
MANAGEMENT REPORT

Date: February 13, 2023
To: Infrastructure, Transportation and Safety Committee
From: Chris Bantock, Deputy Clerk
Report #: ITS23-005
Attachments: None

Title: Amendment to Business Licensing By-law 187-2004

Objective: To amend the City's Business Licensing By-law for the purpose of increasing the minimum commercial general liability requirement for all business license types from \$2 million to \$5 million.

Background: On December 19, 2022, Council approved the extension of 2022 business licenses until March 31, 2023, to allow for time to consider an increase to minimum insurance requirements under the Business Licensing By-law.

In accordance with the City's Notice Policy, a Public Meeting was held on January 16, 2023, to hear from members of the public regarding proposed amendments to the Business Licensing By-law.

Staff have reconfirmed the recommendation from the City's insurer to increase liability requirements to \$5 million for all business licenses. It has also been noted that this recommendation is not one specifically being made for business licenses and has been recommended by the City's insurer for incorporation in all third-party relationships.

Analysis: Under section 151(1) of the Municipal Act, 2001, the City has the authority to set requirements for obtaining, holding or renewing a business license. Staff are proposing to amend the Business Licensing By-law to bring into effect the recommendation from the City's insurer as follows:

- 2.50 All businesses required to be licensed in accordance with this by-law shall provide and maintain, at their own expenses, liability and property damage insurance in the minimum amount of \$5,000,000, or such other amount as determined by the City from time to time, to protect the City as owner of the municipal property against all liability.

Additional housekeeping amendments to the by-law, including the renumbering of subsequent sections and removing reference to current liability requirements would also be undertaken through approval of the above.

The purpose of this amendment is to mitigate risks for both the City and business licensees. As \$2 million liability is largely considered to be no longer sufficient in many cases from a coverage perspective, requiring \$5 million liability makes it more likely licensees will not be under-insured. In cases where a third-party may be under-insured, the City could be responsible for picking up a disproportionate share of costs related to potential claims. Having higher liability coverage also increases protection for business licensees in the event of a claim against them and ensuring adequate coverage.

At the January 16, 2023, Public Meeting, one delegation presented concerns that tattoo/piercing businesses would not be able to obtain commercial general liability insurance in the amount of \$5 million. Following the Public Meeting, as it was unknown at the time, staff consulted with the City's insurer who confirmed specifically for these business types that insurance in this amount is available and to their knowledge can be obtained.

Financial Implications:

Insurance considerations:

The City's insurer has reviewed the application of recommended insurance requirements and confirmed that a minimum \$5 million commercial general liability should be requested by the City of all business license holders.

Alignment with Strategic Priorities:

Not applicable: The proposed increase to insurance requirements under the City's Business Licensing By-law, as recommended by the City's insurer, is an administrative update and does not directly align with the Strategic Priorities.

Alignment with One Planet Principles:

Not applicable: The proposed increase to insurance requirements under the City's Business Licensing By-law, as recommended by the City's insurer, is an administrative update and does not directly align with the One Planet Principles.

Staff Recommendation: THAT Business Licensing By-law 187-2004, as amended, be further amended to increase the minimum commercial general liability requirements of all business licenses from \$2 million to \$5 million.

Prepared by:

Chris Bantock, Deputy Clerk

Recommended by:

Karmen Krueger, CPA, CA, Director of Corporate Services
Joan Thomson, Chief Administrative Officer