

AMM GENERAL INSURANCE PROGRAM

Annual Renewal Virtual Meeting

March 1st, 2024

AMM Insurance Program

For over 45 years, Western Financial Group has worked in partnership with the Association of Manitoba Municipalities to provide innovative Commercial & Employee Benefits Program to its members. Both programs provide Municipalities with a program that not only provides superior coverage, but also provides rate stability not seen on the open market.

We continue to work with our industry partners to strengthen the program through new offerings and enhancements designed to protect Municipalities. Our continued partnership ensures members have access to reliable insurance coverage and expert advice as they navigate the challenges of the future.



Western Financial Group – AMM Team Contacts

Grant Ostir	Chief Growth Officer	Grant.Ostir@westernfg.ca	
Drew Woytko	Director, Business Development	Drew.Woytko@westernfg.ca	Ext. 50152
Rudy Penner	Director, Risk Management	Rudy.Penner@westernfg.ca	Ext. 50240
Kristin Keating	Program Manager, Municipalities	Kristin.Keating@westernfg.ca	Ext. 50191
Charmaine Virtucio	Advisor, Commercial Insurance	Charmaine.Virtucio@westernfg.ca	Ext. 50187
Jordan Lontajo	Program Manager, Employee Benefits	Jordan.Lontajo@westernfg.ca	Ext. 50213
Albert Liu	Advisor, Employee Benefits	Albert.Liu@westernfg.ca	Ext. 50206
Meghan Carriere	Administrator, Employee Benefits	Ebaum@westernfg.ca	Ext. 50147

AMM General Insurance Program

Property & Casualty

AMM General Insurance Program Structure

HISTORY:

Protected Self-Insurance Program initiated in the early 1970's; partnership between the AMM and HED/Western Financial Group.

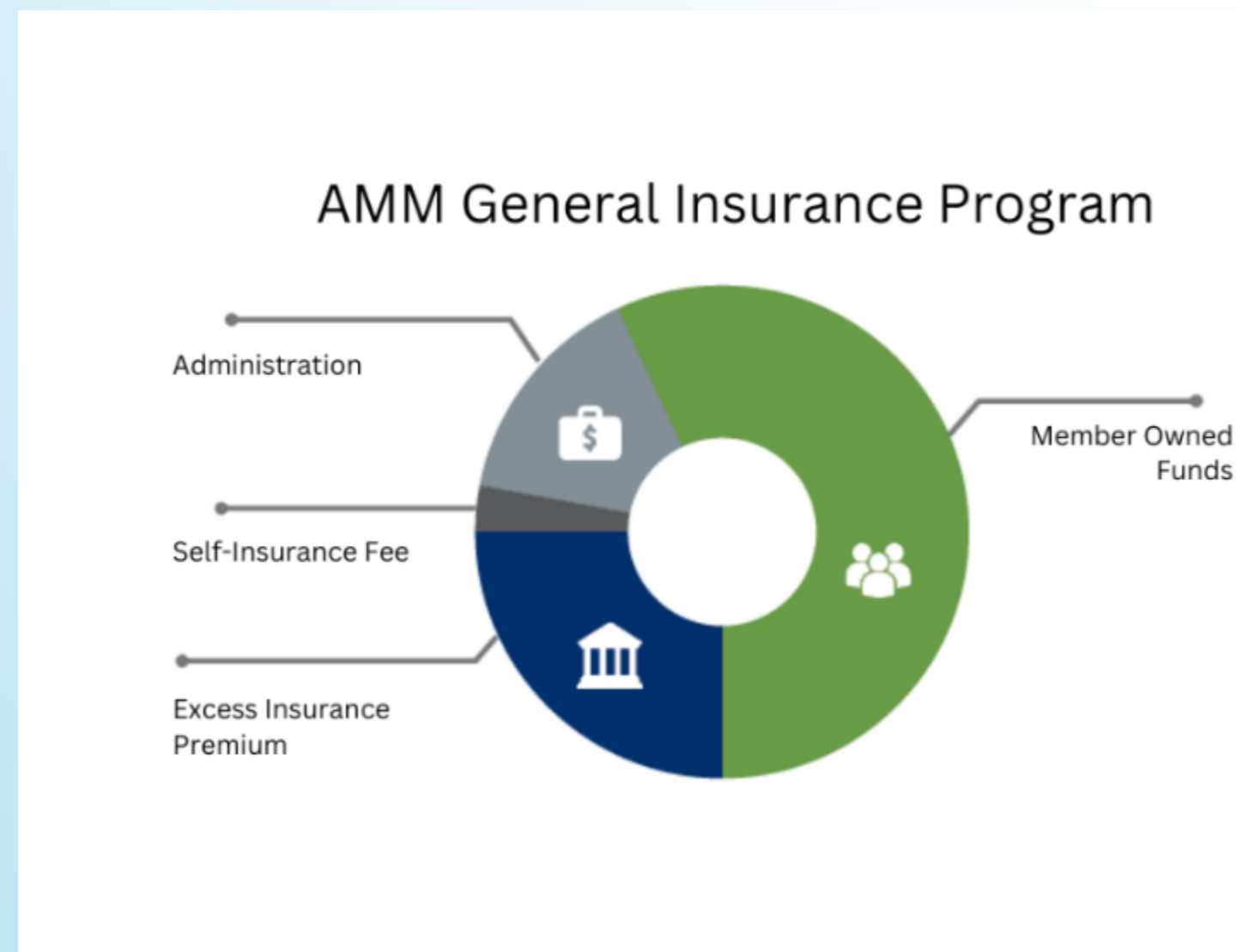
Protected Self-Insurance Model implemented to provide ownership and control to the AMM over the commercial & employee benefit programs.

