



## MEMORANDUM

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**TO:** Mayor Bonnette and Members of Council

**FROM:** Kathleen Reinhardt, Risk & Insurance Advisor

**DATE:** April 11, 2022

**MEMO NO.:** CORPSERV-2022-0002

**SUBJECT:** 2021 Insurance Claim Activity

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### PURPOSE OF THE MEMORANDUM:

The purpose of this memorandum is to advise Council of the insurance claim activity from 2021.

### 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: - 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 2021. It also includes any claims received prior to 2021 that were still outstanding at the end of 2021. 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 \$165,000, 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, 2021

Category	2021 Claims Results			Claims Received Prior to 2021 Still Open as at Dec. 31/21	Total Open Claims as at Dec. 31/21	Total Exposure as at Dec. 31/21
	Received	Closed	Open			
Town-owned Auto	0	0	0	0	0	\$ -
Errors and Omissions	1	0	1	1	2	\$ 30,000.00
General Liability	44	30	14	14	28	\$ 420,000.00
Property	0	0	0	3	3	\$ 45,000.00
<b>Total</b>	<b>45</b>	<b>30</b>	<b>15</b>	<b>18</b>	<b>33</b>	<b>\$ 495,000.00</b>

A total of 45 claims were received in 2021, of which 30 were closed. The 33 open claims at the end of 2021 include 18 from prior years and represent a total potential exposure of \$495,000. Claim costs incurred in 2021 totaled \$163,859, comprised of \$150,315 in adjuster and legal fees, and \$13,544 in claim settlements.

The high number of open claims from 2021 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.

**CONCLUSION:**

This information is provided to inform Council of the 2021 insurance claim activity, by policy category, and to identify the potential total exposure to the Town based on open claims. In 2021, staff received 45 claims, of which 30 were closed. In addition to the remaining 15 claims from 2021, 18 carried over from previous years. The total potential exposure for the 33 open claims amounts to \$495,000, which could be covered through future operating budgets and the Tax Rate Stabilization Reserve.

Reviewed and approved by,

Simone Gourlay, Senior Manager of Purchasing and Risk Management

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer