



REPORT

REPORT TO: The Chair and Members of Community and Corporate Affairs Committee

REPORT FROM: Kathleen Reinhardt, Insurance & Risk Coordinator

DATE: April 8, 2019

REPORT NO.: CORPSERV-2019-0007

RE: 2018 Insurance Claim Activity

RECOMMENDATION:

THAT Report No. CORPSERV-2019-0007 dated April 8, 2019, regarding the 2018 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 2018. It also includes any claims received prior to 2018 that were still outstanding at the end of 2018. Additionally, 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 \$100,000, which is largely funded through a contribution from the Tax Rate Stabilization Reserve; this reserve is reviewed to ensure that the balance is sufficient to cover the potential exposure.

The following table details, by category, the number of claims the Town received during 2018 and any claims received prior to 2018 that were still outstanding at the end of 2018.

Insurance Claim Outstanding as at December 31, 2018

Category	2018 Claims Results			Claims Received Prior to 2018 Still Open as at Dec. 31/18	Total Open Claims as at Dec. 31/18	Total Exposure as at Dec. 31/18
	Received	Closed	Open			
Town-owned Auto	11	10	1	2	3	\$ 15,000.00
Errors and Omissions	0	0	0	1	1	\$ 15,000.00
General Liability	59	47	12	20	32	\$ 480,000.00
Property	0	0	0	0	0	\$ -
Total	70	57	13	23	36	\$ 510,000.00

There were a total of 70 claims received in 2018, of which 57 were closed. The 36 open claims at the end of 2018 include 23 from prior years, and represent a total potential exposure of \$510,000. Claim costs incurred in 2018 totaled \$191,268, comprised of \$184,196 in adjustor and legal fees, and \$7,072 in claim settlements.

The high number of open claims from both current and previous years reflects the increased complexity of claim files, which in turn, requires a greater amount of time for staff to resolve.

Staff is currently preparing a presentation for Council that will outline the Town's insurance portfolio, the challenges, the changes underway, and in addition, provide a historical analysis of claim statistics.

RELATIONSHIP TO STRATEGIC PLAN:

This report is related to the 2014-2018 Strategic Action Plan priority one (1), Municipal Service Delivery, effective, efficient and economical delivery of the Town's existing services.

FINANCIAL IMPACT:

As noted, there is a total potential exposure for the Town of \$510,000 based on the 36 open claims. The Town Treasurer 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:

If Council has any questions on any specific insurance related matter, please address them to the Treasurer/Manager of Accounting.

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 illustrate the 2018 insurance claim activity, by policy category, and to identify the potential total exposure to the Town based on open claims. In 2018, staff received 70 claims, of which 57 were closed. In addition to the remaining 13 claims from 2018, 23 carried over from previous years. The total potential exposure for the 36 open claims amounts to \$510,000, which could be covered through future operating budgets and the Tax Rate Stabilization Reserve.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Manager of Accounting and Town Treasurer

A handwritten signature in black ink, appearing to read "Jane Diamanti".

Jane Diamanti, Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "Brent Marshall".

Brent Marshall, Chief Administrative Officer