



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



# **Municipal General Insurance Programs Report**

**(copies will be posted on the AMM and HED websites)**



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## Property & Casualty Program Structure

- “Protected self-insurance”, with annual AMM-held loss pool that pays 1<sup>st</sup> 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 - \$18,554,616
- Total insured values for 2008 Renewal - \$3.29 Billion, double in 3 years from \$1.65 Billion April 2005
- Previous insurer St. Paul Travelers refused to renew property coverage due to high claims; tenders requested
- 36 insurers approached, only 3 quotes received
- 6 insurers share the program property risks on renewal
- 28% increase in total cost to municipalities – **\$7,800,000** as at Mar/08 **up to \$9,990,000 on renewal April 1**
- Self-Insurance loss pool \$5,500,000, up from \$4,000,000
- Excess insurance cost \$4,490,000, up from \$3,800,000
- 68% of the increase went to the self-insurance loss pool, not to excess insurers



## April 1, 2009 Property/Casualty Renewal

### Five Years Claims Experience

Jan 1/03 - Apr 1/04	\$ 4,121,361
Apr 1/04-05	\$ 2,498,782
Apr 1/05-06	\$ 4,429,569
Apr 1/06-07	\$ 4,229,501
Apr 1/07-08	\$ 18,554,616
Apr 1/08-09	\$ 3,313,552



## 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	\$ 3,301,972,000
<b>Self-Insurance Funding</b>	\$ 3,500,000	\$ 4,000,000	\$ 5,500,000	\$ 5,500,000
<b>Excess Insurance Cost, incl AMM</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 Per \$100</b>	\$ 0.043	\$ 0.030	\$ 0.030	\$ 0.030



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

Because of high claims in 2007-08, the initial annual cost to municipalities increased by 28% last year...

### However....

- 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; much better than just premiums increasing



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

Because of high claims year in 2007-08, the initial annual cost to municipalities increased by 28% last year...

### However....

- The program surplus has grown from \$306,000 March 31, 2008 to \$2,384,000 May 31, 2009, owned by municipalities; program is stable
- Surplus amounts over \$2,000,000 are refundable, after allowance for “Incurred But Not (yet) Reported” claims
- Similar claims in 09-10 would result in a premium refund of about \$1.5-\$2 Million next year at this time.



## **April 1, 2009 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!
- A total of 96 locations have done so, including many arenas & curling rinks that do not plan to rebuild
- Carefully consider the consequences of this option should your arena/rink/facility suffer a total loss.



## Health and Dental

- Self-insured since Jan/05, with claim payment services by Manitoba Blue Cross
- Accumulated surplus \$633,000, owned by municipalities
- Average annual premium increase 5.5% last 5 years, much lower than other group benefit plans
- 131 municipalities participate, plus 108 others like conservation, recreation, planning and weed districts, and retirees
- 1,362 employees/councilors insured, 3,553 incl dependents
- Total premiums now \$3,318,000 annual.



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# Questions?