



	<b>REPORT No.: 2019-52</b>
<b>MEETING DATE: OCTOBER 17, 2019</b>	<b>DATE PREPARED: OCTOBER 3, 2019</b>
<b>SUBJECT: 2019/20 PROPERTY INSURANCE CONTRACT – DIRECT-OWNED HOUSING PORTFOLIO</b>	

**RECOMMENDATION**

THAT with respect to Report No. 2019-52 (Corporate Services Division) we, The District of Thunder Bay Social Services Administration Board, accept the property insurance quotation provided by Marsh Canada Limited, in the amount of \$547,287.70;

AND THAT the Director – Corporate Services Division be authorized to bind coverage and complete any administrative requirements of the insurance renewal process.

**REPORT SUMMARY**

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the results of the 2019/20 property insurance quotation process for the TBDSSAB direct-owned housing portfolio.

**BACKGROUND**

The Housing Services Corporation (HSC), a non-profit organization established under the *Housing Services Act, 2011*, provides a group insurance program tailored to the needs of the Ontario non-profit housing sector. Marsh Canada Limited provides broker services for the HSC group insurance program. Housing Providers are required to participate in this program unless they can obtain a more favourable quote, with the same coverage, from an eligible insurer, as determined by HSC. TBDSSAB last received an alternative quote in 2013, with the results being significantly higher than the quote provided through the HSC program.

Policy No. CS-01:79 Approval and Signing Authorization, in conjunction with Policy No. CS-03:1 Procurement of Goods, Services and Construction, stipulates that any purchase of goods, services, or construction, greater than \$350,000, must be approved by the Board.

**COMMENTS**

Administration has received the 2019/20 direct-owned housing portfolio property insurance quotation from Marsh Canada Limited. The following changes were reflected in the 2019/20 policy:

- Removal of the remaining three (3) houses in the Strathcona/Gresley project in the City of Thunder Bay, which were sold subsequent to the previous renewal;
- Inflationary increases applied to the property values and recoverable rent amounts.

The insurance policy covers over \$415 million in building property, \$1.3 million in building contents and \$25.1 million in lost rental income. The annual premium quotation, in the amount of \$547,287.70, is 12.6% higher than the previous year. The increase is a result of a higher level of insurance claims across Ontario in recent years. A breakdown of the change, versus the previous policy year, is provided, below:

Coverage Area	Premium		Change	
	2018/19	2019/20	\$	%
Property	\$ 137,100	\$ 131,418	\$ (5,682)	-4.1%
Property Claims Fund	287,000	283,301	(3,698)	-1.3%
Equipment Breakdown	4,474	4,883	409	9.1%
Commercial General Liability	60,000	83,281	23,280	38.8%
Umbrella Liability	3,657	3,864	207	5.7%
Tenant Insurance Credit*	(21,140)	-	21,140	n/a
Smart Burner Credit*	(97)	-	97	n/a
Smoke Free Credit*	(21,140)	-	21,140	n/a
Subtotal	\$ 449,855	\$ 506,748	\$ 56,893	12.6%
PST	35,988	40,540	4,551	12.6%
Premium (includes PST)	\$ 485,843	\$ 547,288	\$ 61,445	12.6%

\* Details of the various premium credits were not provided with the 2019/20 quotation.

The Property Claims Fund is a component of the insurance program and works like a group deductible in that all claims below a certain level are paid from this fund, rather than by the insurance company. Over time, this is expected to help control premium costs and support effective risk management. If the fund is not fully depleted by the end of the year, a proportionate share is returned to each Housing Provider.

To date, during the 2018/19 policy period, there have been four (4) claims, with a total estimated loss of approximately \$121,500. All claims are being handled through the Property Claims Fund, rather than the property insurance underwriter. TBDSSAB will incur the cost of four (4) insurance deductibles, totaling \$40,000, financed from the Direct-Owned Housing Portfolio Capital Replacement Reserve Fund.

**FINANCIAL IMPLICATIONS**



The 2019/20 direct-owned housing portfolio property insurance premium of \$547,287.70, including the Provincial sales tax, represents a 12.6% increase over the prior year. Insurance costs are included annually within the TBDSSAB Operating Budget, and this increase will be included in the 2020 TBDSSAB Operating Budget.

**CONCLUSION**

It is concluded that the 2019/20 direct-owned housing portfolio property insurance premium offered by Marsh Canada Limited provides the appropriate coverage, is consistent with a risk management approach to safeguard the assets of TBDSSAB, and should be accepted.

**REFERENCE MATERIALS ATTACHED**

None.

<b>PREPARED BY:</b>	Keri Greaves, CPA, CMA, Manager, Finance The District of Thunder Bay Social Services Administration Board
<b>APPROVED / SIGNATURE:</b>	
	Georgina Daniels, FCPA, FCA, Director - Corporate Services Division The District of Thunder Bay Social Services Administration Board
<b>SUBMITTED / SIGNATURE:</b>	
	Georgina Daniels, FCPA, FCA, Acting Chief Administrative Officer The District of Thunder Bay Social Services Administration Board