



TOWNSHIP OF WELLINGTON NORTH INSURANCE & RISK MANAGEMENT

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State of the Insurance Industry

Insurance Industry Update

Township of Wellington-North

The hardening trends which the industry started to experience in 2019 has continued. Coupled with COVID, 2020 has seen a drastic shift in the marketplace resulting in increased rates and reduced capacity. Carriers have reduced capacity, increasing rates or exiting certain industry classes.

Carriers have been affected by losses resulting from third party liability from pandemic and law enforcement activities, employment-related practices, wrongful acts of government officials and direct property losses (business interruption).

Primary coverages impacted:

- Property
- General Liability

Insurance Industry Update

Township of Wellington-North

Municipal Property Insurance

- Property insurance rates have increased for 11 consecutive quarters with most significant increases coming in Q3 2020.
- Some property segments are attracting higher rate and deductibles increases, especially for water damage events.
- Several insurers exiting the Municipal space, while others have reduced capacity requiring brokers to subscribe policies
- Average property rate increases are in excess of 15-20% for accounts with acceptable loss ratios. Accounts with sub standard loss ratios are experiencing rate increases in excess of 50%, if offered renewal. Expect these trends to continue into 2021

Insurance Industry Update

Township of Wellington-North

Municipal Casualty Insurance

- Potential for communicable disease exclusions across property/business interruption policies as a result of the ongoing pandemic. Pandemic response coverage solutions are expected to evolve.
- Public entities continue to be highly scrutinized , “Social Inflation” has affected the rising costs of insurance claims
- Accounts with claims activity are under thorough exposure review to ensure the risk management measures are in place
- Some syndicates in London are restricting capacity and are unable to take on new business.

Insurance Policies

Township of Wellington-North

Insurance Program

Main Municipal Insurance Package

Policies to protect the Township's financial position:

- Canadian Councils Liability Policy (General Liability)
- Umbrella Liability Policy (two layers \$20M & 25M respectively)
- Property and Machinery Breakdown Policy
- Automobile Insurance Policy
- Comprehensive Crime Policy
- Cyber Liability
- Annual Low Risk Events Liability (Facility Users)

Insurance Program

List of Accident Benefit Policies

Policies in place providing Accident Benefits

- Councillors Accident
- Volunteer Accident

2021 Renewal Township of Wellington-North

- Insurance Package Premium increase of 19% from 2020
- 24% Liability premium increase
 - State of the insurance market has “hardened”
- 4% Automobile premium increase
 - Inflationary increase due to the automobile industry seeing continued rise in the cost of claims and litigation
 - One additional power unit added to fleet
- 18% Property premium increase
 - 2% inflation placed on all property
 - 16% rate increase, in part by FUS rating of Township. Zurich Insurance subscribed 30% and rates according to FUS. Incumbent carrier Sovereign withdrew from Municipal Insurance sector.

Year over Year Premium Comparison

Corporation of the Township of Wellington North					
	2018-2019	2019-2020	2020-2021	2021-2022	Premium Difference
Population - Liability	11,477	11,477	11,477	12,490	1,013
GL Premium:	\$ 74,446.00	\$ 78,168.00	\$ 85,985.00	\$ 106,965.00	\$ 32,519.00
EIL Premium:	\$ 3,795.00	\$ 3,795.00	\$ 3,795.00	\$ 4,721.00	\$ 926.00
Automobile - Number of Vehicles	42	42	46	47	5
Premium:	\$ 27,648.00	\$ 28,618.00	\$ 30,149.00	\$ 31,850.00	\$ 4,202.00
Blanket Property Limit	\$ 52,098,215.00	\$ 54,766,863.00	\$ 56,952,763.00	\$ 58,230,598.00	
Premium:	\$ 59,954.00	\$ 63,182.00	\$ 65,827.00	\$ 77,785.00	\$ 17,831.00
Crime Premium	\$ 750.00	\$ 750.00	\$ 750.00	\$ 850.00	\$ 100.00
Umbrella Liability (1st layer) Premium	\$ 10,329.00	\$ 6,886.00	\$ 6,886.00	\$ 8,738.00	-\$ 1,591.00
Umbrella Liability (2nd layer) Premium		\$ 3,443.00	\$ 3,443.00	\$ 4,197.00	\$ 754.00
Councillors Accident Premium	\$ 985.00	\$ 985.00	\$ 985.00	\$ 985.00	\$ -
Volunteer Accident Premium	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ -
Annual Low Risk Events Liability Premium	\$ 2,550.00	\$ 2,550.00	\$ 2,550.00	\$ 2,550.00	\$ -
Annual Low Risk Events Liability Policy Fee	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ -
Cyber Liability Premium			\$ 3,400.00	\$ 4,100.00	\$ 700.00
Cyber Liability Policy Fee			\$ 150.00	\$ 150.00	\$ -
TOTAL PREMIUM	\$ 181,507.00	\$ 189,427.00	\$ 204,970.00	\$ 243,941.00	\$ 62,434.00
PERCENTAGE CHANGE	3%	4%	8%	19%	
**** Premium in 2013 was \$188,420. Over \$70,000 savings from previous provider					



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