

COUNCIL REPORT

To: Mayor and Council

From: Finance

Date: October 8, 2024

Subject: Commercial Property and Cyber Insurance 2024-2027

RECOMMENDATION:

THAT Council awards AON Reed Stenhouse a three-year term as the District of Mackenzie's Insurance Broker for their Property, Crime, Boiler, Machinery and Cyber insurance;

AND THAT Council approves the 2024-2025 premiums in the amount of \$202,988;

AND THAT the Chief Administrative Officer be authorized to execute the contract and any related documentation.

BACKGROUND:

The District of Mackenzie's (District) Property, Crime, Boiler and Machinery policy is up for renewal on October 31, 2024 along with our Cyber policy on November 30, 2024. In June 2024 Suncorp Valuations completed an appraisal of all District buildings, machinery and equipment. The updated values from the appraisal are used to determine the value of insurance coverage required.

In alignment with Policy 3.1 – Purchasing Procurement Procedures & Guidelines, the District posted a Request for Proposal (RFP) for commercial property and cyber insurance. The RFP was posted on BC Bid and the District of Mackenzie website from September 6, 2024 through October 7, 2024. One bid was received from AON Reed Stenhouse.

The proposed premiums for property, boiler and machinery, crime and cyber are noted below in comparison to the 2023-2024 premiums:

	2023-2024 Limits	2023-2024 Premium	2024-2025 Limits	2024-2025 Premium	% of Premium Change
Property and business interruption	94,779,779	\$ 143,109	100,000,000	\$ 164,507	14.95%
Boiler and Machinery (includes equipment breakdown)	94,779,779	\$ 4,881	122,912,847	\$ 5,987	22.66%
Crime		\$ 2,300		\$ 2,652	15.30%
Cyber	3,000,000	\$ 10,940	3,000,000	\$ 13,043	19.22%
Subtotal Premium		\$ 161,230		\$ 186,188	15.48%
Optional Excess Property coverage			25,000,000	\$ 16,800	
Total Premium		\$ 161,230		\$ 202,988	25.90%

Increase in limit coverage is due to the updated appraisal report completed in June 2024 and the addition of new assets, including but not limited to the Fire Hall. The maximum standard coverage limit for the insurance provider is \$100,000,000 with the option to increase the limit up to 125,000,000 for an additional \$16,800.

Aon Reed Stenhouse is our current insurance broker and staff have been happy with the service they have delivered over the last few years.

BUDGETARY IMPACT:

Funding to support the recommendation will be allocated from the 2025 Operating Budget. The increase in premium rate of \$41,758 equals to an estimated 0.77% property tax increase.

COUNCIL PRIORITIES:

Strong Governance and Finances

- As the municipality's elected governing body, we serve all residents and businesses in the community. We engage residents and stakeholders on important issues and make our decisions through open and transparent processes. We are careful in our use of resources, mindful of the need to maintain programs and services, while also meeting the community's infrastructure needs.

RESPECTFULLY SUBMITTED:

Kerri Borne, Chief Financial Officer

Reviewed By: Corporate Services

Approved By: Chief Administrative Officer