Since 2010, almost \$26.6 million in premiums have been returned from the AMM held loss Pool back to municipalities; in a traditional open-market this would go to the insurance industry as profit.

AMM General Insurance Program Structure

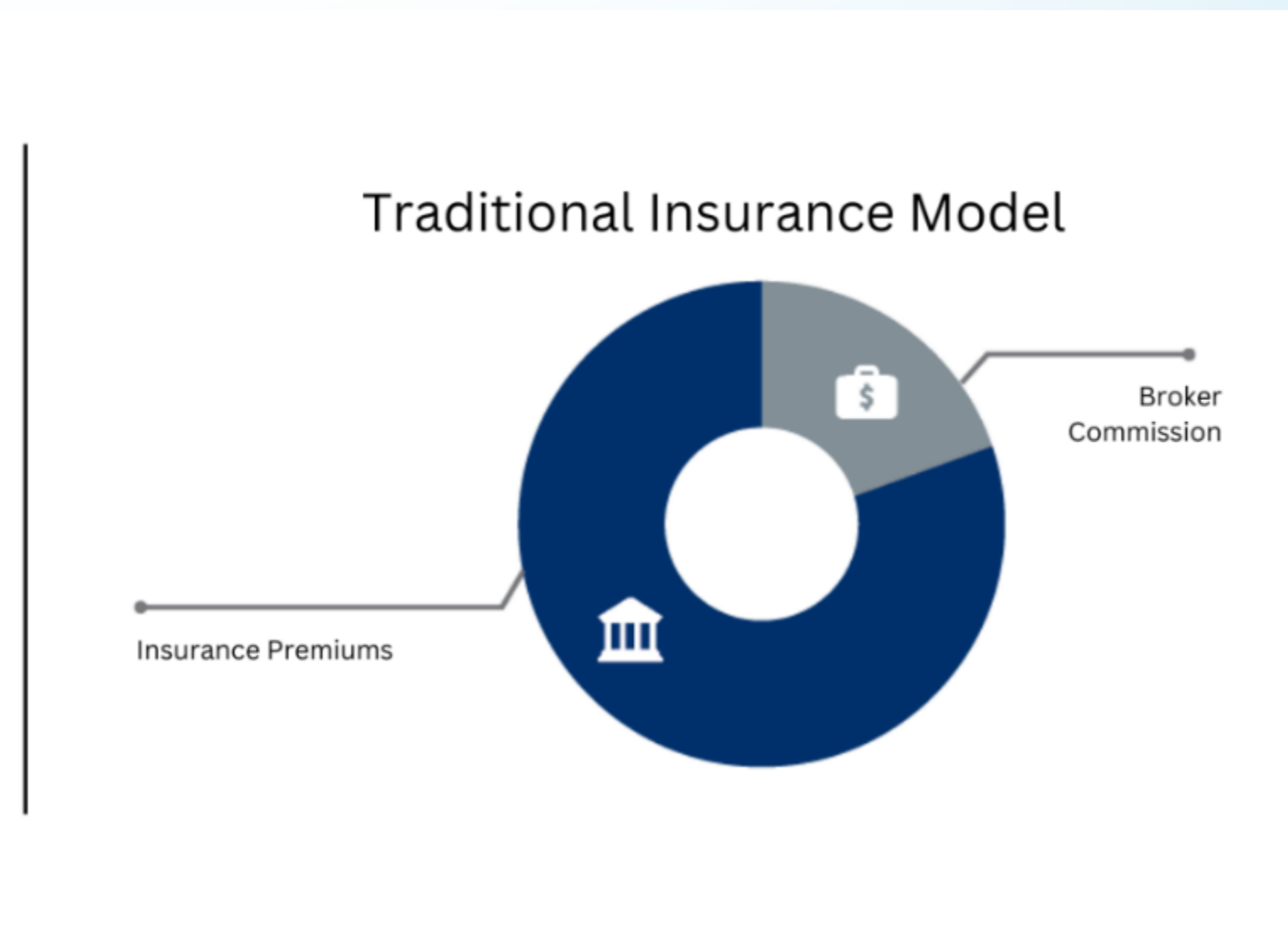
PROGRAM STRUCTURE

- Long-Term Rate Stability
- Ownership of Premiums
- Potential Return of Premiums
- Tailored Program – 40+ year history



STANDARD MARKET

- Unstable Rates
- No Potential Return of Premiums
- Enhanced Profit for Insurance Companies



AMM General Insurance Program Structure

ADVANTAGE:

The AMM held loss pool provides the opportunity for returns of premiums; the larger the loss pool, the greater the opportunity for Program returns.

The larger loss pool results in enhanced levels of ownership & control for all municipalities, especially during increasing rating pressure from Insurers.

Flexibility to Market Conditions: When excess insurers require rate increases, the priority is to shift more premium into the AMM held loss pool, and away from excess insurers

E.g. Dauphin hailstorms, 2019 & 2021 market conditions.

AMM General Insurance Program Structure

EXCHANGE GROUP AUDIT – 2022:

“AMM’s Protected Self-Insurance Program provides the following key values to AMM’s Members”

“Greater Control to Stabilize Premium Rates”

“The unique structure allows WFG in consultation with AMM to adjust % allocation of risk assumed by the AMM held pool and excess insurers”

HARPER REPORT:

“The unique structure allows the AMM Insurance Program to adjust during different market cycles of increasing or decreasing insurer rates, with a “best in class program, as the most efficient structure to purchase insurance”

AMM General Insurance Program Structure

PERFORMANCE:

The unique hybrid structure continues to be best way for municipalities to collectively insure, in banding together as one team.

Volatile standard-market conditions mean it's vital that program continues to have full support of all municipalities.

Strength in numbers results in lower premiums for all municipalities, better coverage, and returns of premium to invest back into communities.

Proud to have 100% Program participation on Commercial Program. This is YOUR Program!

Exchange Group – Independent Audit

- Spring 2022 - AMM Board of Directors engaged the Exchange Group – independent audit of AMM Commercial & Employee Benefits program.
- Exchange Group – Chartered Professional Accounting Firm – accounting, assurance, consulting services
- Completion of audit of not only AMM Program, but Cross Jurisdictional Review of other municipal provincial programs
- Key Output: High Level of Member Satisfaction!

