

Clause 14 in Report No. 16 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on November 16, 2017.

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Extension of Insurance Broker Services

Committee of the Whole recommends adoption of the following recommendation contained in the report dated October 26, 2017 from the Commissioner of Finance:

1. Council authorize the extension of the existing agreement with Integro Canada (now HUB International Limited) for insurance broker services for one additional year at the existing annual fee of \$45,000.

Report dated October 26, 2017 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that:

1. Council authorize the extension of the existing agreement with Integro Canada (now HUB International Limited) for insurance broker services for one additional year at the existing annual fee of \$45,000.

2. Purpose

The Region's agreement with its existing broker comes to an end on December 31, 2017 after a term of five years. The Purchasing Bylaw requires Council approval where the extension of the contract would result in an aggregate term greater than five years. This report seeks to extend the existing contract to allow for a Request for Proposal to be issued for future broker services at a time when the services will be required.

3. Background and Previous Council Direction

The Region engages an insurance broker to secure insurance coverages

Insurance companies work through brokers to provide insurance to businesses. Brokers negotiate insurance policies that best align with their clients' needs. They are aware of each insurance company's appetite for particular types of risk, and advise on emerging risks and the latest products available in the marketplace. They can also provide valuable risk management services and claims support.

The Region engages an insurance broker to negotiate insurance policy coverages to provide financial protection for the assets and operations of the Region, York Regional Police and the York Region Rapid Transit Corporation. The Region currently uses the broker services of Integro Canada.

4. Analysis and Implications

The current contract with Integro Canada will expire on December 31, 2017

The Region's current insurance broker, Integro Canada, was selected through a Request for Proposal process in 2012 and has been providing service to the Region since January 1, 2013. The contract was for a three year term, with an option to renew for an additional two years. The Region chose to renew the contract for the additional two years. As of December 31, 2017, the five year contract allowed under the Request for Proposal will come to an end.

The majority of future broker services will not be required until 2019

The Region's primary insurance policies were renewed effective July 1, 2017 for a two year period through the services of Integro Canada. Integro was able to obtain a policy term of twenty four months, six months longer than the previous term of eighteen months. The Region's primary policies will now expire July 1, 2019. Council approved the 2017-2019 renewal in May 2017.

As a result of the longer policy term for the primary policies, any new broker engaged in January 2018 would not be providing insurance renewal services for the primary policies until 2019. A few specialty policies will require broker services in 2018.

Extension of Insurance Broker Services

Integro Canada continues to provide value for service

Over the past five years, Integro Canada has helped identify policy gaps and has been able to negotiate additional coverages for new and emerging risks while obtaining competitive rates and premiums for policy coverages.

Integro Canada is a broker with depth of experience in handling large, complex clients and complicated risk issues. Integro Canada was recently purchased by Hub International Limited. Although the purchase will result in a name change, there will be no changes to the services provided to the Region or the staff working on the Region's account.

Extending the contract with Integro Canada (Hub International Limited) will allow the Region to issue an Request for Proposal for insurance broker services in 2018

If Council approves the recommendation, broker services would be provided throughout 2018 by Integro Canada. The primary insurance policies will remain in place until July 1, 2019. The few specialty policies where the insurers would not provide a two year term will be renewed during 2018 with terms that coincide with the 2019 expiry date of the primary policies.

A Request for Proposal procurement process will be undertaken in 2018 to secure broker services beginning January 1, 2019. This will allow the broker to secure renewal insurance coverages effective July 1, 2019. Insurers will not negotiate insurance policies more than three months from the renewal date.

5. Financial Considerations

The annual insurance broker fee has remained at \$45,000 for each of the past five years. The annual fee will remain unchanged for the one-year extension. The insurance broker fees are paid out of the insurance reserve.

6. Local Municipal Impact

There is no direct local impact resulting from this report.

7. Conclusion

Extending the current broker services agreement for one year will provide continuity of services until the primary policies require renewal in 2019 and will provide stable costs for a further year.

For more information on this report, please contact Warren Marshall, Director, Controllershship Office, at 1-877-464-9675 ext. 71601.

The Senior Management Group has reviewed this report.

October 26, 2017

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