TORONTO

STAFF REPORT
ACTION REQUIRED

Request Authority for 2007 - 2008 Insurance Program Renewal

Date:	April 25, 2007
To:	Government Management Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2007\Internal Services\CF\gm07022Cf – et (AFS #4709)

SUMMARY

The purpose of this report is to obtain Council authority to renew the City's property and casualty insurance policies effective June 1, 2007.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. the City renew the following insurance policies effective June 1, 2007 for a policy period of twelve months, as outlined below in Table (1), plus applicable provincial taxes (and as detailed in Attachment 1);

Table (1)
Expiring versus Renewal

Insurance Policy	Expiring Premium ($'s) 12 Months Policy Term June1, 2006 to June 1, 2007	Renewal Premium ($'s 12 Months Policy Term June1, 2007 to June 1, 2008
Primary Liability:		
Comprehensive General Liability	100,000	100,000
Public Officials E & O	100,000	100,000
Automobile	281,250	210,093
Garage Automobile	18,750	14,907
Medical Malpractice Liability	200,000	180,000

Insurance Policy	Expiring Premium ($'s) 12 Months Policy Term June1, 2006 to June 1, 2007	Renewal Premium ($'s 12 Months Policy Term June1, 2007 to June 1, 2008
Umbrella & Excess Liability:		
Primary Umbrella	1,325,000	1,060,000
1st Excess Liability	748,125	655,000
2nd Excess Liability	175,750	151,750
3rd Excess Liability	300,000	262,500
4th Excess Liability	170,000	148,750
5th Excess Liability	160,000	136,000
Other Policies:		
Property	2,675,114	2,422,531
Boiler & Machinery	206,854	206,854
Crime	90,209	89,564
Aviation	26,368	26,368
Fiduciary Liability	50,000	60,000
Home Day Care Liability	64,759	59,902
Marine	213,783	219,224
TOTAL:	6,905,962	6,103,443

2. authority be granted to the Deputy City Manager and Chief Financial Officer to increase the current $69 million (market value of $75,620,889 as of Jan. 2007) of the Financial Security Agreement entered into with ACE INA Insurance as previously authorized by City Council through approval of the Insurance Financial Security agreement as required for the provision of automobile and primary liability insurance up to a total of $96,366,000 (market value) Government of Canada Bonds (provincial /municipal), to be held in trust by ACE INA until such time as they are no longer required;

3. authority be delegated to the Deputy City Manager and Chief Financial Officer to report directly to Council on any changes to the insurance renewal program recommended in this report; and

4. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

This report recommends renewal of the City's Primary & Excess Liability (i.e., Comprehensive General Liability, Public Officials E & O, Automobile and Garage Automobile), Medical Malpractice Liability, Property, Boiler & Machinery, Crime, Aviation, Fiduciary Liability, Home Day Care Liability and Marine insurance policies at an annual cost of $6,103,443 plus applicable provincial taxes. This represents a large reduction of $802,519 or 11.6% from the total premium of $6,905,962 paid for the expiring policies.

Funding is provided from the City's Insurance Reserve Fund based on charges included in the 2007 Operating Budgets of City programs and participating agencies, boards and commissions plus contributions from the Non-Program account which were adjusted to reflect the recommendations included in the report.

DECISION HISTORY

At its May 23, 24 and 25, 2006 meeting, City Council adopted Administration Committee Report 3, Clause 2 thereby authorizing the renewal of the City's Property & Casualty insurance policies as at June 1st, 2006.

ISSUE BACKGROUND

The City's expiring 2005-2006 Insurance Program is outlined in Attachment 2.

COMMENTS

Marsh Canada Limited insurance brokers represent the City (approved by Bid Committee, January 5, 2005 meeting) to obtain the most competitive and cost effective insurance arrangement each year from the global insurance marketplace.

Arrangements have been finalized for the following insurance policies subject to the continuing efforts of Marsh Canada Limited to reduce the financial security required by the City's Automobile and Primary Liability insurer, ACE INA Insurance (i.e. in exchange for fronting the City's liability insurance policies) as noted in Recommendation 3.

Insurance Market Conditions:

Low levels of catastrophe losses and favourable loss frequency trends contributed to the favourable results reported by the Property/Casualty industry in 2006.

These results have driven competition between insurers and Marsh has been able to take advantage of a softening insurance marketplace to realize $802,519 plus applicable tax in savings for the City.

City of Toronto Liability Claims Experience:

As Table (2) illustrates, the City continues to have a favourable claims experience with its insurers, and in fact, over the past eight years the City of Toronto has not experienced any liability claims that have exceeded the current self-insured retention levels.

Table (2)
Eight-Year Claims Experience
January 1, 1998 to December 31, 2006

	Largest Incurred Loss	Average Incurred Loss	Number of Claims
General Liability	$4,471,000	$5,044	27,716
Public Officials E&O	$188,500	$47,789	14
Medical Malpractice	$115,405	$73,270	2
Automobile	$1,026,000	$2,229	17,172

Primary Liability Policies:

As Table (3) illustrates, ACE INA (ACE) have reduced their premium charge to $425,000, which represents a 15% or $75,000 decrease from last year's premium of $500,000. In order for the City to meet its contractual and statutory requirements for liability insurance, ACE agrees to "front" insurance policies for the City in exchange for an indemnity agreement and (historically) an annual premium of $500,000. ACE have also agreed to reduce the Public Officials Errors & Omissions (E&O) deductible from $6M to a $5M (i.e. and increase the corresponding umbrella limit from $4M to $5M). Under the renewal terms, all major liability insurance policies (Comprehensive General Liability, Automobile and Garage Liability, and Public Officials E&O) will harmonize at a $5M deductible.

Table (3)
Primary Liability Policies

Coverage	Primary Umbrella Main Limit		Deductible		Expiring Premium	Renewal Premium
	Expiring	Renewal	Expiring	Renewal	(June 1, 2006-7)	(June 1, 2007-8)
Comprehensive General Liability	$5M	$5M	$5M	$5M	$100,000	$100,000
Public Officials E&O	$4M	$5M	$6M	$5M	$100,000	$100,000
Automobile	$5M	$5M	$5M	$5M	$281,250	$210,093
Garage	$5M	$5M	$5M	$5M	$18,750	$14,907
Annual Premium					$500,000	$425,000

ACE's renewal premium for the Primary Umbrella layer is $1,060,000, which represents a substantial $265,000 or 20% reduction from the expiring premium of $1,325,000. Marsh requested ACE to provide a significant premium reduction in recognition of the long-standing relationship with the City and the total premium paid to ACE since 2000. Historically, ACE has been the only insurer willing to provide coverage at this level.

Automobile and Primary Liability Insurance Financial Security:

The City's Automobile and Primary Liability insurer, ACE INA (ACE) require an additional $20,745,111 of financial security in exchange for providing the renewal automobile and liability insurance policies. Under the current deductible structure, ACE requires collateral for the City's total outstanding reserves (i.e. estimated ultimate losses less paid losses). For the June 1, 2007 renewal, ACE requires total collateral in the amount of $96,366,000 (this is 12% lower than the $109,470,362 estimated ultimate losses less paid losses as advised by Mercer Oliver Wyman in their recent City of Toronto analysis – Actuarial Analysis of General Liability & Auto Liability Loss Reserves as of December 31, 2006). ACE's records indicate that as of January 2007 the value of security held (in government bonds) equalled $75,620,889. Accordingly, an additional $20,745,111 is required (i.e. $96,366,000 less $75,620,889).