94%

Commercial
Program

90%

Employee
Benefits Program

92%

General
Communication

96%

Knowledgeable
About
Municipal Risks

Exchange Group – Feedback & Western Outputs

“Increase number of face-to-face meetings on site of Municipalities & Risk Management communication and information”

- Increased number of coverage specific presentations, appearances at Council Meetings, and use of Virtual Meetings as a tool to connect eye to eye. Highest # ever completed in 2023
- Service Reps & Risk Management Advisor’s arranging joint visits to Municipalities
- Annual Policy & Plan Review completed, focus to visiting in-person all municipalities within a 4-year term (2023: 56 site visits)

“Increase non-technical education to Municipalities on available coverages”

- Opportunities identified and increased offering to do full reviews, in a less technical way
- Presentations to various groups (i.e. Recreation Directors & Museum Operators)

Exchange Group – Feedback & Western Outputs

“Claims Administration Response Time and Time to Settle”

- In-house claims team actioning service level agreements with Independent Adjusters, and in collaboration with our Customer Experience team, ensuring Western Financial Group remains as AMM Members’ advocate on all things claims related

“More valuations of building and equipment replacement costs”

- Number of completed Risk Management & Loss Prevention surveys back to pre-pandemic years (352 Surveys – 2023)

Exchange Group – Feedback & Western Outputs

“Continued and proactive communication from WFG to Municipalities about program changes”

- Increased AMM EB service team, more administrative support, faster response time and better customer-experience
- Program Calendar created for issuance of member materials that leverage Risk Management & Claims Data, are seasonal to changing risk exposures

“Allow employees to select benefits via flexible Spending Accounts”

- Members have the flexibility to create an a la carte program for their employees and municipality. Health Care Spending Accounts (HCSA) and Wellness programs are now available for additional flexibility

2024 Commercial Insurance Marketplace

- 2020 – 2023 – “The Perfect Storm”
 - Saw significant rate increases to all industries / municipal insurance programs
 - Property & Casualty losses in Canada have increased significantly in recent years
 - Covid-19 Pandemic – great uncertainty
 - Low-Interest Environment
- Marketplace has begun to level-off
- The very best insurance programs with low loss ratios have been experiencing **50-100% increases** across the country the past 2-3 years
 - Municipality of Red Lake– Balmertown, ONT - 90% increase in past 3 years
 - City of St. John's, NFLD – 88% increase in premium in 2021
 - Town of Black River – Matheson, ONT – 116% increase in 2021

2023-2024 Loss Pool Structure

Total: \$13,725,000 of member-owned funds

Protected Self Insurance Fund (PSI) = Member-owned funds, held in trust, used to pay first portion of claims.
Opportunity for return of premium

- ▶ Property (PSI) \$9,000,000
- ▶ Equipment Breakdown (PSI) \$625,000

Self-Insured Retention Fund (SIR) = Member-owned funds, surplus stays away from insurers same as PSIP and is used to purchase coverage in concurrent years

- ▶ Liability (SIR) \$4,000,000
- ▶ Pollution Liability (SIR) \$100,000

***Important: On annual basis actuarial review is completed to find best balance of member-owned funds vs. excess insurance dollars to provide the MOST VALUE to program participants*

PSI Loss Pool - Claims Experience - 2023

- Portion of Funds (\$9.625M) are member-owned, and not controlled by excess insurance companies
- Structure changes to loss pool since 2019 provided greater stability and opportunity for surplus & returns of premium, and minimized the impact of large losses over last 24 months
- Program Loss Pool:
 - 2021 Renewal** - \$4,000,000 in return in premium – largest in program history
 - 2022 Renewal** - \$3,500,000 in return in premium – 3rd largest ever in program history
 - 2023 Renewal** – \$3,750,000 in return in premium – 2nd largest ever in program history
 - 2024 Renewal** – \$3,440,000 in return in premium

How are returns of premium calculated?

- Once a loss pool has matured, in that all claims payouts have been issued, program participants receive a portion of their premiums paid per dollar paid.
- E.g. “ABC Municipality” makes up 1.65% of total property premium during policy term out of all program participants. A \$3,440,000 surplus of funds are to be issued to program participants on renewal.
- $\$3,440,000 \times 0.0165 = \$56,760$ in return of premium
- *These are funds that on traditional open-market solution would stay within the **insurance industry** as profit.
- ***Focus and priority of the AMM General Insurance Program is to provide the best insurance solution, manage risk effectively, and return excess surpluses back to municipalities.***

2024 Commercial Renewal



Focus and priority is to strike right balance of excess insurance vs. member-owned premiums.



