

BFL CANADA

2021 INSURANCE MARKET PLACE & THE IMPORTANCE OF RISK MANAGEMENT CULTURE

City of Elliot Lake

June 2021

GLOBAL INSURANCE MARKET

RECENT MARKET CYCLE TIMELINE

The global insurance market is currently experiencing an extended hard market cycle.



HARD MARKET VERSUS SOFT MARKET CYCLES

HARD MARKET	SOFT MARKET
<ul style="list-style-type: none"> • Focus on profitability / bottom line results • Reduced capacity • Premium commensurate with the risk • Deductible review • Reduced coverage offerings • Disciplined underwriting 	<ul style="list-style-type: none"> • Top-line growth / market share • Extensive capacity • Competitive premiums • Low deductibles • Broad product offerings • Flexible underwriting requirements / parameters

WHAT MAKES THIS HARD MARKET DIFFERENT FROM PREVIOUS HARD MARKET CYCLES?

- Previous hard market cycles were characterized by insurers taking a blanket approach to premium and deductible increases. Prior to the hard market cycle, insurers did not necessarily exit certain classes of business carte blanche in order to improve their balance sheets.
- Insurers are now taking a more nuanced approach, critically reviewing specific segments.
- Improved data and analytics are utilized in the underwriting process to better understand the risk insured.
- Current hard market cycle has been marked by increased premiums, increased deductible, restricted terms and limited capacity

HOW IS THE HARD MARKET AFFECTING MUNICIPALITIES

INSURER UNDERWRITING DISCIPLINE

Insurers are applying rigorous discipline when underwriting municipal risk:

- Review 10+ year loss history
- Review your municipality's operations, what are you responsible for, what are your core services
- Location of buildings, contents and equipment (flood zone, earthquake zone, proximity to fire service)
- Construction of buildings (frame, concrete, fire resistant)
- Fire protection (alarms, sprinklers)
- Probable Maximum Loss exposures (value of buildings, contents and equipment at any one location or side by side locations)
- What is your municipality's risk management / loss mitigation philosophy?

PREMIUM AND DEDUCTIBLE

- Insurers are charging premium commensurate with the risk insured
- Deductible review in relation to population, operations, property values, vehicle fleet and loss history

PROCUREMENT PROCESS AND MUNICIPAL PREMIUMS

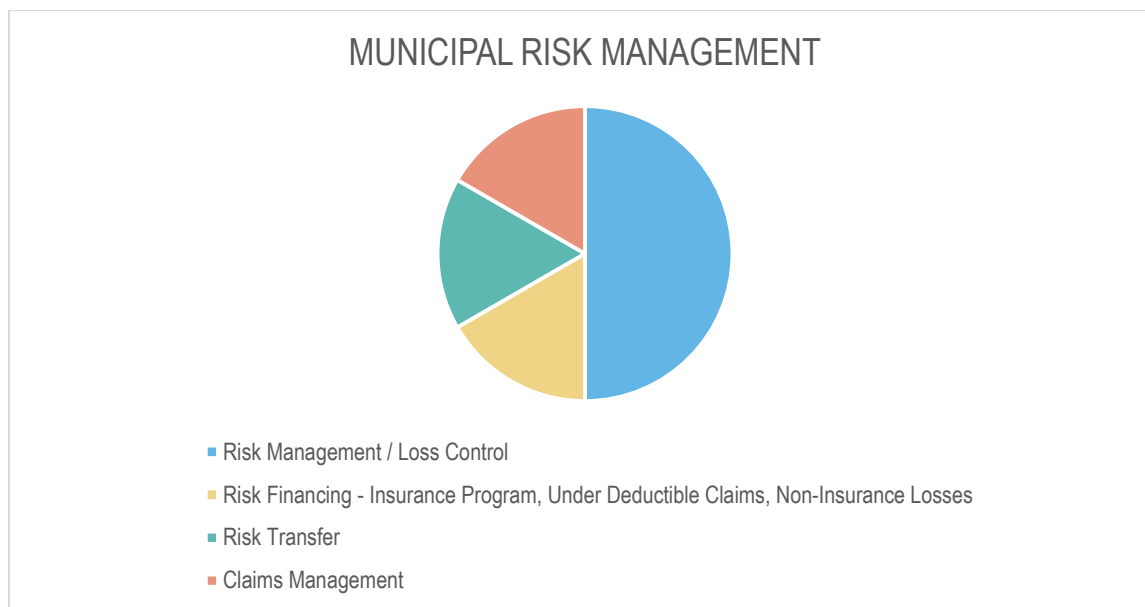
Tender process with scoring weighed heavily towards price has an effect on how municipalities experience hard and soft market cycles:

