

Insurance rate jump prompts spike in Aurora's proposed 2014 tax increase

By Brock Weir

The finish line in completing Aurora's 2014 budget has been pushed back after the Town's proposed tax increase for 2014 rose to 4.02%.

Combined with tax increases from the Region, as well as for schools, the proposed increase translates into a 2.10% impact on the residential tax bill.

Councillors aimed to wrap up the budget on Monday night, which had stood at 3.87%, before final approval on February 25. Extensive discussions around the table, including ideas to bring down that 4.02% prompted a further deliberation meeting to be scheduled for Monday, February 24.

Monday's discussions were dominated by a nearly 42% increase in the cost of insurance premiums facing Aurora this year, stemming not only from claims, but also an error on the part of insurers. Talks then turned towards the beleaguered Aurora Historical Society and the future of their continued support through the municipal dollar.

In 2013, the Town of Aurora paid \$363,488 in insurance premiums. This year, however, that number is skyrocketing to \$515,508, an increase of nearly 42%. According to Town Solicitor Warren Mar, after continued negotiations with the Town insurer, BPI Canada, on various options on bringing this number down, this was the "best" they could come up with.

A large part of the increase, he said, was a "1% principle" for municipalities in claims where even if Aurora is held just 1% responsible for claims such as slipping and falling, they are forced to pay damages. Also playing a significant factor in the increase over 2013 was a miscalculation on the part of the insurer on Aurora's population.

"Our 2013 term was based on the Town having a population of 45,000 and that was not accurate," said Mr. Mar. "The Town has a 58,000 population as of this year and that is what the insurance premium for general liability was based upon. That is a 28.9% increase in our population and that also equated to a 28.9% increase in our general liability premiums."

Speaking to Council on behalf of BPI was Robin McCleeve, Vice President of Insurance and Risk Management for public sector clients. She said BPI struck a deal with many municipalities, including York Region's Northern Six municipalities on a group rate of which Aurora is a part, when the marketplace was "relatively soft" and things have since hardened.

"Insurers were taking a much harder look at populations because, based on your populations, that means there is a greater potential you could experience a loss," said Ms. McCleeve. "As difficult as this is for all of you, we still feel we are doing our very best to keep our premiums to a level that is reasonable and that is sustainable for municipalities across Ontario."

It was little comfort to many Councillors who questioned how such a huge jump "and such a significant error" had taken place in calculations.

"A 41.8% increase based on population is a difficult story to accept," said Councillor Sandra Humfries. "I think any other increase by any other insurance vendor needs a lot more explaining. We haven't had any huge anomalies that would cause that increase, I am really concerned."

Added Councillor Michael Thompson: "One of the reasons [BPI] may have scored so well is because of that error in the calculation based upon our population. The range was quite wide in the report presented to us and it would be interesting to go back and take another look at that to see how that may have impacted the decision-making process. The mistake may have led us to choose them and now the situation is sort of reversed."

While Council debated about the merits of meeting with N6 partners to look at alternative insurance providers in the coming months, others questioned the timing of BFI informing the Town its insurance rates were going up so significantly "receiving word in" mid

to late December.?

?Clearly that does not make a hell of a lot of sense to me, and it certainly puts us in a very difficult position,? said Councillor John Gallo. ?It is quite frankly unacceptable and shocking for a January 1 start that we get this in the middle or end of December.?

Council then turned its sites on the Aurora Historical Society (AHS). At the last budget deliberation meeting, Council approve a \$20,000 boost in funding to the AHS to keep them afloat, bringing their total of municipal funding for 2014 to \$70,000. On Monday, Council decided to split this increase in two with \$10,000 going onto the tax rate and \$10,000 from contingency reserves.

With this funding in place when the budget is eventually improved, however, Council now believes it is time to ?cut the umbilical cord? with the group unless they can form a sound business plan which will stop the bleed on their own reserves.

Speaking out on cutting the funding were Councillors Paul Pirri and Evelyn Buck, the latter of whom said it was not up to the taxpayers to maintain Hillary House. She also cited an upcoming bid from the AHS to run a re-established Aurora Museum on behalf of the Municipality, which could see even more money going in for their services.

?I was very eager for them to come back to us with a long-term plan that would ensure long-term funding and that didn't happen,? said Councillor Chris Ballard. ?It is frustrating to me because Hillary House is important to Aurora [but] we are not seeing the long-term planning I think is necessary to ensure the viability of that house.

?It is time we start having that grown-up discussion with the AHS that they have to start getting their ducks in a row. Unless Council starts seeing a clear plan on how they are going to maintain that house, we just can't continue to fund it.?

Although Councillors such as John Abel argued in support of the funding but stressing bodies like the Federal government need to get involved to maintain the house, the majority agreed they couldn't cut the AHS off cold turkey when they are banking on the money for the year ahead.

?If Council wishes to eliminate the funding, the fair thing to do would be to give fair warning to the Society,? said Mayor Dawe, noting his support of the funding. ?It would be totally inappropriate just to turn that away at this point. It doesn't give them any option whatsoever and would be bad faith on our part.?