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Date March 18, 2025 **Report No.** 2025-157
To Mayor Davis and Members of Council
From Joelle Daniels
Commissioner of Corporate Services

1.0 Type of Report

Consent Item
Item For Consideration

2.0 Topic **Non-competitive Procurement of the 2025-2028 Corporate Insurance Policy [Financial Impact (\$1,922,606.00 Savings for July 1, 2025 – June 30, 2026)]**

3.0 Recommendation

- A. That Report 2025-157 Titled “Non-competitive Procurement of the 2025-2029 Corporate Insurance Policy” BE RECEIVED; and
- B. That staff BE DIRECTED to negotiate the non-competitive procurement of the City’s corporate insurance policies for the period July 1, 2025 to June 30, 2026 with Intact Public Entities (IPE) to an upset limit of \$3,223,800.00; and
- C. That staff BE DIRECTED to enter into an agreement with IPE to renew the City’s corporate insurance policies with IPE for the policy terms July 1, 2026 – June 30, 2027 and July 1, 2027 – June 30, 2028 with a City option for the policy term July 1, 2028 – June 30, 2029; and
- D. That the necessary contracts, in a form satisfactory to the City Solicitor or delegate, between The Corporation of the City of Brantford and IPE BE

SIGNED by the Commissioner of Corporate Services or Manager of Purchasing or their respective delegates.

4.0 Executive Summary

The purpose of this report is to seek approval for the non-competitive procurement of the City's corporate insurance program for the 2025 - 2029 policy terms. Staff are seeking authority to enter into a four (4) year agreement with IPE comprised of the following:

- i. Guaranteed pricing for the 2025-2026 policy term equal to an 8% decrease based on the City's 2024-2025 premiums (excluding taxes); and
- ii. A City option for the 2028-2029 policy term.

At midnight on June 30, 2025 the majority of the City's insurance policies will expire. Those policies placed through IPE will need to be renewed, or new policies will need to be procured.

Staff recently received a commitment from IPE to renew the City's corporate insurance program at an eight (8%) percent decrease as compared to the premiums charged for the 2024/2025 policy term (exclusive of taxes).

Staff subsequently conducted market research in an effort to determine whether IPE's offer was in line, or better than renewal rates being charged to comparable municipalities throughout the province. Based on our market research IPE's commitment is competitive with municipal markets generally.

Because the estimated premium reduction is comparable with municipal markets generally, staff are recommending that Council approve the non-competitive procurement of the City's insurance policies through IPE for the policy terms 2025 – 2028 with a City option for the 2028-2029 policy term.

5.0 Purpose and Overview

The purpose of this report is to seek approval for the non-competitive procurement of the corporate insurance program for the 2025 -2028 policy terms with a City option for the 2028-2029 policy term.

6.0 Background

In 2012, the City issued RFP #12-144. On staff's recommendation, Council accepted and approved the proposal of the Frank Cowan Company to provide a Corporate Insurance Program for the City of Brantford. This RFP included the City's affiliated boards, agencies, and commissions. The contract was for a one-year term with the Frank Cowan Company with four (4) possible annual extensions. The 2017 budget year was the final year of the four (4) possible one-year extensions.

In 2017, prior to the expiration of the City's contract with the Frank Cowan Company, staff recommended the single source procurement of the Frank Cowan Company to continue to provide the City's corporate insurance policy. The contract was for a one-year term with two (2) possible annual extensions. Both extensions were exercised and the final extension expired on December 31, 2020.

In July 2020, staff brought a further report to Council recommending a short-term extension of the City's contract with the Frank Cowan Company. At a time when other municipalities were experiencing significant increases in premiums, the Frank Cowan Company was able to offer a short term, six (6) month renewal, with a 0% rate increase over the expiring policy terms. This also had the added benefit of establishing a mid-year renewal date.

In March 2021, staff brought a report to Council recommending the non-competitive, single source procurement of the City's corporate insurance program. At this time municipalities throughout Ontario were experiencing significant premium increases. In some cases premiums increased by more than 30% year over year. In addition, some municipalities that went to market either did not receive any responses or only received responses from current insurance providers.