Although in the past, ACE would not agree to a large Self Insured Retention (SIR), as opposed to the existing deductible structure, ACE has advised that this position is now open to review (many details regarding policy structure and certificate of insurance issuance remain to be worked out). Under a SIR format, ACE would no longer require security pertaining to losses under the SIR level. If we were able to persuade ACE to change to an SIR format with acceptable terms & conditions, the City's collateral requirements would decrease by approximately $15-20M annually from 2007 onwards. Staff have directed the City's insurance broker to pursue this alternative structure (prior to the June 1, 2007 renewal) and to investigate other possible solutions. Any required changes will be reported directly to Council per Recommendation No. 3 to this report.

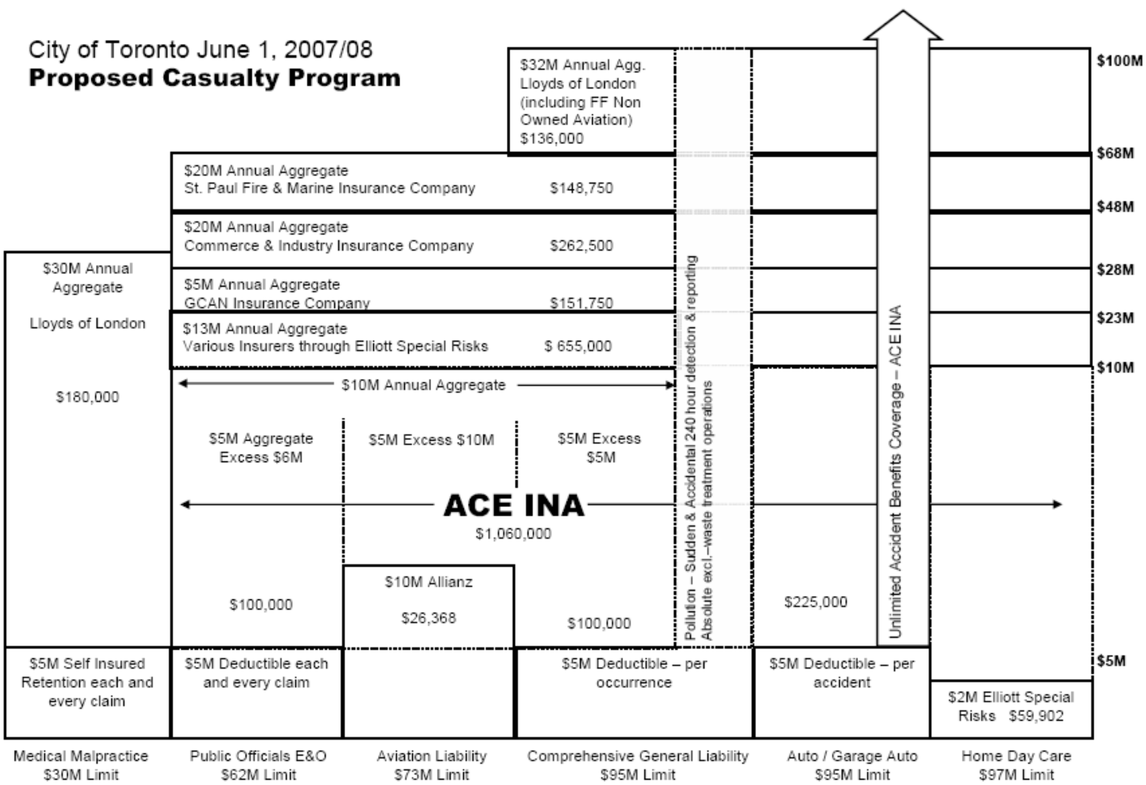
Excess Liability Policies:

Marsh have advised that the City's current excess liability insurance program remains competitive (i.e. an aggressive marketing exercise was conducted for the 2005-6 renewal, which resulted in a $286,246 or 7.3% savings in premium from the expiring (2004/5) program) and in view of the limited available markets, Marsh recommended that they only approach the incumbent insurers, with a target of premium reduction. The incumbent markets responded with a renewal quote of $1,354,000, which represents a $199,875 or 12.9% reduction in total premium as compared to the total premium of the expiring excess liability policies.

