



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
- Excess insurance from commercial insurers for complete protection
- 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



April 1, 2008 Property/Casualty Renewal

- Very high claims in 07-08 policy year - \$18,784,000
- Total insured values for 2008 Renewal - \$3.27 Billion
- Up from \$2.15 Billion April 07; double in 3 years from \$1.65 Billion April 2005
- Previous insurer St. Paul Travelers refused to renew property coverage due to high claims



April 1, 2008 Property/Casualty Renewal

Five Years Claims Experience

Jan 1/03 - Apr 1/04	\$ 4,072,615
Apr 1/04-05	\$ 2,442,521
Apr 1/05-06	\$ 4,308,729
Apr 1/06-07	\$ 4,780,629
4-Yr Average	\$ 3,901,124
Apr 1/07-08	\$18,784,542



April 1, 2008 Property/Casualty Renewal

Five Years Claims Experience

	April 1, 2005	Values Mar 31, 2007; Renewal April 1, 2007	March 21, 2008	April 1, 2008 Renewal
<u>Renewal April 2008 & 3 Year History</u>				
Total Estimated Values Insured	\$ 1,646,038,910	\$ 2,148,240,985	\$ 3,064,669,070	\$3,285,599,385
Self-Insurance Funding	\$ 3,500,000	\$ 4,000,000	\$ 4,000,000	\$ 5,500,000
Excess Insurance Cost	\$ 3,520,302	\$ 3,511,102	\$ 3,799,805	\$ 4,511,658
Total Annualized Cost to Municipalities	\$ 7,020,302	\$ 7,511,102	\$ 7,799,805	\$ 10,011,658
Average Rate Per \$100	\$ 0.43	\$ 0.35	\$ 0.25	\$ 0.30



April 1, 2008 Property/Casualty Renewal

Major Claims 07-08

- Winnipegosis Arena \$2,725,000
 - Cartwright Arena \$3,670,000
 - Stanley Garage \$1,031,000
 - Stonewall Interpretive Centre \$2,260,000
 - Dauphin Hailstorm \$5,417,000
- (5 Incidents = 80% of Total Claims for 07-08)



April 1, 2008 Property/Casualty Renewal

- 36 insurers approached for renewal, only 3 quotes received
- Now 8 insurers sharing the program risks
- 28% increase in total cost to municipalities – **\$7,800,000 up to \$10,000,000**
- % increases vary based mostly on arenas
- Self-Insurance loss pool now \$5,500,000, up from \$4,000,000
- Excess insurance cost now \$4,500,000, up from \$3,800,000



April 1, 2008 Property/Casualty Renewal

If future claims return to past average of \$3,900,000 per year, each year's \$5,500,000 loss pool would have a municipality-owned surplus of \$1,600,000.



April 1, 2008 Property/Casualty Renewal Optional Coverage on Arenas, other Buildings

- Standard is “Guaranteed Replacement Cost”
- Option to select a lower insured amount in order to reduce the premium
- Then restricted to such lower amount in any claim settlement - No Guaranteed Replacement Cost!
- 36 locations have done so, almost all arenas & curling rinks that do not plan to rebuild
- Carefully consider the consequences of this option should your arena/rink suffer a total loss.



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.



Health and Dental

- Self-insured since Jan/05, with claim payment services by Manitoba Blue Cross
- Accumulated surplus \$374,000, owned by municipalities
- Average annual increase 5.7% last 5 years, much lower than other group benefit plans
- 131 municipalities participate, plus 97 others like conservation, recreation, planning and weed districts, and retirees
- 1,290 employees/councilors plus families insured
- Total premiums now \$3,060,000 annual.



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Questions?