In 2022, 2023 and 2024 staff brought forward reports recommending non-competitive renewal of the City's Corporate Insurance Program with IPE. In each of those years IPE offered terms that were better than, or comparable to, the cost increases/decreases that other municipalities were experiencing. Based on staff's market research, IPE offered premium increases which were lower than those experienced by many other municipalities and in 2024 IPE offered a 5% premium decrease. Based on staff's market research the premium decrease was at least comparable with municipal markets in general.

In this report Staff are seeking approval for the non-competitive procurement of Intact Public Entities to continue to provide the corporate insurance program

from July 1, 2025 to June 30, 2029. The final year of the agreement (July 1, 2028 – June 30, 2029) will be a City option.

For the policy term July 1, 2025 – June 30, 2026 IPE has offered to further reduce the City's premiums by 8% based on the prior year's premiums (exclusive of taxes). While the City has not received any firm pricing guarantees for the 2026/2027 and 2027/2028 policy terms, IPE has provided assurances that the City's premiums will reflect prevailing market conditions and the City's unique circumstances such as our loss history. IPE's assurances reflect the complex nature of the municipal insurance market. While the City does not have price certainty for the policy years 2026-2027 and 2027-2028 IPE will not be incentivized to increase premiums beyond competitive market conditions because the City can still go to market in 2028 if pricing becomes an issue.

The 8% premium decrease will represent a significant budget savings for both the 2025 and 2026 budget years. Due to market volatility since 2021 staff cautiously estimated a year over year increase in the range of 15% when the City moved to a multi-year budgeting process. With IPE's commitment for the 2025-2026 policy term the actual cost of the City's corporate insurance program vs. the budget for business unit 161101 will decrease by approximately \$1,922,608.00. For reference the City was invoiced \$3,504,120 for the 2024-2025 policy term, before taxes. Anticipating an 8% decrease year over year the City will be invoiced approximately \$3,223,790 for the 2025/2026 policy term. The City budgeted amount for the same term is \$5,146,398. The savings referenced in this paragraph represent savings as compared to the budgeted amount for the 2025-2026 policy term.

Based on staff research the estimated premium decrease is in line with what other comparable municipalities in Ontario are experiencing. On that basis, staff are recommending the non-competitive procurement of the City's corporate insurance program as described herein.

The City of Brantford maintains a full complement of insurance policies and coverages in order to protect the City and other named insureds and its assets from various exposures. The most comprehensive policy within the municipal insurance program (MIP) is the public entity casualty policy which provides liability protection to the City, the Brantford Police Services Board, Brantford Public Library Board, and the Business Improvement Area Board of Management. The policy provides liability protection to a limit of \$15,000,000. The City further maintains an excess liability policy which provides an additional

limit of \$10,000,000 for a total liability limit of \$25,000,000. The policy is subject to a deductible of \$100,000.

As part of the insuring agreements of the public entity casualty policy, the insurer also provides liability protection for errors and omissions, non-owned automobile, environmental liability and comprehensive crime. These policies protect against the specific losses that their respective names imply and are subject to a deductible in varying amounts, the most significant being the errors and omissions deductible of \$50,000.

The City also procures a liability policy on behalf of the Neighbourhood Associations and their volunteers to respond to liabilities which may arise out of the Associations' operations and activities. The policy provides liability protection to a limit of \$2,000,000. The provision of this policy, which provides coverage for all approved events, allows for Associations to run events that they would be unable to insure otherwise.

Several vehicle policies are also purchased annually for the various fleets maintained by the City. There are two main vehicle policies within the City's insurance portfolio: (a) the general fleet policy which provides full automobile coverage on all fleet vehicles including Fire, Police, Parks & Recreation, Operations, Water, Engineering, Tourism, and Golf; and (b) a transit fleet policy which provides coverage for both the City transit and Brantford Lift fleet. Both policies provide liability protection to a limit of \$15,000,000. In addition, the above-mentioned excess liability policy provides additional limits of \$10,000,000 bringing the total liability limit to \$25,000,000. The general fleet and transit fleet policies are subject to a deductible of \$10,000 and \$50,000 respectively as it relates to third party liability coverage. In addition, both policies are subject to varying deductibles under the accident benefits, direct compensation and property damage and physical damage coverage.

