

# The Town of The Blue Mountains Insurance Program Overview

February 25<sup>th</sup> 2019

**Prepared by Aon**

Public Sector

Presentation to the Town of The Blue Mountains



## Objectives

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- Presenters
- About Aon
- Aon's Public Sector team
- Your Insurance Program
- Update on the Current Insurance Marketplace
- In Conclusion / Questions?

## Presenters

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- Kyle David, Aon
  - Account Executive
  - Specific municipal insurance experience: **5 years**
    - [kyle.david@aon.ca](mailto:kyle.david@aon.ca)
    - 647.401.4497
  
- Jeffrey McIntosh, Aon
  - Account Executive
  - Specific municipal insurance experience: **8 years**
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## About Aon

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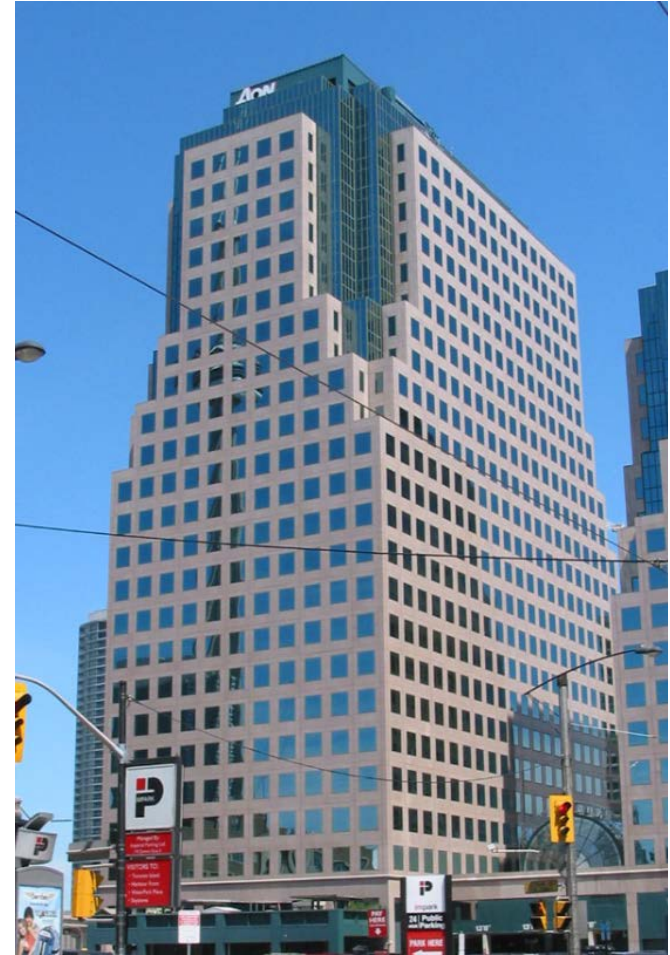
- Aon plc (NYSE:AON) is the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services.
- 69,000 employees worldwide
- 22 offices in Canada
- 1,600 Risk and insurance colleagues in Canada



## Aon Toronto Office and Public Sector Team

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- Full-service office employing 120 professionals
  - Broking
  - Risk Management
  - Claims
  - Legal & Advisory
- Aon Public Sector team also works remotely in order to service clients across Ontario wherever need be
  - Team has over 100 years of combined municipal insurance experience



# Public Sector at Aon



**40+**  
**years' experience**  
serving public entity  
clients in Canada

**10** National Centre of Excellence – Public Sector  
brokers placing **\$185M** in insurance premiums  
annually for public entities in Canada

**\$5B** in annual insurance  
premiums placed for public  
entities across the globe



**700+**  
public sector  
clients in Canada,  
including:

**41**  
cities

**60+** colleagues around Canada form  
**Aon's Public Sector Practice**

**1000+** Towns, townships, villages, counties,  
municipal districts, and municipalities

**1** Federal  
government & **3** Provincial  
governments

**400** Aboriginal communities  
and tribal councils

**9** Municipal gas and electric distribution  
utilities (transmission and distribution)

**350** Airports

**20** Crown corporations

**100+** Non-profits

**7** Large publicly-traded utilities  
(generation, transmission and distribution)

**342** Educational institutions  
and school boards

## Aon Municipal Insurance Program

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- Aon has created a program of insurance policies specifically tailored to the risks faced by Ontario Municipalities
- These policies are constantly being updated to adapt to the changing risks faced by the municipal sector
  - For example cyber risks and corresponding insurance policies
- Your policies include
  - Commercial General Liability
  - Automobile
  - Property, Equipment & Boiler
  - Crime
  - Automobile
  - Council Accident
  - Facility Users
  - Volunteer Fire (VFIS)
  - Cyber (new coverage)