Program renewal and negotiations remain ongoing, renewal expected at ~10% increase



44% of increase is applied to member-owned funds. Property replacement cost- values will see inflationary increase of 3%



Work with you insurance advisor to find right level and form of coverage for various structures. We are here to support!

Risk Management

- Risk Management remains a pivotal component to the success of the AMM General Insurance Program
- Complete Risk Management surveys of municipal buildings and recreational facilities - 352 buildings surveyed in 2023 (most since 2018)
- Prepare loss prevention bulletins and articles for Municipal Leader
- Issue seasonal Risk Management documents throughout calendar year
- AMM Risk Management at a Glance – Central repository for risk management guidance
- <https://westernfinancialgroup.ca/AMM>

Key Takeaways

- April 1st, 2024 renewal is trending to be positive. Finalized terms to be issued in coming weeks
- When cost of insurance increases, program has capabilities to respond and expand PSI / SIR to provide the best value for program participants
- More important than ever that program participation remains stable amidst changing insurance marketplace
- Risk Management continues to play a pivotal role in keeping frequency & severity of claims down
- Participant Outreach – webinars, risk management, site surveys, council meetings will continue to grow and expand throughout 2024 year

AMM Insurance Program

Employee Benefits

AMM Employee Benefits Program

AMM Employee Benefits Program is recognized as an industry leading, best-in-class program with efficient administration which continues to benefit from strong participation.

Since 2005, the program has been self-insured, consisting of thousands of members and over **\$10.2 million** in total program premiums are pooled.

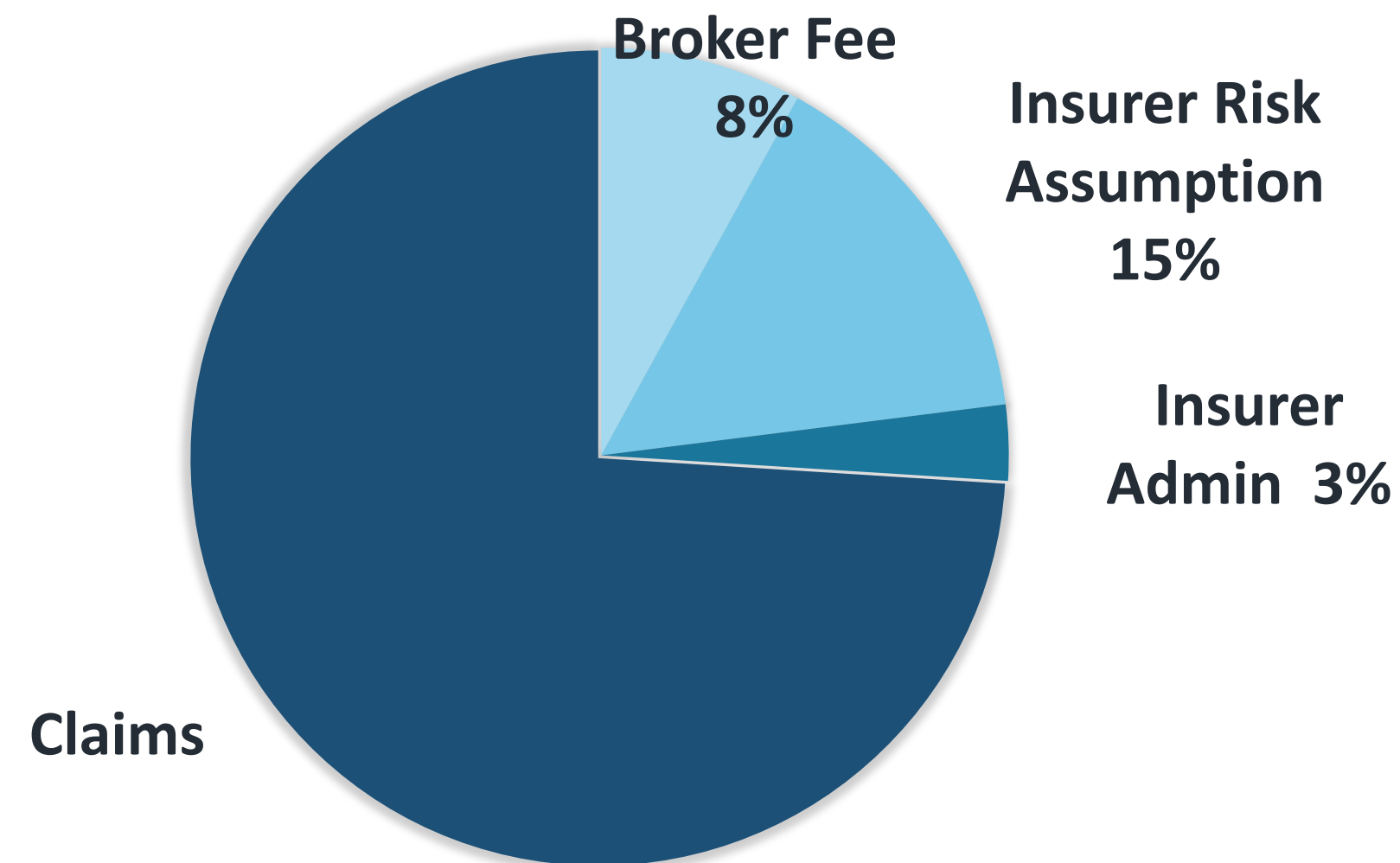
Opportunity to receive a return of premium based on the performance of the pool.

