



HED Hayhurst
Elias
Dudek Inc.
INSURANCE AND RISK SERVICES



Municipal General Insurance Programs Report



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Property & Casualty Program Structure

- “Protected self-insurance”, with annual AMM-held loss pool that pays 1st portion of claims
- Unique structure, benefits include:
 1. Interest earnings on self-insurance fund
 2. Control of claims
 3. Ownership of capital- fund money not required for claims
- Excess insurance above the fund from 8 commercial insurers for complete protection



Property & Casualty Program Structure

- Un-used loss pool funds belong to municipalities
- “Guaranteed replacement cost” protection for buildings, also for mobile machinery and equipment up to 10 years old
- \$20,000,000 liability protection
- Crime, boiler and accident coverage



Claims History Five Years, Ten Months

Jan 1/03 - Apr 1/04	\$ 4,077,054
Apr 1/04-05	\$ 2,442,950
Apr 1/05-06	\$ 4,426,660
Apr 1/06-07	\$ 4,852,802
4-Yr Average	\$ 3,648,837
Apr 1/07-08	\$ 18,102,886
7 Months to Oct 31/08	\$ 1,676,016



3 Yr. 7 Mo. Values, Rates, Self-Insurance

	April 1, 2005	Values Mar 31, 2007; Renewal April 1, 2007	April 1, 2008 Renewal	As at November 19, 2008
Total Estimated Values Insured	\$ 1,646,038,910	\$ 2,148,240,985	\$3,285,599,385	\$3,220,101,556
Self-Insurance Funding	\$ 3,500,000	\$ 4,000,000	\$ 5,500,000	\$ 5,352,750
Excess Insurance Cost	\$ 3,520,302	\$ 3,511,102	\$ 4,511,658	\$ 4,318,470
Total Annualized Cost to Municipalities	\$ 7,020,302	\$ 7,511,102	\$ 10,011,658	\$ 9,671,220
Average Rate Per \$100	\$ 0.43	\$ 0.35	\$ 0.30	\$ 0.30



April 1, 2008 Property/Casualty Renewal

- 36 insurers approached for renewal, only 3 quotes received
- Now 8 insurers sharing the program risks
- 26% increase in total cost to municipalities – **\$7,700,000 up to \$9,671,000** as at Nov/08



Potential Rebate

7 month 08/09 claims total \$1,676,000.....

....if 08/09 claims end at past annual average of \$3,650,000, this year's \$5,350,000 loss pool would have a municipality-owned surplus of \$1,700,000.

Same as in 2004 and 2005, when \$1,000,000 and \$918,000 rebated.



Optional Coverage on Arenas, other Buildings

- Standard is “Guaranteed Replacement Cost”
- Option to select a lower insured amount in order to reduce the premium (no co-insurance penalty clause)
- Then restricted to such lower amount in any claim settlement - No Guaranteed Replacement Cost!
- 71 locations have done so, almost all are arenas or curling rinks that do not plan to rebuild, or who could not afford the premium



Loss Prevention, Risk Management

- Terry Lee hired as dedicated inspector for AMM
- also available for claims assistance
- Inspections of facilities for construction info and sizes (for estimated valuation system)
- Surveys for fire, liability, and crime hazards with recommendations for improvements
- 196 larger facilities in 56 municipalities now completed
- Inspections reveal needed corrections on reported construction, size of buildings
- Often result in recommendations re maintenance of fire alarms and safety equipment



Health and Dental

- Self-insured since Jan/05, with claim payment services by Manitoba Blue Cross
- Accumulated surplus \$467,642, owned by municipalities
- Average annual increase 5.7% last 5 years, much lower than other group benefit plans
- 132 municipalities participate, plus 103 others like conservation, recreation, planning and weed districts, and retirees; 1,305 employees/councilors plus families insured
- Total premiums now \$2,950,000 annual
- Jan 09 increase 3.5% overall, varies somewhat based on individual municipalities' claims



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Thank You