friendly and inclusive community which encourages healthy, active living for people of all ages and abilities.
- ☒ Provide a fiscal stewardship and value for tax dollars to ensure long-term financial health to the municipality.
- ☐ Manage responsible and viable growth while preserving and enhancing the unique rural and small town character of the community.
- ☐ Improve the experiences of individuals, as both citizens and customers, in their interactions with the Town of Essex.

Reviewed by: Chris Nepszy, Chief Administrative Officer, Concur