See Table (4) and the Proposed Casualty Program graph below for details, which illustrate the layering of primary and excess liability insurance policies to achieve the City's various limits.

Table (4)
Excess Liability Policies

Excess Layers	Insurer	Main Limit	Expiring Premium (June 1, 2006-7)	Renewal Premium (June 1, 2007-8)
First	Scottish & York, temple and Lloyd's of London - Elliott Special Risks	$13M excess of ACE Umbrella excess Primaries	$748,125	$655,000
Second	GCAN	$5M excess of $18M excess Primaries	$175,750	$151,750
Third	Commerce & Industry	$20M excess of $23M excess Primaries	$300,000	$262,500
Fourth	St. Paul	$20M excess of $43M excess Primaries	$170,000	$148,750
Fifth	Lloyd's of London – DAC/ACE	$32M excess of $63M excess Primaries	$160,000	$136,000
Annual Premium - Excess Liability program			$1,553,875	$1,354,000



Medical Malpractice Liability:

This coverage applies to programs such as Public Health, Emergency Medical Services and Homes for the Aged with declared Medical Malpractice exposures.

Medical Malpractice liability insurance will continue to be separated from the other three liability lines because of coverage restrictions imposed by insurers (see Proposed Casualty Program graph on page 6).

An aggressive marketing exercise was conducted at renewal two years ago, consequently Marsh solicited a quotation from the London market, with a target reduction of a 10% following a substantial 17% reduction last renewal.

The London market has met the target reduction. The renewal quote of $180,000 is a further $20,000 or 10% less than the expiring premium despite a 23% increase in reported Medical Personnel at the City. All terms (except premium) remain as per the expiring policy. The details of the recommended renewal are outlined below in Table (5).

Table (5)
Medical Malpractice Liability Insurance

	Expiring	Renewal
Insurers	Lloyds of London – led by Marketform Syndicate	Lloyds of London – led by Marketform Syndicate
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Limits	$30M	$30M
Self Insured Retention - (SIR)	$5M	$5M
Annual Premium	$200,000 - (17% reduction for expiring policy)	$180,000 - (10% reduction for expiring policy)

<u>Property:</u>

As agreed with the City, Marsh requested that FM Global reduce the overall premium of the current program structure despite any value increase at renewal (due to inflation or otherwise). The renewal quote of $2,422,531 represents a decrease of $252,583 or 9.4% from the expiry policy premium despite a 3.4 % increase in the Total Insured Values. The $252,583 figure consists of an $118,826 (4.4%) decrease in premium from the expiry policy premium plus a $133,757 membership Credit. The recommended renewal details are recapped below in Table (6).

Table (6)
Property Insurance

	Expiring	Renewal Quote
Insurers	Factory Mutual Insurance Company	Factory Mutual Insurance Company
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Limits	$500 million per occurrence	$500 million per occurrence
Total Insured Values	$10,388,898,532	$10,740,708,789 (3.4% increase)
Rates	$0.0257 per $100 of values	$0.0238 per $100 of values
Deductible	$5M per occurrence	$5M per occurrence
Annual Premium	$2,675,114	$2,422,531 (inc. Membership credit an overall decrease of 9.5%)

FM Global continues to demonstrate their value to the City in several ways listed below:

(1) Commitment to FM Global

FM's preference is to create long term relationships with its insureds.

However, FM agreed to quote in 2003 with the agreement that if they were able to offer improved coverage at a more competitive price than other insurers, the City would enter a long term partnership with FM. FM was advised that the City's Insurance and Risk Management section would support FM, but that FM would still have to work within the framework of the City's competitive process.

FM is a stable choice during hard and soft markets generally offering more consistency in pricing (premiums do not fluctuate in the same manner as stock insurers).

FM has provided excellent service and has kept all of its promises to date.