## Who is insured?

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- There is a broad definition of the “insured” within the Commercial General Liability policy
- Essentially, anyone who is employed by the municipality and is working within the scope of duties with the municipality will be covered under the policy including:
  - Employees
  - Volunteers
  - Members of Council
  - Boards, commission and special purpose bodies that are established by and answerable to the Council
  - Contract employees while acting within their duties to the municipality
- The exact definitions can be found in the policy wording which has been provided to staff



## Commercial General Liability

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<b>Insurance Company:</b>	<b>MS Amlin Syndicate 2001 at Lloyds of London</b>
<b>Coverage Limit:</b>	\$25,000,000 +\$25,000,000 umbrella = \$50,000,000 combined limit
<b>Deductibles:</b>	\$50,000 per occurrence

- This policy covers the insured from claims involving bodily injury or property damage arising out of negligence

## Commercial General Liability continued

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- Some key endorsements
  - Errors & Omissions
  - Conflict of Interest
  - Wrongful dismissal
  - Employment related practices
  - Sexual abuse
  - Criminal Defense cost reimbursement
  - Excess Construction Wrap-up
  - Incidental Construction Projects
  - Public Entity Pollution
  - Non-owned automobile coverage

## Property including Equipment Breakdown

<b>Insurance Company:</b>	<b>Northbridge General Insurance Company</b>
Property of Every Description:	\$120,365,566
Deductibles:	\$10,000 Fine Arts and EDP: \$2,500 Flood: \$50,000 Earthquake: 3% of TIV / \$100,000 min

- This policy covers all property and equipment of the municipality and certain costs that are incurred due to equipment failure
- The total limit of coverage is the total amount of property and equipment that is scheduled by the municipality
- Includes a 5 year long term agreement that stipulates the conditions for which rates can be increased

## Crime

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<b>Insurance Company:</b>	<b>Northbridge General Insurance Company</b>
<b>Coverage Limit:</b>	<b>\$1,000,000/\$500,000</b>
<b>Deductibles:</b>	<b>Nil except \$5,000 for Social Engineering</b>

- This coverage is needed to compensate the municipality for any losses that occur due to crime
- Coverage lines include:
  - Employee Dishonesty
  - Loss of Money
  - Depositors Forgery
  - Computer Fraud or Funds Transfer Fraud
  - Social Engineering
  - Professional Fees/Audit Expenses

## Automobile

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<b>Insurance Company:</b>	<b>Northbridge General Insurance Company</b>
Coverage Limit:	\$5,000,000
Deductibles:	\$5,000

- Automobile policies are standardized across Ontario
  - Similar to your own personal automobile policy
- Aon's policy includes a number of standardized endorsements that are designed to help protect the municipality
- Key endorsements include:
  - Replacement Cost Endorsement
  - Blanket Fleet Adjustment
  - OPCF 5 Permission to rent or lease

## Council Accident

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Insurance Company:	AIK Insurance Company of Canada
Coverage Limit:	\$250,000
Type of Coverage	24 Hour Coverage

- This coverage applies to councilors for personal accident protection while they are members of council for the municipality
- Provides monetary compensation in the event of accidental dismemberment or death
- There is on duty or 24 hour coverage
  - Town of The Blue Mountains has opted for the superior 24 hour coverage

## Low Risk - Facility Users Coverage

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Insurance Company:	MS Amlin Syndicate 2001 at Lloyds of London
Coverage Limit:	\$5,000,000
Deductibles:	\$1,000

- This coverage applies to low risk users of Municipal facilities
- For example events including the following characteristics do not qualify:
  - Events including the sale or consumption of Alcohol
  - Fireworks
  - Motorsports
  - Inflatable Apparatus (bouncy castles, slides etc.)
  - Extreme sports (including BMX biking, off road mountain biking, skateboarding)
  - Watersports (including canoeing, kayaking, snorkeling, scuba diving)
- Those that do not qualify are required to provide separate coverage available through Aon or many other providers

## Cyber/Breach Response

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<b>Insurance Company:</b>	<b>Beazley Syndicate at Lloyds of London</b>
Coverage Limit:	\$500,000
Notified Individuals	50,000 individuals
Deductibles:	\$10,000

- Coverage includes:
  - Regulatory Defense and Penalties
  - Media Liability
  - Cyber Extortion
  - Data Protection Loss
  - Consequential Reputational Loss
  - Electronic Crime
  - Fraudulent Instruction
  - Telecommunications Fraud



## Update on Canadian Municipal Insurance Market

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- Insurance market is hardening
  - Less insurers willing to write businesses, increased underwriting conditions
  - Usually causes higher premiums
- Lloyds of London is largest liability insurance market in world
  - Had a difficult 2018
  - Many catastrophic losses worldwide
  - Climate change
- Public sector business has always been a challenge in Canada
  - Joint and Several Liability
  - Road claims
  - Larger payouts to plaintiffs in the court system
  - Long resolution time creates additional costs by using adjusters and lawyers

## In Conclusion

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- Thank you, we appreciate your business
- We're happy to answer any questions you may have now and don't hesitate to contact us if you have any questions in the future

