

COMMUNICATION 131049

Received from Trisa McConkey, CPA, CGA, Treasurer
Addressed to Committee of the Whole
Date March 24, 2020
Topic Insurance Term and Joint RFP Opportunity

SUMMARY:

The Town has been offered an opportunity to join with Lanark County and other local municipalities in a joint RFP process for insurance coverage.

BACKGROUND:

The Town of Carleton Place last issued an RFP for Insurance services in 2015. Upon evaluation of the proposals received, Arthur J. Gallagher was selected as the successful broker with Frank Cowan as the insurance provider. The table below details the history of premiums and the percentage increases by policy year.

POLICY YEAR	PREMIUM (+ PST)	% INCREASE OVER PREVIOUS YEAR
2019/20	\$ 214,387	6.65%
2018/19	\$ 201,027	0.74%
2017/18	\$ 199,554	1.62%
2016/17	\$ 196,364	0.60%
2015/16	\$ 195,197	

Best practice calls for issuing an RFP every five (5) years to ensure value for money and to ensure the adequacy of coverage terms. Therefore, it is time for Carleton Place to go to market for insurance services.

COMMENT:

Lanark County experienced a 76% increase in its premiums this year and have decided to go to market again this year for the following reasons even though they issued an RFP in 2017:

1. They were advised in the fall that the insurance market was hardening. Despite a great claims record, the County received an overall premium increase of 76% from Aon. With this increase, they are basically back to where they were before they went to market in 2017;
2. With their Aon renewal they had the choice of two (2) carriers for general liability coverage (Great American and MS Amlin). They chose to stay with MS Amlin as abuse limits were \$5,000,000 instead of only \$500,000 from Great American. MS Amlin is exiting the business and will not provide a 2021 renewal for general liability.

In 2017, the County hired Susan Saksida from Cameron & Associates to oversee a joint RFP process with Tay Valley Township and Lanark Highlands. Susan is an insurance expert and her knowledge resulted in a very smooth process. The County has retained Susan's services again this year for another joint RFP process looking for coverage to

begin January 1, 2021. The cost of this service if Carleton Place were to join the group would be between \$6,500 and \$10,000 depending on the complexity of the municipality's requirements. If a single municipality were to contract for this service, the cost would be over \$15,000. Services to be provided by the consultant include:

1. Update the RFP document prepared in 2017 to 2020 requirements. This would include updating the terms, conditions and deliverables of the RFP, and updating templates that are included with the RFP. Adding underwriting content to these templates is part of Service 3;
2. Confirm coverage and services objectives with each participating municipality; this includes expanding current coverage, changes in limits and deductibles or adding new policies;
3. Review all participants' applications and assist to update asset and operations data for underwriters' review;
4. Review claims histories and confirm that all reserves, payments and deductibles are correctly accounted for;
5. Assist the participants to respond to Proponents' questions post RFP release;
6. Review contents of all proposals received and assist participants with their individual reviews of the coverage, premium and services proposed and final selection;
7. Provide a summary report of the process and final results for each municipality.

The Town has historically maintained an insurance policy period of June to June. Cowan has agreed to issue a policy term for June to December 2020 thereby aligning our policy term to that of Lanark County and allowing the Town to join with the group. Staff believe that joining with other Municipalities will increase our buying power and result in better pricing. A calendar year policy will also allow for more accurate budgeting.

FINANCIAL IMPLICATIONS

Consulting services for an RFP for Insurance and Risk Management Services in 2020 will cost the Town between \$6,500 and \$10,000. This fee was not budgeted for 2020 however, could be funded from a year-end surplus or the Administration Reserve. Moving the policy term will require negotiation with Cowan for seven (7) months of coverage which may result in increased costs.

STAFF RECOMMENDATION

THAT the Council of the Town of Carleton Place approve joining the County of Lanark in its joint insurance RFP process including hiring a consultant at a cost not to exceed \$10,000; and

THAT staff proceed with negotiating with Cowan for insurance coverage from June to December 2020.