(2) Insurance Market Unable to Compete in Prior Years

As evidenced in 2005's marketing exercise, there are still very few property insurers willing to insure municipal property exposures. The City of Toronto's unique exposures and high values narrow this field even further. Ultimately, no new insurer(s) were willing to take on a significant percentage of the limit and thus, there was not enough capacity at a competitive rate to reach $500M in limit. Please refer to Table (7) below.

Table (7)
Results of 2005 Property Marketing Exercise

Property Rate per $100 of value:	$0.02295	$0.025	$0.027
Insurers – Limits/Capacity Indicated:	ACE–INA – 12%	Commonwealth – 20% ACE–INA – 12%	Commonwealth – 20% ACE-INA – 12% GCAN – 20% Royal & Sun Alliance – 11% AIG – 10% (estimated) St. Paul – 5% (estimated)
Percentage of Existing $500 M limit:	12% or $60M	32% or $160M	78% or $390M

While it is vital that the City obtain quotes from alternative insurers on a regular basis, Marsh advises that a marketing exercise not be conducted every year as ultimately insurers will begin to ignore the City and refuse to take the time to put together a quote.

(3) Value in Engineering

FM, with its team of engineers, has provided the City with valuable loss control engineering expertise to date – at no additional cost (estimated value $50,000+ annually). This will continue as the City maintains its relationship with FM.

FM also offers the “My Risk” system – at no additional cost. This risk management tool will help the City with loss control.

(4) Value Reporting

FM has been a partner in working with the City to develop current insured values (values from 1998 have been inflated each year for renewal).

Despite the lack of comprehensive and current values, FM has been willing to not penalize the City in the event a loss exceeds the declared value of the property.

In 2006 FM agreed to pay $14,000 for a third party appraisal of the Humber water treatment facility to help the City develop a benchmark for this type of facility. The appraisal was carried out and it was found that the facility was underinsured.

During the 2007-8 policy term FM Global have agreed to pay for an $18,000 valuation appraisal of Exhibition Place at no cost to the City.

(5) Ashbridges Bay Pelletizer Loss

FM has been cooperative with respect to this significant loss of a City facility.

(6) Membership Credit

FM is a mutual company i.e. it is owned by its policyholders and on occasion membership credits are distributed to insured clients. The last credit was in 2004 for $142,171. A membership credit of $133,757 has been offered to the City should they renew with FM Global on June 1, 2007.

(7) Increased Limits at Humber Treatment Plant and Ashbridges Bay

FM Global has provided the City with a Limit of Liability at the Humber Treatment Plant of $689,000,000 and at Ashbridges Bay of $1,400,000,000. Limits of this size are very difficult to obtain in the marketplace.

(8) Training Resources:

FM Global can assist the City's risk improvements through various Education and Training products including:

- Publications, learning kits, videos and interactive workshops
- Training seminars and customized seminars
- On-line client training

The first training session for the City's Division Directors /Mangers is scheduled for April 2007.

In addition, to the services provided to the City as part of the FM program, the City will receive a $5,000 credit to be used for additional training and resource materials that would otherwise be available at an additional cost.

<u>Boiler & Machinery:</u>

Given the past competitiveness of Royal & Sun Alliance's terms, alternative markets were not approached for quotations.

Furthermore, most competing insurers are not as well staffed as Royal & Sun Alliance and therefore would not in our estimation be able to offer the same level of service with respect to mandatory inspections.

Royal & Sun Alliance has agreed to an "as is" renewal. All terms (including premium) remain as per the expiring policy. The details of the recommended renewal policy are outlined below in Table (8).

Table (8)
Boiler & Machinery Insurance

	Expiring	Renewal
Insurers	Royal & Sun Alliance	Royal & Sun Alliance
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Limits	$100M per occurrence	$100M per occurrence
Main Deductible	$100,000	$100,000
Annual Premium	$206,494	$206,854

Crime:

The City's Crime insurance policy protects against loss of money and securities arising from forgery, burglary, employee dishonesty and robbery inside and outside City buildings.