- **Soft Market** – Tender creates a competitive bidding resulting in low premiums and deductibles.
- **Hard Market** – High risk accounts with low premiums are the most vulnerable to market corrections.

In a hard market, tender results vary depending on risk profile / loss history etc.

WHAT WE CAN DO TOGETHER – IMPROVING YOUR RISK PROFILE

Managing your municipality's risk includes active risk management, risk transfer and risk financing. Historically, the focus has been on risk financing via municipal insurance programs and while that is an important piece of your risk management planning, it is only one of several tools the municipality needs to deploy in order to pro-actively mitigate and manage your risk profile.



Improving your municipality's overall risk profile results in:

- Reduced under deductible claims costs
- Strong legal case when defending third party claims made against the municipality
- Reduced costs for losses not covered under an insurance program
- Best premium and coverage results from the insurance marketplace in both hard and soft market cycles

CREATING A RISK MANAGEMENT CULTURE – NEXT STEPS

2021

TASK & PARTICIPANTS	DESCRIPTION	PROPOSED TIMELINE
Participants: Brenda Lackie Amy Sonnenburg Robin McCleave Jody Johns	<ul style="list-style-type: none"> Review proposed risk management plan and timelines 	
Claims Meeting Participants: Brenda Lackie Amy Sonnenburg Robin McCleave Dino Zenarosa Jody Johns	<ul style="list-style-type: none"> Dino to provide update on pre-identified claims below and excess of the City's deductible. Focus on lessons learned: <ul style="list-style-type: none"> slips, trips and falls e.g. particular area, time of year, cause of the slip, trip or fall motor vehicles accidents including ATV's and snowmobile claims/incidents involving members of council claims/incidents resulting in a pure financial loss injury at ski hill fatality large property losses 	
Presentation to Senior Management	<ul style="list-style-type: none"> Tying together current insurance marketplace and importance of creating a risk management culture within the organization. High level overview of: <ul style="list-style-type: none"> Current state of the insurance marketplace. Your municipality's' current claims history, where staff needs senior management's support. Council's expectations, is it achievable, or too high risk? Mapping of next steps which will include: <ul style="list-style-type: none"> Management of below deductible claims, what does staff need to do their job effectively and efficiently? Training and education opportunities through BFL. How we can assist your municipality in meeting your claims mitigation and risk management goals. 	
Cyber Security Participants: Brenda Lackie Amy Sonnenburg IT Staff Robin McCleave Jody Johns AIG	<ul style="list-style-type: none"> Insurer to present on: <ul style="list-style-type: none"> Cyber insurance market place. Services available to your municipality as part of their cyber program. Insurer claims team will: <ul style="list-style-type: none"> Review the types of losses they are seeing with respect to municipal. 	July 14, 2021

