



City of Hamilton Report for Consideration

To: Mayor and Members
General Issues Committee

Date: June 11, 2025

Report No: LS25012

Subject/Title: Insurance Renewal

Ward(s) Affected: City Wide

Recommendations

- 1) That the Liability and Property Insurance coverages for the term July 1, 2025, to July 1, 2026, **BE RENEWED** through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd. at a cost of \$12,946,298 (plus applicable taxes) and be funded through the 2025 Risk Management Services Budget.
- 2) That the City Solicitor **BE AUTHORIZED and DIRECTED** to execute all associated documents related to the renewal of the Liability and Property Insurance coverages for the term July 1, 2025 to July 1, 2026, through Arthur J. Gallagher Canada Ltd. and Marsh Canada Ltd.
- 3) That any 2025 budget shortfall **BE FUNDED** from the Tax Stabilization Reserve (110046).

Key Facts

- The City has been able to secure renewal terms for its Property and Liability insurance policies.
- The renewal term will be from July 1, 2025 to July 1, 2026 and the premium payable is \$12,946,298. This premium will be “locked in” for a period of two years unless the market can offer a lower premium than the “locked in” amount.
- The City’s self-insured retention/deductible (“SIR”) will be reduced from \$5,000,000 to \$3,500,000.

Financial Considerations

The premiums for the property & liability policies (July 1, 2025 to July 1, 2026) will be funded by the 2025 Risk Management budget with any shortfall to be funded from the Tax Stabilization Reserve (110046).

Background

In accordance with Report LS24019, Council approved the extension of the City's municipal liability insurance policy and most of the property insurance policies to July 1, 2025. The renewal of those policies will need to take place by July 1, 2025. 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 Arthur J. Gallagher Canada Ltd. ("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.

Analysis

Staff are recommending approval of the renewal of the property and liability policies for the period of July 1, 2025 to July 1, 2026.

The City's insurance portfolio is comprised of various liability and property coverages including municipal liability, property, auto, paramedic's medical malpractice, etc. The policies previously had an expiry date of January 1, 2025, however, through the Council approval received from Report LS24019, the policies' renewal date was extended to July 1, 2025 to avoid the annual rush of January renewal dates and the need to bring a Report for approval in December.

The premium for the renewal of the City's Property and Liability Insurance Policies has been quoted at \$12,946,298 (plus applicable taxes). This is comprised of the municipal liability policy premium of \$5,103,982 with a reduction in the City's SIR, and the property policies quoted at \$7,842,316 which realized a 15% increase over the expiring term. The Environmental Impairment Liability Policy renews on a two-year term and does not renew until January 31, 2026.

Property Policies

The City's property policies are comprised of automobile, property, transit, crime, terrorism and paramedic's medical malpractice. As stated above, this package of policies saw a 15% increase in premiums over the expiring 2024 term. The City's broker of record has advised this increase arises from various factors including:

- The global insurance market is still experiencing a "hard market" due primarily to the high frequency and severity of weather-related catastrophic losses.

- The cost of construction including rebuilding, repairing and the procurement of supplies and labour continue to rise due to inflationary pressures.
- Ontario auto insurance continues to be a loss leader for all insurers with the average loss ratio averaging above 100%, i.e. for \$1 in premium there is a minimum \$1 paid in claims.
- The City's fleet of transit vehicles increased from 224 to 306.

Liability Policy

The underwriters have provided renewal terms to the City with a lower SIR of \$3,500,000.

In 2021, the City's SIR increased from \$1,500,000 to \$5,000,000. At that time, the underwriters were unwilling to have a municipality the size of the City of Hamilton remain at such a low SIR of \$1,500,000. In addition, there was a significant increase in the premiums quoted to renew the expiring 2020 liability policy. The increase in the SIR to \$5,000,000, reduced the premiums to renew for the 2021 policy year.

Since 2021, the underwriters have been unwilling to offer the City an option to reduce the high SIR due to the City's claims loss history and exposure to high profile/potential large losses.

A reduction in the SIR is of benefit to the City as it will aid in risk financing for the larger losses and minimize the potential financial loss to the City. Additional reductions in the SIR may be realized in future annual renewals should the City's loss history continue to be favourable, reflecting the City's ongoing commitment to risk management efforts.

The liability underwriters have also offered to "lock in" for two (2) years, the liability premiums whereby the premium payable will not change during this period. The "locked in" term is subject to there being no significant changes in the City's liability claims and in the reinsurance contracts.

Should the insurance market "soften" in the coming year, the City's broker would still seek quotes to determine if better rates or terms can be obtained.

Alternatives

Similar to the 2024 renewal, viable alternatives for coverage from other providers are not an option for the 2025 renewal for liability and property coverages. The City's broker markets the City's insurance coverage annually upon renewal and was only able to obtain coverage from the existing insurer. Municipal operations pose a unique challenge to insurers who generally prefer to concentrate their expertise on one sector of an industry. A single-tier municipality such as Hamilton has diverse operations such as Emergency Services including EMS, Police Services, and Fire, Public Works including Construction, Roads Maintenance etc., Transit, Parks, Recreation, Water and Wastewater, Public Health, and so on.

Relationship to Council Strategic Priorities

The recommendations in this report support the following 2022-2026 Council Priorities, Outcomes & Measures of Success:

1. Sustainable Economic & Ecological Development
 - 1.1. Reduce the burden on residential taxpayers
 - 1.2. Facilitate the growth of key sectors
 - 1.4. Protect green space and waterways
2. Safe & Thriving Neighbourhoods
 - 2.1. Increase the supply of affordable and supportive housing and reduce chronic homelessness
 - 2.2. Make sure people can safely and efficiently move around by foot, bike, transit or car
 - 2.3. Provide vibrant parks, recreation and public space
3. Responsiveness & Transparency
 - 3.1. Prioritize customer service and proactive communication
 - 3.3. Build a high performing public service
 - 3.4. Modernize City systems

Previous Reports Submitted

- [2025 Liability and Property Insurance Extension \(LS24019\)](#)

Consultation

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

Appendices and Schedules Attached

N/A

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