As an aggressive marketing exercise was performed at last year's renewal, it was agreed that Marsh would only solicit quotations from the incumbent insurer, American Home Assurance Company. The incumbent insurer's renewal quote of $89,564 represents a minimal reduction (i.e. less than 1%) from the expiring policy premium. For perspective, last year's premium of $90,209 represents a 40.9% or $62,416 reduction from the expiring (2004/05) policy premium.

All terms (excluding premium) remain as per the expiring policy. The details of the recommended renewal are outlined below in Table (9).

Table (9)
Crime Insurance

	Expiring	Renewal
Insurance Company	Lloyd's of London	St. Paul Guarantee Insurance Company
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Main Limit	$10M	$10M
Self-Insured Retention/Deductible	$5M	$5M
Annual Premium	$90,209	$89,564

Aviation:

This policy provides hull (i.e. physical damage) and liability insurance for the single aircraft (Cesna 206) used by Toronto Police Service.

As a full marketing exercise was conducted in 2005, which resulted in significant savings by moving to the current insurer, we agreed that only Allianz was to be approached this year for renewal terms. All terms (including premium) remain as per the expiring policy. The details of the recommended renewal are outlined below in Table (10).

Table (10)
Aviation Insurance

	Expiring	Renewal
Insurance Company	Allianz Insurance Company of Canada	Allianz Global Risks US Insurance Company
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Main Limit	$10M; $1.475 M Hull	$10M; $1.475 M Hull
Self-Insured Retention/Deductible	$1,000	$1,000
Annual Premium	$26,368	$26,368

Marine:

The City insures its marine vessels against physical damage under a Hull & Machinery policy and for liability under a Protection & Indemnity policy.
As a condition of the their renewal quote, the incumbent insurers require Condition & Valuation surveys completed on the 3 vessels (i.e. Sora, William Inglis and the Ongiara) before December 31, 2007.

The City's fleet has decreased from 22 to 21 vessels. Correspondingly, the insured Hull & Machinery value for the June 1, 2007 renewal has decreased by a small amount (i.e. $30,000) to $23,112,525. The renewal quote of $219,224 represents a $5,441 or 2.5% increase over the expiring premium. The rate increase is completely due to the poor loss record London market experienced on Hulls over the past year.

Details of the expiring/quoted renewal policy are outlined below in Table (11).

Table (11)
Marine Insurance

	Expiring	Renewal
Insurance Company	Subscription, Lloyds, Navigators Insurance Company & Shipowners P&I	Subscription, Lloyds, Navigators Insurance Company & Shipowners P&I
Main Limit	$23,142,525 Hull $10,250,000 Replacement Tonnage $500,000,000 Liability	$23,112,525 Hull $10,250,000 Replacement Tonnage $500,000,000 Liability
Self-Insured Retention/Deductible	$5K - $15K Hull N/A - Replacement Tonnage $1K - $5 K Liability	$5K - $25K Hull N/A - Replacement Tonnage $1K - $5 K Liability
Annual Premium	$213,783	$219,224

Fiduciary Insurance Liability:

The City has 5 non-Omers employee Pension Plans. Members of the Committee or Board constituting the Plan Administrator of any of these City sponsored employee pension plans may be held personally liable for breach of their responsibilities in the administration and/or handling of these plans. Subject to some limitations, the City is obligated to indemnify and save harmless the Plan Administrators. Fiduciary Liability insurance is purchased to fund the City's obligation to indemnify and save harmless the Plan Administrators.

As a marketing exercise was performed at last renewal, it was agreed that Marsh would solicit quotations from only the incumbent insurer, Chubb Insurance Company of Canada. Chubb was asked to quote on increase limits. Table (12) below summarizes the quotations received by Marsh.

