



**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>	November 20, 2024
<b>SUBJECT/REPORT NO:</b>	2025 Liability and Property Insurance Extension (LS24019) (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 Liability and Property Insurance coverages for the term December 31, 2023, to January 1, 2025, be extended to a renewal date of July 1, 2025 through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd. at a cost of approximately \$6,147,466 (plus applicable taxes) and be funded through the 2025 Premiums – City Budget.
- (b) That the City Solicitor be authorized and directed to execute all associated documents related to the extension of the Liability and Property Insurance coverages for the term December 31, 2023 to July 1, 2025, through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd.

**EXECUTIVE SUMMARY**

The purpose of this report is to obtain approval for the extension of the liability and property insurance policies that expire January 1, 2025;

2025 Liability and Property Insurance Extension

The City received confirmation from Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd. that all Liability and Property Insurance Underwriters would be agreeable to providing an extension of all policies to July 1, 2025. The premium associated with

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extending all policies for six months will be pro-rated based on the current 2024 policy premiums and are expected at a cost of approximately \$6,147,466 (net of applicable taxes) to maintain liability and property coverages for the City through to July 1, 2025. The City's existing Liability and Property Insurance Policies are set to expire on January 1, 2025.

The City holds an Environmental Impairment Liability (EIL) Policy which renews on a two-year term. This was renewed in 2024 and does not expire until 2026.

It is recommended by Risk Management staff that insurance coverages for the term December 31, 2023 to January 1, 2025 be extended to July 1, 2025 through Marsh Canada Ltd., based on their ability to provide all coverages required, as recommended by Arthur J. Gallagher Canada Limited, ("Gallagher") the City's Broker of Record.

### **ALTERNATIVES FOR CONSIDERATION**

The alternative is to proceed with the full year renewal for the Liability and Property Coverages and maintain the existing renewal date, that being January 1<sup>st</sup> annually. This alternative is not recommended for reasons outlined in the Analysis and Rationale section of this report.

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

Financial: The premiums for the extension of the Liability and Property policies (January 1, 2025 to July 1, 2025) will be funded by the 2025 Premiums – City Budget.

Staffing: N/A

Legal: N/A

### **HISTORICAL BACKGROUND**

The City's Municipal Liability and Property Insurance Policies will expire January 1, 2025. A small number of policies under the City's insurance program have differing expiry dates into 2025 and 2026, depending on their term.

The City's insurance coverage is through Marsh Canada Ltd. The City has used Marsh Canada Ltd. since 2011. Marsh Canada Ltd. is a Managing General Agent who specializes in insuring municipal entities. A Managing General Agent is a party who is authorized by various insurers to act as an intermediary to accept placements from insurance brokers such as Gallagher.

Gallagher is currently the City's Broker of Record. Each year the broker searches the market with available insurers and oversees the placement of the City's insurance program as part of their contract duties.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

## **RELEVANT CONSULTATION**

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

At the request of City staff, Gallagher sought to extend the City's coverage through consultations with the City's current insurers.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Staff are recommending approval of the extension of the property and liability policies for the period of January 1, 2025 to July 1, 2025 on the same terms and conditions of the current policy period.

The City's insurance portfolio is comprised of various liability and property coverages including municipal liability, property, auto, environmental impairment, etc. The Municipal Liability and Property Policies have an expiry date of January 1, 2025.

In accordance with Report LS23041, Council approved renewal of the 2024 Liability and Property Insurance with premium quoted at \$11,913,988 (plus applicable taxes).

In the third quarter annually, staff commence the insurance renewal process for the upcoming January 1 renewal of the Liability and Property Insurance Policies. This includes vast data collection and completion of applications and questionnaires for submission to the City's Broker of Record in order to obtain renewal quotes.

Despite commencing the renewal process in the third quarter annually, staff rarely receive renewal terms from the underwriters before the end of November, leaving very little time to report to and obtain approval from Council.

In the third quarter of 2024, staff commenced the renewal process for 2025, however, also inquired with the City's broker if the insurance underwriters would be agreeable to extending the current 2024 policies to a July 1 renewal date. The City's Broker has confirmed that the insurance underwriters are agreeable to such an extension.

The benefit to the City by extending the insurance policies to a July 1 renewal date is to alter the renewal date to avoid annually bringing a report to Council & Committee at the end of the year – usually the last meeting of the year, to obtain approval of the renewal terms. Staff are annually faced with trying to obtain renewal terms from the insurance underwriters before December to meet the last Council & Committee date in order to obtain approval for a January 1 renewal. In some years, staff have had to seek an extension of some policies to February or March to seek Council & Committee approval in the new year.

This jeopardizes the City having appropriate insurance coverage in place for the January 1 renewal. The insurance underwriters and the broker have advised that the insurance industry handles the bulk of insurance renewals with a January 1 renewal date, thereby leading to delays in getting the renewal terms to insureds in a timely manner.

By moving the insurance renewal date to July 1, this allows for the renewal process to start at the beginning of each year, with renewal terms received and a report brought to Council & Committee in the 2<sup>nd</sup> quarter.

The City's broker has confirmed the insurance underwriters are agreeable to extending all policies on the existing (2024) terms and conditions. The broker has further advised that the current insurance marketplace has not significantly changed in the past year, nor have they seen any rate reductions for 2025 January renewals. If anything, they are still seeing increases. The insurance underwriters have agreed to provide the extension based on current rates which will be pro-rated for the six-month extension.

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

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## **APPENDICES AND SCHEDULES ATTACHED**

None