TASK & PARTICIPANTS	DESCRIPTION	PROPOSED TIMELINE
	<ul style="list-style-type: none"> ○ Review claim reporting procedures/role of the breach coach/role of legal counsel. ○ Choosing your preferred breach coach prior to a loss. 	
<p>Session with Public Works / Parks & Recreation</p> <p>Participants: Brenda Lackie Amy Sonnenburg Directors, Supervisors, Managers for Public Works and Parks & Recreation Dino Zenarosa Robin McCleave</p>	<ul style="list-style-type: none"> ● Session to review with staff your loss history with respect to: <ul style="list-style-type: none"> ○ slips, trips and falls e.g. particular area, time of year, cause of the slip, trip or fall ○ motor vehicles accidents including ATV's and snowmobile ○ third party property damage losses ○ large property losses <p>GOAL:</p> <ul style="list-style-type: none"> ● Help staff to have a better understanding of the role they play in mitigating these types of losses. ● Educate staff on lessons learned. ● Reporting/inspection timelines – what does that mean for staff? ● Your City's adjuster: <ul style="list-style-type: none"> ○ Provide an overview of your adjuster's role, how staff can best support your adjuster's efforts. ○ Advise what staff's role is in gathering and providing the required information/documentation to your municipality's adjuster. ● Staff's role in providing the required documents to Amy when required by your municipality's adjuster and legal counsel. ● Review of communication practices and use of personal cell phones and laptops. ● Review documentation practices including log books and digital records. 	
<p>All Staff including front line staff</p>	<p>Insurance, Risk & Claims Management Seminar: Agenda/Presentation – joint effort between BFL Canada, and Brenda Lackie and Amy Sonnenburg</p> <ul style="list-style-type: none"> ● Three Sessions ??: <ol style="list-style-type: none"> 1. Public Works, Parks & Recreation Staff, Transit, Emergency Services. 2. Staff responsible for facilities, special events, programming, volunteers 3. Planning, Engineering, Fire & Building Inspections <p>GOAL</p> <ul style="list-style-type: none"> ● Staff have a better understanding of the role they play in meeting your municipality's risk management and claims mitigation goals. ● Create a better understanding of how insurance works, how and why losses can escalate in costs. 	

TASK & PARTICIPANTS	DESCRIPTION	PROPOSED TIMELINE
	<ul style="list-style-type: none"> • Getting staff's buy in, being part of the solution in controlling claim and insurance premium costs. • Best practices for managing higher risk activities. • Create better understanding of risk transfer opportunities and why. • Your municipality's adjuster: <ul style="list-style-type: none"> ○ Provide an overview of your adjuster's role, how staff can best support your adjuster's efforts. ○ Advise what staff's role is in gathering and providing the required information/documentation to your municipality's adjuster. • Staff's role in providing the required documents to Amy when required by your municipality's adjuster and legal counsel. • Best practices – communication • Review documentation practices including log books, digital records, and use of personal cell phones and laptops 	
Special Events Participants: Brenda Lackie Amy Sonnenburg City staff responsible for special events Jody Johns	<ul style="list-style-type: none"> • Based on activities at the event, what types of insurance and limits should staff be asking for? • Planning for the event: <ul style="list-style-type: none"> ○ Analysis of the risk ○ Best practices for volunteers ○ City's staff responsibilities as the occupier ○ Do emergency services needs to be engaged ○ When required, advertisement of road closures ○ Overview of risk transfer techniques: <ul style="list-style-type: none"> – Contract review – Certificates of insurance – Participant waivers 	
Procurement Participants: Brenda Lackie Amy Sonnenburg City staff responsible for procurement & finance Jody Johns	<ul style="list-style-type: none"> • Procurement process, based on tender specifications: <ul style="list-style-type: none"> ○ What insurance coverages should staff be asking for? ○ Depending on level of risk, what limits? ○ Review of insurance for construction projects including: <ul style="list-style-type: none"> – Builder's Risk, Wrap-up Liability, Environmental – What limits to ask for based on level of risk – Bonding 	
Ski Hill Participants: Brenda Lackie Amy Sonnenburg Board members responsible for Ski Hill Robin McCleave Jody Johns	<ul style="list-style-type: none"> • First step: <ul style="list-style-type: none"> ○ Jody to review current agreement with ski hill, discuss recommended changes with Brenda and Amy ○ Present recommended changes to board members. • Second step: <ul style="list-style-type: none"> ○ Review of current risk management practices by staff: <ul style="list-style-type: none"> – Inspections of all operations. – Inspections of rental equipment. 	

