



**HED** Hayhurst  
Elias  
Dudek Inc.  
**INSURANCE AND RISK SERVICES**



# Municipal General Insurance Programs Report



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## Property & Casualty Program Structure

- Unique “Protected self-insurance” structure, with AMM-held loss pool that pays 1<sup>st</sup> portion of claims
- Excess insurance from 8 commercial insurers to provide complete protection
- Un-used loss pool funds belong to municipalities
- “Guaranteed replacement cost” protection for buildings, also mobile machinery up to 10 years old
- \$20,000,000 liability protection
- Crime, boiler and accident coverage



## Claims History Six Years, Ten Months

Jan 1/03 - Apr 1/04	\$ 4,133,086
Apr 1/04-05	\$ 2,490,266
Apr 1/05-06	\$ 4,521,569
Apr 1/06-07	\$ 4,271,926
<b>4-Yr Average</b>	<b>\$ 3,854,212</b>
<b>Apr 1/07-08</b>	<b>\$ 18,846,230</b>
<b>Apr 1/08-09</b>	<b>\$ 3,058,307</b>
<b>7 Months to Oct 31/09</b>	<b>\$ 3,760,474</b>



## April 1, 2008 Property/Casualty Renewal

- Prior excess insurer (St. Paul Travelers) refused to renew coverage because of high claims
- Tenders for renewal with 36 insurers approached, only 3 quotes received
- Now 8 insurers sharing the program risks
- 30% increase in total cost to municipalities –  
**\$7,700,000 annual in March 08 up to \$9,991,000 on renewal April 1**



## April 1, 2009 Property/Casualty Renewal and Four Year History

	April 1, 2005 Renewal	April 1, 2007 Renewal	April 1, 2008 Renewal	April 1, 2009 Renewal
<b>Total Estimated Values Insured</b>	\$ 1,646,039,000	\$ 2,493,333,000	\$ 3,288,418,000	\$ 3,284,734,900
<b>Self-Insurance Funding</b>	\$ 3,500,000	\$ 4,000,000	\$ 5,500,000	\$ 5,500,000
<b>Excess Insurance Cost</b>	\$ 3,520,302	\$ 3,511,099	\$ 4,491,245	\$ 4,506,863
<b>Total Annualized Cost to Municipalities</b>	\$ 7,020,302	\$ 7,511,099	\$ 9,991,245	\$ 10,006,863
<b>Average Rate</b>	\$ 0.043	\$ 0.030	\$ 0.030	\$ 0.030



## Financial Stability; Potential Rebates

Although total cost to municipalities increased in April 08 because of 07-08 claims....

- The estimated total value of insured property has doubled over the last 4 years
- The average “rate per \$100” of value has reduced by 30% from 43 cents to 30 cents
- Self-insurance funding (for potential premium refunds) has increased 57% from \$3.5MM annually to \$5.5MM annually



## Financial Stability; Potential Rebates

- The program surplus has grown from \$306,000 March 31, 2008 to \$4,195,014 Oct 31, 2009, an average of \$21,294 per municipality
- 5 months claims left to go in current year; current year trend is towards \$6,000,000+
- \$2,000,000 is retained for “Incurred-But-Not-Reported” claims (owned by municipalities)
- Annually, surplus amounts over \$2,000,000 are refunded



## Loss Prevention, Risk Management

- HED Loss Prevention inspectors (three in Manitoba) continue to conduct inspections of large municipal facilities
- Inspections of facilities include construction details and sizes (for estimated valuation system)
- Surveys for fire, liability, and crime hazards with recommended improvements to prevent losses



## Health and Dental

- Self-insured since 5 years since Jan/05, with claim payment services by Manitoba Blue Cross
- Accumulated surplus \$605,000, owned by municipalities, used to maintain rate stability
- Average annual increase 5.5% last 5 years, much lower than other group benefit plans
- 136 municipalities participate, plus 120 others like conservation, recreation, planning and weed districts, and retirees; 1,408 employees/councillors plus families insured, total 3,624 persons
- Total premiums now \$3,376,000 annual; rates stay the same for 2010



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# Thank You