AMM Employee Benefits Program have returned over **\$4.3 million** in returns of premium back to program participants.

Traditional standard marketplace, the accumulated surpluses would have gone in the pockets of the insurance company rather than back to municipalities.

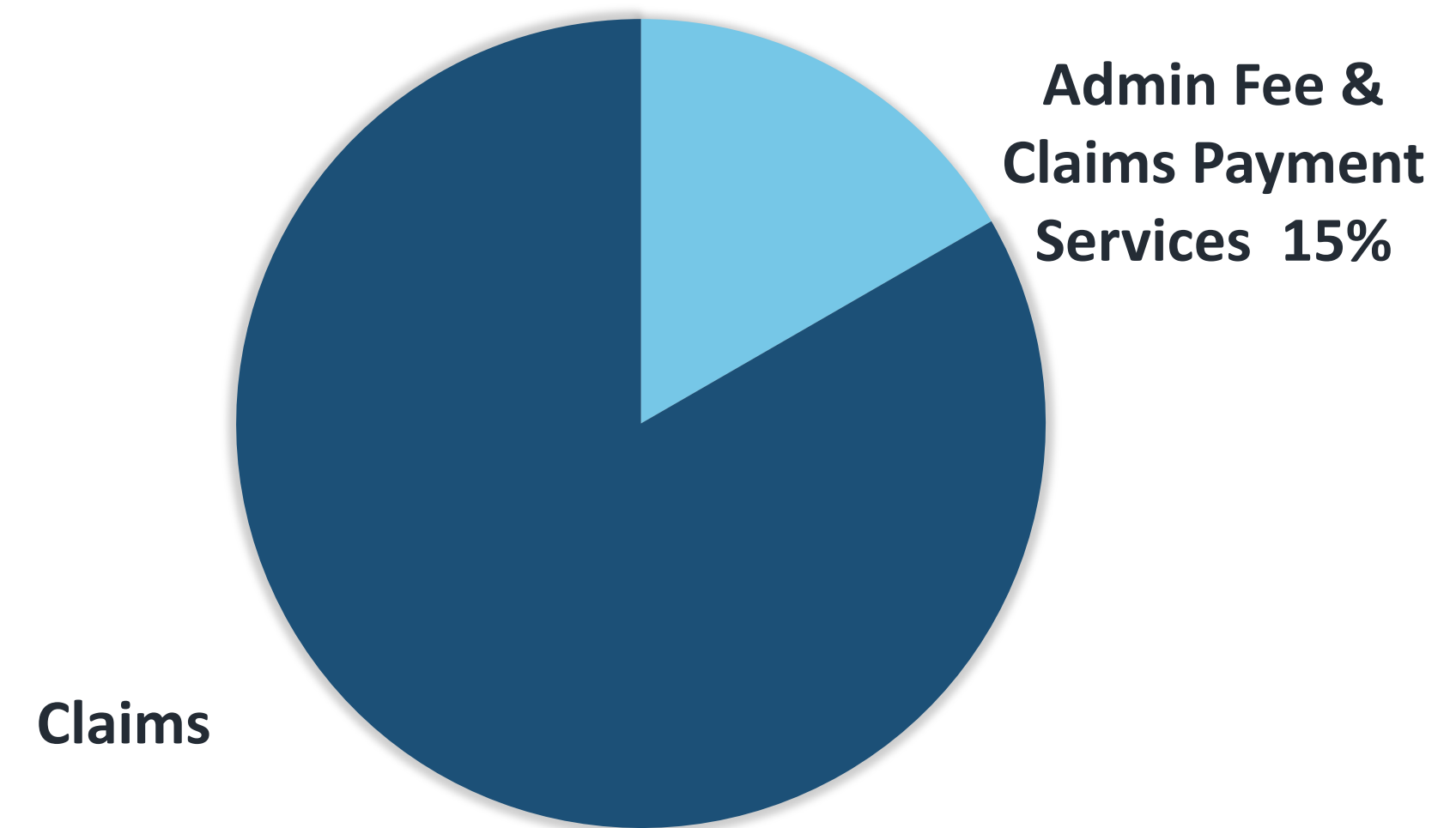
AMM Employee Benefits - Pool Structure

Traditional Market Model



- Expense factor = .26 cents per \$1
- Target Loss Ratio = 75%
- No chance for Return of Premium