TASK & PARTICIPANTS	DESCRIPTION	PROPOSED TIMELINE
	<ul style="list-style-type: none"> – Training of staff. – Review of documentation. – Any new coming up in the future? – Discussion on loss involving two skiers colliding on hill 	
Initial meeting with staff responsible for building and fire safety inspections, planning and engineering Brenda Lackie Amy Sonnenburg Dino Zenarosa Robin McCleave	<ul style="list-style-type: none"> • BFL to provide an overview of your municipality's loss history. • Discussion on lessons learned. • Advise if any changes have been put into place to prevent future losses. • Next steps with respect to training and education. 	
Defensive Driver's Training Participants Can be for all staff but main focus – Transit* Fire Public works/parks and recreation	<ul style="list-style-type: none"> • Instructor Dan Holt. • In class room (virtual) Defensive Driver's Training including emergency services - (See Appendix A for Agenda). *a separate session can be set up for transit only. <p>GOAL:</p> <ul style="list-style-type: none"> • Your municipality's staff becoming better drivers, how best to avoid accidents, reduce accidents resulting from being a distracted driver. 	

2022

TASK & PARTICIPANTS	DESCRIPTION	TIMELINE
Participants: Brenda Lackie Amy Sonnenburg Robin McCleave Jody Johns	<ul style="list-style-type: none"> Review accomplishments in 2021. Review/readjust 2022 Risk Management Plan and timelines. Setting agenda for Insurance, Risk and Claims sessions. GOAL <ul style="list-style-type: none"> Map out education opportunities for your municipality's staff: <ul style="list-style-type: none"> More focused, risks inherent to each department. COVID – does it needs to stay on the agendas? Review any large losses, legislation changes that could impact all municipalities. 	1 st week of January 2022
Claims Meeting Participants: Brenda Lackie Amy Sonnenburg Robin McCleave Dino Zenarosa Jody Johns	<ul style="list-style-type: none"> Dino to provide update on pre-identified claims under and excess of your municipality's deductible. Focus – TBA Set date and time for next meeting. 	3 rd week of January 2022
Presentation to Senior Management	<ul style="list-style-type: none"> Overview of Insurance Marketplace/what to expect in 2022. Review what was achieved in 2021. Presentation on what is planned for 2022. 	2 nd Week of February
Presentation to Council	<ul style="list-style-type: none"> Update on current insurance market place, what has changed/not changed. Insurer expectations. Review of what was accomplished by staff in 2021. Review of what is being planned for 2022. 	March?
Claims Session Participants: Robin McCleave Dino Zenarosa	<ul style="list-style-type: none"> Agenda will be based on claims review in January. 	1 st week of February
Orientation Session New Hires	<ul style="list-style-type: none"> Seminar - Insurance, Risk, Claims Management 101 	TBA
All Staff including front line staff	Topics to be finalized after initial meeting in January with Brenda Lackie and Amy Sonnenburg following claims meeting with BFL	TBA

BFL EDUCATION & TRAINING OPPORTUNITIES FOR 2021

NEWSLETTERS AND BULLETINS

These will continue throughout 2021. To date we have issued the following:

- Best practices for Tobogganing and Outdoor Skating Rinks.
- Assessing municipal risks:
 - unoccupied buildings vs vacant buildings;
 - dangers associated with skating on stormwater management ponds; and
 - opening vaccination clinics.
- Still to come:
 - COVID & Bill 218; and
 - Recreational Trails

WEBINARS

- State of the Insurance Marketplace – April 21st @ 10:00 am.
- Bonding and insurance for Construction Projects - TBA
- Best Practices - Procurement - TBA
- Loss Control & Fire Prevention - TBA
- Non-Owned Automobile - June
 - How does it apply when:
 - staff are renting a vehicle to attend a conference;
 - your municipality needs to borrow a fire truck or snow plow because yours is being repaired; and
 - staff using their personal vehicle for municipal business on occasion or it is required under their job description.
 - How does insurance apply if a staff member is involved in an accident while using their personal vehicle for municipal business?
 - Under what circumstances does staff advise their personal insurer?

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