

Date: 07/01/2021

To: Chair and Directors, Finance/Budget Committee

And To: John MacLean, Chief Administrative Officer

From: Kevin Erickson, Chief Financial Officer

Date of Meeting: Finance-Budget Committee_Jan14_2021

File: 2470-20

Short Summary:

Update on CRD 2021 Insurance Renewal

Voting:

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Memorandum:

Renewal of our insurance policy is usually an uneventful process. We update our schedule of assets and values, send it to our insurance broker, and wait for the quote back on how much it will be for the coming year. This procedure usually happens early in December. This year however, we received the quote late on Monday, December 21, 2020.

When I reviewed the renewal proposal, I was just a little surprised at the size of the increase. In discussion with our Broker I had been led to expect an increase in the 20% - 30% range. While an increase in the 20 to 30% range wasn't pleasant it didn't shock me too much as reports I had been hearing were all regarding people experiencing large increases to their insurance premiums at renewal. Our premium however was significantly more and has increased by 48.8%.

The breakdown of changes in premium is:

		<u>2020</u>	<u>2021</u>	Change
	AD&D	4,862	4,862	0.00%
	Crime	3,825	3,825	0.00%
	General Liability	110,000	147,500	34.09%
	Boiler	8,701	8,908	2.38%
	Property	188,740	305,273	61.74%
		<u>316,128</u>	<u>470,368</u>	<u>48.8%</u>

Furthermore, some coverages have been reduced and deductibles increased.

Not wanting to make the call without informing people what to expect I informed CAO MacLean of the situation. A conference call was arranged for the morning of December 23rd between CAO MacLean, Chair Wagner, Finance Chair Glassford and myself.

The outcome of that call was, given the short time for renewal and limited options on maintaining our insurance coverage, we should select Option 1 for renewal and bind the coverage. It was also felt that the issue was significant and should be brought to the attention of all Directors for discussion over courses of action that might be taken going forward.

After the meeting, we proceeded to sign off on Option 1 and forward it to our broker for binding.

Attached you will find a copy of the renewal Proposal for your review. Items of significance are the reduction in the Limits of Liability found on page 4, the increase in deductibles found on page 6, AONs report on the property insurance market found on page 8, AON's comments regarding Commercial General Liability found on page 16, and their quote disclosure report found on page 20.

Further to this I have attached a report showing how the insurance will be allocated, the difference between 2020 and 2021, and the impact to the services from the increase.

Attachments:

AON Risk Solutions Renewal Proposal January 1, 2021 – January 1, 2022
2021 to 2020 Comparative Insurance Allocation

Financial Implications:

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Policy Implications:

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Alignment with Strategic Plan:

- ☐ **Communication:** Facilitate communication strategies throughout the entire Cariboo Regional District that meet the needs of residents, community stakeholders, and other levels of government.
- ☐ **Planning:** Intentionally plan services and activities of the CRD to prepare for future needs of residents and community stakeholders.
- ☐ **Economic Sustainability:** Foster an environment to ensure the economic sustainability of CRD communities and the region.
- ☐ **Governance:** Ensure that CRD governance policy and practices are intentional, transparent, and respectful.

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CAO Comments:

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Options:

Receipt

Recommendation:

That the agenda item summary from Kevin Erickson, Chief Financial Officer, dated January 7, 2021, regarding an update on CRD 2021 insurance renewal, with attached insurance renewal proposal and schedule of allocation amounts, be received.