Table (12)
Fiduciary Quotations for 2007/08 policy term

	Main Limit	Deductible	Annual Premium
Option 1	$10M(current limit)	$100,000	$45,000
*Option 2	$15M	$100,000	$60,000
Option 3	$20M	$100,000	$71,250

After reviewing the current limit and the City's needs with the Plan Administrators, *Option 2 is recommended. The renewal quote of $60,000 represents a 20% increase in premium for a $5M or 50% increase in the main limit. The details of the recommended renewal policy are outlined below in Table (13).

Table (13)
Fiduciary Liability Insurance

	Expiring	Renewal
Insurers	Chubb Insurance Company of Canada	Chubb Insurance Company of Canada
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Limits	$10M	$15M
Main Deductible	$100,000	$100,000
Annual Premium	$50,000	$60,000

Home Child Care Liability:

This policy provides liability insurance coverage for the currently 275 active Home Child Care Providers under contract to provide services for the City of Toronto.

As a full marketing exercise was conducted in 2005 resulting in significant savings, we agreed that Marsh would only approach the incumbent insurer, Elliot Special Risks, for a renewal quotation.

Elliot Special Risks has quoted a renewal premium of $59,902, which represents a $4,857 or 7.5% decrease from the expiring policy premium. All terms (excluding premium) remain as per the expiring policy. The details of the recommended renewal are outlined below in Table (14.)

Table (14)
Home Child Care

	Expiring	Renewal
Insurance Company	Elliot Special Risks	Elliot Special Risks
Policy Term	June 1, 2006 to June 1, 2007	June 1, 2007 to June 1, 2008
Main Limit	$2M	$2M
Self-Insured Retention/Deductible	$1,000	$1,000
Annual Premium	$64,759	$59,902 (7.5% reduction from expiring policy)

CONTACT

Len Brittain, Director, Corporate Finance
Tel: (416) 392-5380; Fax: (416) 397-4555; E-mail: lbrittai@toronto.ca

Jeff Madeley, Manager, Insurance & Risk Management, Corporate Finance
Tel: (416) 392-6301; Fax: (416) 397-4555; E-mail: jmadeley@toronto.ca

Dean Smith, Sr. Risk Management Analyst, Insurance & Risk Management, Corporate Finance; Tel: (416) 397-4206; Fax (416) 397-4555; E-mail: dsmithd@toronto.ca

SIGNATURE

____
Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Attachment 1 – Renewal Details
Attachment 2 – All policies expire June 1, 2007

Attachment 1
2007 – 2008 Insurance Program
Renewal Details

INSURANCE POLICIES	INSURER(S)	MAIN LIMIT ($'S)	SELF INSURED RETENTION / DEDUCTIBLE ($'S)	JUNE 1ST, 2007 RENEWAL PREMIUM ($'S)
Primary Liability:				
Comprehensive General Liability	Fronting Policies through ACE INA	5 million	5 million	425,000
Public Officials E & O		5 million	5 million	
Automobile		5 million	5 million	
Garage Automobile		5 million	5 million	
Medical Malpractice Liability	Lloyds of London - led by Market form Syndicate	30 million	5 million	180,000
Umbrella & Excess Liability:				
Primary Umbrella	ACE INA	5 million	5 million	1,060 million
1st Excess Liability	Various through Elliot Special Risks	13 million	Nil	655,000
2nd Excess Liability	GCAN	5 million	Nil	151,750
3rd Excess Liability	Commerce & Industry	20 million	Nil	262,500
4th Excess Liability	St. Paul	20 million	Nil	148,750
5th Excess Liability	Lloyds of London	32 million	Nil	136,000
Property	Factory Mutual Insurance Company	500 million	5 million	2,422,531
Boiler & Machinery	Royal & Sun Alliance	100 million	100,000	206,854
Crime	American Home Assurance Company	10 million	5 million	89,564
Aircraft Hull & Liability	Allianz Insurance Company of Canada	10 million 1.475 million Cessna-206H	1,000 Hull	26,368
Non-Owned Aircraft Liability	Allianz Insurance Company of Canada	10 million	1,000 Deductible	Included
Marine –Hull & Machinery (Fleet – 22)	Subscription lead by ACE INA + others	23.1 million	5,000-25,000 Deductible	132,897
Marine Increased Value (Fleet 7)	Lloyd's of London	4.83 million for 7 vessels	Not Applicable	9,660
Marine – Replacement Tonnage (Fleet 4 – "Wm Lyon McKenzie", "Trillium", "Sam McBride" & "Thomas Rennie"	Navigators Insurance Company	10.25 million for 4 vessels	Not Applicable	15,375
Marine – Protection & Indemnity	Shipowners' Protective & Indemnity Mutual	US 500 million	1,000-5,000 Deductible	61,292
Fiduciary Liability	Chubb Insurance	15 million	100,000	60,000
Home Day Care Liability	Elliot Special Risks	2 million	1,000 Deductible	59,902
GRAND TOTAL				$6,103,443 plus applicable provincial tax