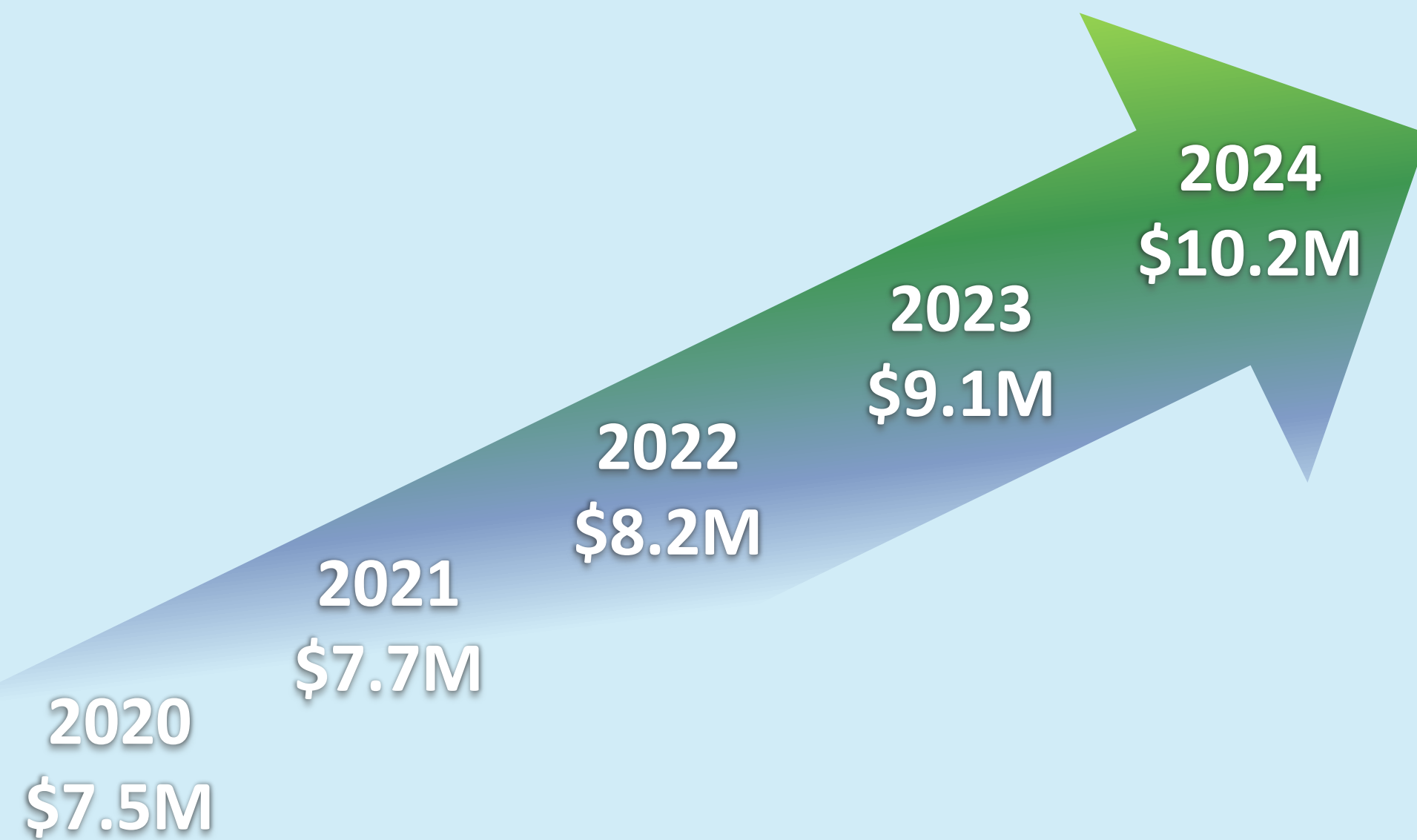
AMM Insurance Model



- Expense factor = .15 cents per \$1
- Target Loss Ratio = 85%
- Surplus on claims returned to AMM participants
- Over **\$4.3 Million** returned over the past 9 years

AMM Employee Benefits Program

Total Pooled Premium Growth (5 years):



Program Growth: Increase in # of program participants by 70% in past decade.

Rate Stability: Over the past 5 years, the program has renewed with an average of 5.6% increase. Significantly lower than current health and dental trends on the market.

Performance: Outperforms other pooled-structure programs.

Participation: Increased participation provides premium growth for the AMM Employee Benefits Program AND an enhanced level of protection against large health claims for all members.

AMM Employee Benefits Program- Return of Premiums (ROP)

Year	Return of Premium
2024	\$300K
2023	\$300K
2022	\$300K
2021	\$800K
2020	\$800K
2019	\$800K
2018	\$250k
2017	\$250K
2016	\$500K
Total	\$4.3 million

Return of Premium: \$300,000 will be provided back to members in spring of 2024.

History of Returns: \$4.3 million dollars has been provided back to members since 2016. Without this structure, these funds would have remained in the insurance industry as profit.

ROP Explained: Return is calculated as a weighted average based on percentage of the total premiums, pro-rata.

*E.g. Municipality remits \$135K annually; approx. return would be **\$4,500 at a 300K return.***

Ownership Structure: In having an ownership stake, and potential for ROP, this is YOUR Program!

AMM Employee Benefits Program – Plan Enhancements

TogetherALL

- Invested by AMM and Western Financial Group, all AMM Insurance Program members **regardless of employee benefits program participation** are provided access to a powerful online peer to peer mental wellness platform.
- First Responders and their families now have access to their very own sub-group and additional content.

Clinical Psychology *expansion

- The psychology benefit will now be expanded to allow registered social workers and counselors to be an eligible resource.

Virtual Health Care

- Members will have access to virtual health care as a core benefit of the plan.

Travel Top-Up

- Members now have the option to top up their current travel policy through Manitoba Blue Cross. This includes retirees.

Expanded Direct Billing in the US

- Members will be eligible for direct billing with the 95 per cent of physicians, hospitals and clinics across the U.S. who are a part of the CanAssistance network.

Questions?

Thank You