



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Kathleen Reinhardt

DATE: May 29, 2020

REPORT NO.: CORPSERV-2020-0017

RE: 2019 Insurance Claim Activity

RECOMMENDATION:

THAT Report No. CORPSERV-2020-0017 dated May 29, 2020, regarding the 2019 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 2019. It also includes any claims received prior to 2019 that were still outstanding at the end of 2019. 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 2019 and any claims received prior to 2019 that were still outstanding at the end of 2019.

Insurance Claim Outstanding as at December 31, 2019

Category	2019 Claims Results			Claims Received Prior to 2019 Still Open as at Dec. 31/19	Total Open Claims as at Dec. 31/19	Total Exposure as at Dec. 31/19
	Received	Closed	Open			
Town-owned Auto	18	12	6	2	8	\$ 40,000.00
Errors and Omissions	2	0	2	1	3	\$ 45,000.00
General Liability	59	36	23	17	40	\$ 600,000.00
Property	1	0	1	0	1	\$ 15,000.00
Total	80	48	32	20	52	\$ 700,000.00

There were a total of 80 claims received in 2019, of which 48 were closed. The 52 open claims at the end of 2019 include 20 from prior years, and represent a total potential exposure of \$700,000. Claim costs incurred in 2019 totaled \$131,683, comprised of \$117,099 in adjuster and legal fees, and \$14,584 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 and the costs for the insurer and/or legal to handle.

Staff have been proactively looking at ways to mitigate losses and find cost efficiencies. In 2019, an Insurance Task Group was formed to review claims, determine potential causes, look at future mitigation measures and see if there are any trends happening.

Staff have also reviewed in detail the existing insurance policy looking for cost efficiencies, some consideration was given to the reduction of the limits of liability coverage; however staff deemed the risk to be too great since litigation matters are on the rise. Raising the deductible was also considered, however after polling other municipalities it was found that those with higher deductibles have their own in-house legal and/or more staff to assist with incoming claims. Staff did take the initiative however, for property damage claims where the Town is clearly liable; to deal directly with the claimant and not send them out to the insurer in an effort to reduce next year's reported claims. Other actions being taken in 2020 to help mitigate losses is our Public Works are purchasing their own mud jacking equipment, this will allow staff to take a more proactive approach to sidewalk repairs in an effort to reduce trips and falls. Staff have purchased more signage for park pathways reminding the public that pathways are not maintained during the winter months, and as budget permits, more signage will be purchased in 2020. According to report number TPW-2019-0019, 2019 Winter Control Operations, Public Works Staff are considering options to enhance the winter patrol program.

Staff have also taken mitigating measures in protecting the Town and the public's interest during Covid-19 by, but not limited to, closing park playgrounds, skate parks, facilities and providing additional cleaning and reduced ridership on ActiVan buses.

As always, staff leverage the experience and knowledge of our insurer, Frank Cowan Company and of our Adjuster, Crawford Insurance to minimize the financial and reputational impact to the Town.

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:

As noted, there is a total potential exposure for the Town of \$700,000 based on the 52 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 Senior Manager of Purchasing and Risk Management.

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 2019 insurance claim activity, by policy category, and to identify the potential total exposure to the Town based on open claims. In 2019, staff received 80 claims, of which 48 were closed. In addition to the remaining 32 claims from 2019, 20 carried over from previous years. The total potential exposure for the 52 open claims amounts to \$700,000, 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



Chris Mills, Commissioner of Corporate Services



Brent Marshall, Chief Administrative Officer