



**CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**Legal and Risk Management Services Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	January 17, 2024
<b>SUBJECT/REPORT NO:</b>	2024 Insurance Renewals - Cyber & Paramedics Medical Malpractice (LS24004(City Wide))
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Dana McLean: (905) 546-2424 Ext. 4247 Manager, Risk Management Services
<b>SUBMITTED BY:</b>	Lisa Shields, City Solicitor Legal and Risk Management Services Division
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Paramedic Medical Malpractice Insurance Policy for the term January 30, 2024, to January 30, 2025 in the amount of \$5 Million at a cost of \$68,588 (plus applicable taxes) be approved and funded through the 2024 Risk Management Services Budget; and
- (b) That the City Solicitor be authorized to execute all associated documents related to the renewal of the Paramedic Medical Malpractice coverage for the term January 30<sup>th</sup>, 2024 to January 30<sup>th</sup>, 2025, through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd. on behalf of the City; and
- (c) That the City Solicitor be granted delegated authority to review and authorize the renewal of the Cyber Insurance coverage for the term January 31<sup>st</sup>, 2024 to January 31<sup>st</sup>, 2025, through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd.; and
- (d) That the City Solicitor be authorized to execute all associated documents related to the renewal of the Cyber Insurance for the term January 31, 2024 to January 31, 2025, through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd. on behalf of the City.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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## **EXECUTIVE SUMMARY**

The purpose of this report is two-fold:

- (A) to obtain approval for renewal of the Paramedic Medical Malpractice Insurance Policy which expires January 30, 2024; and
- (B) to obtain delegated authority for the City Solicitor to renew the Cyber Insurance Policy for the term January 31st, 2024 to January 31st, 2025 so as to avoid a lapse in coverage.

### **2024 Paramedic Medical Malpractice Insurance Renewal**

Staff are recommending renewal of this policy, with the term to run January 30, 2024 to January 30, 2025, with a premium of \$68,588 which represents a 6% increase over the expiring term.

### **2024 Cyber Insurance Renewal**

The City's Cyber Insurance Policy has an expiry date of January 31, 2024. The City has not yet received a renewal quote from the Cyber Insurance Underwriters. Staff have requested an extension of the coverage expiring January 31, 2024 to allow time to obtain appropriate approvals once a quote is received but are awaiting a response on this request and any associated cost. The potential is for the City's current policy to expire at the end of January, leaving the City self-insured and relying on its own resources to address cyber liabilities, meaning any cyber losses would be solely funded by the City without the benefit of insurance. At the time of the writing of this report there is no cyber premium quote or response for coverage. The City Solicitor is seeking delegated authority to renew this policy once premium information and renewal terms are received to avoid a lapse in coverage. An update of any new information will be provided on the date of Committee which may cover premiums and renewal terms, costs for an extension to allow further efforts by the City to meet insurers demands, or confirming that coverage is expected to expire at the end of this month.

### **Alternatives for Consideration – see page 4**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**Financial:** The Paramedic Medical Malpractice Insurance Premium of \$68,588 plus taxes will be funded by the 2024 Risk Management Budget with any shortfall to be funded from year end surpluses or the Tax Stabilization Reserve (110046).

The Cyber Insurance Premium once received will be funded by the 2024 Risk Management Budget with any shortfall to be funded from year end surpluses or the Tax Stabilization Reserve (110046).

Staffing: N/A

Legal: N/A

## **HISTORICAL BACKGROUND**

The insurance marketplace continues to be challenging for specific insurance lines such as Paramedic Medical Malpractice Liability as claims continue to grow in severity and frequency. Medical Malpractice coverage for paramedics used to be covered under the City's Municipal General Liability Insurance. Since 2019, insurers of municipalities have restricted Medical Malpractice Liability insurance relating to the operations of paramedics. Since that time a stand-alone insurance policy has been in place for municipal paramedic operations. There is a growing trend of allegations against municipalities for failing to deliver paramedic services in accordance with the applicable standards.

The City's broker, Arthur J. Gallagher Canada Limited ("Gallagher"), has advised that the insurer, Marsh Canada Liability Program/QBE, indicates the reason for the increase in premiums is primarily due to the rising claim costs in general attributed to inflationary trends. The City's broker has indicated that they are seeing anywhere between 6-15% increases in this line of coverage, where it is available.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

Finance and Corporate Services and the City's Broker, Arthur J. Gallagher Canada Ltd.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

2024 Paramedic Medical Malpractice

The City has robust mandatory training in place for its paramedic services. As well, paramedic staff are required to review and understand the Ministry of Health (the "MOH") Basic Life Support Patient Care Standards, and Advanced Life Support Patient Care Standards along with any associated updates/changes to those standards when launched by the MOH. Hamilton Paramedic Service's policy and procedures are

reviewed on a continual basis as part of a Collaborative High Reliability (Just Culture) process for quality reviews.

Staff are recommending approval of the Paramedics Medical Malpractice Policy with Marsh Canada Liability Program/QBE for the period January 30, 2024 to January 30, 2025.

#### 2024 Cyber Insurance

Since the third quarter of 2023 the City has been in regular contact with its broker and current insurer, to provide necessary information to obtain the renewal quotes for its annual cyber insurance policy. The insurer had received from the City all requested information, however, at the time of the writing of this report, staff continue to receive and respond to additional requests for information from the underwriter. A renewal quote has yet to be received for this policy which has an expiry date of January 31, 2024.

Given the extremely short turnaround time to provide authorization to bind coverage, staff have requested an extension of the coverage be granted into March to allow for a further report to Committee for proper authorization to be obtained once a renewal quote is received. Staff await confirmation of this extension as well as the renewal quote.

Staff are recommending that the City Solicitor be granted delegated authority to approve the renewal of the Cyber Insurance Policy and report back to Council with the updated renewal terms. There has been significant variation in the increases received by the City for the premium associated with the Cyber Insurance Policy over the past few years as depicted by the following chart.

Year	Premium	% Increase over Expiring Term
2023	\$456,670	3.2%
2022	\$442,500	330%
2021	\$103,000	11%
2020	\$92,675	9%

This delegated authority will be exercised to ensure a lapse of coverage is not experienced and if a quote and terms is not received prior to the date of Committee. The City Solicitor will report back to Council with the renewal terms.

**ALTERNATIVES FOR CONSIDERATION**

The broker has marketed for the City to obtain the best quotes for the necessary coverages. All viable options have been presented.

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

None.