Finally, the City also procures a broad form property policy that provides coverage for loss or damage to all its facilities, and contents. The total insured value for City property is currently in excess of \$900,000,000.00. Equipment breakdown coverage in the form of a Boiler and Machinery Policy is also provided at required locations, with the inclusion of business interruption coverage. The policy is subject to a deductible of \$50,000.

Outside of this policy the City purchases a cyber policy. That policy provides coverage up to \$2,000,000 and carries a \$150,000 deductible. The cyber insurance policy provides some coverage for ransom payments and will also respond to costs associated with things like network interruption, costs to notify

affected parties and credit monitoring. The cost of the cyber insurance policy is not included in this report as the City has a different provider for the cyber insurance policy.

7.0 Corporate Policy Context

This report aligns with priority #58 (Review insurance claims and prepare management strategy”) Based on the City’s Service Review Opportunities.

8.0 Input From Other Sources

Staff from the Finance department provided some input regarding this report.

9.0 Analysis

9.1 MARKET CONDITIONS

From 2021-2023 municipalities throughout Ontario and the rest of Canada faced significant increases in the cost of insurance. Several factors contributed to what was termed by the insurance industry as a hard market. The primary reasons were: (1) reduced capacity to write municipal policies, and (2) increased re-insurance renewal rates. The hard market was characterized by decreased capacity to write insurance policies and higher premiums. During the hard market there was less competition, a reduced appetite for risk and fewer insurers willing to write policies. All of this contributed to higher premiums.

Other factors contributing to the hard market include: (1) steadily increasing number of claims, (2) more frequent and catastrophic property loss claims globally and in Canada, (3) increasing defence costs, and (4) increasing court awards and settlements.

In 2023 the market started to correct and premium increases started to come down. Despite the market starting to soften, the market did not fully correct and many municipalities still experienced rate increases year over year.

The municipal insurance market continues to face significant pressure caused primarily by (1) a lack of competition, (2) frequent catastrophic property loss claims, and (3) increasing number of liability claims and steadily increasing costs associated with court awards and settlements.

To allow staff to properly assess our position on renewal, staff monitored the cost of insurance premiums for other similarly situated municipalities over the year.

Staff's market research has revealed that IPE's offer to reduce the City's premium year over year is consistent with recent renewal experience of several other nearby municipalities. Staff reached out to several municipalities throughout the province to inquire about their recent renewal experience and a summary of the data we received regarding the most recent renewal term is below:

- Niagara Region – 0% increase
- Guelph – 4% increase
- Greater Sudbury – anticipated 6% increase
- London – 0% increase
- Norfolk County – 2% increase
- Mississauga – 3% decrease
- Dufferin County – 3.5% increase
- Peterborough – 7.5% increase
- Kawartha Lakes – 5% increase
- Barrie – 8% increase

All of the data above relates to the most recent renewal term for each municipality listed. All of the data was sourced independently and indicates that an 8% decrease year over year is competitive with the general insurance market. It should be noted that all of the primary insurers in the municipal market are represented above and the municipalities that responded to our inquiries represent a fair cross section of the municipal insurance market in Ontario.

IPE/Cowan have committed to a premium decrease for the City equal to at least 8% based on the previous year's premiums. By comparison many similarly situated municipalities have experienced premium adjustments in the range of minus 3% - plus 8% with the majority of responsive municipalities falling somewhere in between that. Market conditions seem to have corrected to a point where municipalities are not experiencing significant premium increases. That said, a premium reduction of 8% year over year is still market competitive. It is staff's opinion that the commitment we received from IPE represents good value based on the renewal experience of other similarly situated municipalities.

9.2 BENEFITS OF RENEWAL

IPE has committed to an overall 8% decrease in premiums based on the previous policy term (exclusive of taxes). Overall, this is market competitive based on rate increases/decreases for other similarly situated municipalities in Ontario. It should be noted that the City will not have to increase our deductibles and will not have to eliminate any lines of coverage which other municipalities

have been required to do in the past in an effort to control insurance costs. Given the experience of other municipalities over the past year, the estimated premium for the 2025/2026 term is competitive.

