



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Kathleen Reinhardt, Risk and Insurance Advisor

DATE: April 12, 2021

REPORT NO.: CORPSERV-2021-0012

RE: 2020 Insurance Claim Activity

RECOMMENDATION:

THAT Report No. CORPSERV-2021-0012 dated April 12, 2021, regarding the 2020 Insurance Claim Activity be received as information.

BACKGROUND:

Staff prepares this report annually detailing, by category, the insurance claim activity for the previous year. Claims against the Town are categorized according to the Town's insurance policies to which they apply. The Town's insurance policies are broken down into the following categories:

<u>Policy</u>	<u>Purpose</u>
Automobile	Town-owned vehicles
Errors & Omissions	Third party claims for damage of financial loss arising out of any actual or alleged wrongful act committed by Town staff
General Liability	Third party claims such as: <ul style="list-style-type: none">- Bodily injury related to slip/trip and falls or road maintenance- Property or vehicle damage
Property	Town property

COMMENTS:

This report provides general information on insurance claims that the Town received during 2020. It also includes any claims received prior to 2020 that were still outstanding at the end of 2020. As part of the year-end process, the potential exposure is calculated by multiplying the relevant deductible amount by the number of outstanding claims. The Town has a deductible of \$15,000 per claim for all insurance categories except automobile, where the deductible is \$5,000. These low deductible amounts protect the Town from a potentially significant payout.

A line item in the Operating Budget has been established to cover the deductible portion in the amount of \$130,000, which is largely funded through a contribution from the Tax Rate Stabilization Reserve. Staff will continue to carefully monitor the adequacy of this reserve in light of increasing trend in the number of claims.

Insurance Claim Outstanding as at December 31, 2020

Category	2020 Claims Results			Claims Received Prior to 2020 Still Open as at Dec. 31/20	Total Open Claims as at Dec. 31/20	Total Exposure as at Dec. 31/20
	Received	Closed	Open			
Town-owned Auto	0	0	0	0	0	\$ -
Errors and Omissions	0	0	0	3	3	\$ 45,000.00
General Liability	44	27	17	27	44	\$ 660,000.00
Property	1	0	1	0	1	\$ 15,000.00
Total	45	27	18	30	48	\$ 720,000.00

A total of 45 claims were received in 2020, of which 27 were closed. The 48 open claims at the end of 2020 include 30 from prior years and represent a total potential exposure of \$720,000. Claim costs incurred in 2020 totaled \$166,648, comprised of \$152,975 in adjuster and legal fees, and \$13,673 in claim settlements.

The high number of open claims from 2020 and prior years reflects the increased complexity of claim files, which require a greater amount of time to resolve, increasing the cost for the insurer and/or legal to manage.

RELATIONSHIP TO STRATEGIC PLAN:

This report supports the Strategic Plan as follows:

- Effective, efficient and economic delivery of the Town's existing services

FINANCIAL IMPACT:

The total potential exposure for the Town for the 48 open claims is \$720,000. The Town Treasurer and Director of Finance has advised that all or part of this exposure could be funded through future operating budgets, which may also require an increased contribution from the Tax Rate Stabilization Reserve.

CONSULTATION:

The Senior Manager of Purchasing & Risk Management, Town Treasurer and Director of Finance and Acting Commissioner of Corporate Services & Director of Human Resources were consulted in the preparation of this report.

PUBLIC ENGAGEMENT:

There is no public engagement impact.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

COMMUNICATIONS:

There is no communications impact.

CONCLUSION:

This information report is provided to inform Council of the 2020 insurance claim activity, by policy category, and to identify the potential total exposure to the Town based on open claims. In 2020, staff received 45 claims, of which 27 were closed. In addition to the remaining 18 claims from 2020, 30 carried over from previous years. The total potential exposure for the 48 open claims amounts to \$720,000, which could be covered through future operating budgets and the Tax Rate Stabilization Reserve.

Reviewed and Approved by,

A handwritten signature in cursive script, reading "Simone Gourlay".

Simone Gourlay, Senior Manager of Purchasing and Risk Management

A handwritten signature in cursive script, reading "Laura Lancaster".

Laura Lancaster, Acting Commissioner of Corporate Services

A handwritten signature in cursive script, reading "C. Mills".

Chris Mills, Acting Chief Administrative Officer