Attachment 2
2006 – 2007 Insurance Program
All Policies Expire June 1, 2007

INSURANCE POLICIES	INSURER(S)	MAIN LIMIT ($'S)	SELF INSURED RETENTION / DEDUCTIBLE ($'S)	JUNE 1ST , 2006 RENEWAL PREMIUM ($'S)
Primary Liability:				
Comprehensive General Liability	Fronting Policies through ACE INA	5 million	5 million	500,000
Public Officials E & O		6 million	6 million	
Automobile		5 million	5 million	
Garage Automobile		5 million	5 million	
Medical Malpractice Liability	Lloyds of London - led by Marketform Syndicate	30 million	5 million	200,000
Umbrella & Excess Liability:				
Primary Umbrella	ACE INA	5 million	5 million / 6 million – E&O	1.325 million
1st Excess Liability	Various through Elliot Special Risks	13 million	Nil	748,124
2nd Excess Liability	GCAN	5 million	Nil	175,750
3rd Excess Liability	C&I	20 million	Nil	300,000
4th Excess Liability	St. Paul	20 million	Nil	170,000
5th Excess Liability	Lloyds of London	32 million	Nil	160,000
Property	Factory Mutual Insurance Company	500 million	5 million	2,675,114
Boiler & Machinery	Royal & Sun Alliance	100 million	100,000	206,854
Crime	American Home Assurance Company	10 million	5 million	90,209
Aircraft Hull & Liability	Allianz Insurance Company of Canada	10 million 1.475 million Cessna-206H	1,000 Hull	26,368
Non-Owned Aircraft Liability	Allianz Insurance Company of Canada	10 million	1,000 Deductible	Included
Marine –Hull & Machinery (Fleet – 22)	Subscription lead by ACE INA + others	23 million	5,000-25,000 Deductible	133,070
Marine Increased Value (Fleet 7)	Lloyd's of London	4.83 million	Not Applicable	9,660
Marine – Replacement Tonnage (Fleet 4 – "Wm Lyon McKenzie", "Trillium", "Sam McBride" & "Thomas Rennie"	Navigators Insurance Company	10.25 million for 4 vessels	Not Applicable	15,375
Marine – Protection & Indemnity	Shipowners' Protective & Indemnity Mutual	US 500 million	1,000-5,000 Deductible	55,678
Fiduciary Liability	Chubb Insurance	10 million	100,000	50,000
Home Day Care Liability	Elliot Special Risks	2 million	1,000 Deductible	64,759
*GRAND TOTAL				$6,905,692 plus applicable PST

* Premium reconciliation between GRAND TOTAL reported above and $6,913,753 reported last year to council:
Last Year's reported GRAND TOTAL: $6,913,753
LESS negotiated premium savings:
1. Crime Policy: ($7,791) approval for $98,000 but negotiated final premium of $90,209

Reconciled GRAND TOTAL for 2006-7: **$6,905,692**