Based on the City's approved budget for 2025 and 2026, the City will experience savings with respect to the cost of the City's insurance premiums. Staff had budgeted for a 15% increase year over year for 2025 and 2026 given market volatility at the time the multi-year budget was prepared. Instead of the budgeted increase, IPE has committed to a second consecutive year of premium decreases. As noted below this represents a cost savings of approximately \$1,922,607.00 as compared to the City's approved budget for the period July 1, 2025 – June 30, 2026.

In addition, maintaining the City's relationship with IPE for the upcoming renewal term will allow Staff to continue to take advantage of services provided by IPE, including supplemental agreement reviews for insurance wording, risk management training and policy reviews at no extra charge. Frank Cowan Company offers several value added services which Staff have relied on in the past and will continue to leverage to improve the City's risk management program.

10.0 Financial Implications

The approved budget for July 1 – December 31, 2025 includes \$2,573,199 (pre-tax) which is allocated to premiums associated with insurance policies placed through IPE. This amount represents a 15% increase based on the budgeted amount for the time period January 1, 2025 – June 30, 2025. Based on the commitment the City received for our insurance renewal the actual cost to the City for the time period July 1, 2025 – December 31, 2025 will be approximately \$1,611,895 (pre-tax). The commitment provided by Cowan/IPE will reduce the actual cost of the insurance program well below the budgeted amount and the City will see savings of approximately \$961,303.00 for the period July 1, 2025 – December 31, 2025 based on the approved 2024 budget.

If Council provides direction to proceed with the non-competitive procurement of the 2025/2026 insurance program staff will also see savings equal to \$961,303.00 for the time period January 1, 2026 – June 30, 2026. As a result of the introduction of multi-year budgeting the City's insurance costs are forecasted through the 2026 calendar year. There will be costs savings associated with the 2026 budget year based on IPE's commitment to reduce the City's premiums by 8% for the policy term running from July 1, 2025 to June 30, 2026.

Accounting for savings equal to approximately \$961,303.00 for both the July 1 – December 31, 2025 and January 1 – June 30, 2026 time periods the City will enjoy total savings of approximately \$1,922,606.00 pre-tax for the upcoming policy term ($961,303 \times 2 = \$1,922,606.00$).

The costs of the insurance program will not be set for the 2026-2027 and 2027-2028 policy terms at this time. Premiums for those policy terms will be determined closer to renewal and will reflect the City's loss/claims history and the prevailing market conditions at that time. While IPE has not committed to pricing for those policy terms, staff fully expect pricing to be market competitive. If pricing becomes an issue the City will have the option of engaging in a competitive procurement process for the 2028-2029 policy term. The City has a long history with IPE and Cowan and any attempt to overcharge the City during the 2026-2027 and 2027–2028 policy terms would force the City to terminate our relationship with IPE at the end of the 2028 policy term and seek a new insurer on the open market.

The City will also avoid consulting fees which are often a cost associated with a competitive bidding process. Given the complexity of evaluating insurance policies and wordings, it is common to retain a consultant to assist in the evaluation process. Those costs, which could exceed \$100,000 will be avoided.

11.0 Climate and Environmental Implications

N/A

12.0 Conclusion

On July 1, 2025 the City's insurance policies placed through IPE will expire. Prior to that date the City will need to renew our existing policies. Based on IPE's commitment to reduce the City's premiums by at least 8% based on the previous policy term and staff's market research, staff are recommending a non-competitive renewal for the 2025-2028 policy terms with a City option for the July 1, 2028 – June 30, 2029 policy term. Staff are making this recommendation because the cost estimate represents a savings based on the 2025/2026 budget for insurance premiums and because IPE's commitment to reduce the City's premium is in-line with the municipal insurance market more broadly. The proposed structure of the agreement, that being a three-year agreement with a City option for the 2028-2029 policy term is the structure that the City would have proposed if there were a competitive procurement process. Although the pricing for the 2026-2027 and 2027-2028 policy terms is not fixed, staff do not expect that pricing during those policy terms will be unreasonable or unfair.



Joelle Daniels
Commissioner of Corporate Services/City Treasurer

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In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required yes no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk yes no

Is the necessary by-law or agreement being sent concurrently to Council? yes no