

---

# HALDIMAND COUNTY

## Report CS-SS-19-2018 1st Quarter Insurance Loss Report – 2018

For Consideration by Council in Committee on June 5, 2018

---



### OBJECTIVE:

To advise Council of insurance claims made against the County and the costs incurred for deductibles for the period January 1, 2018 to March 31, 2018.

### RECOMMENDATIONS:

1. THAT Report CS-SS-19-2018 1<sup>st</sup> Quarter Insurance Loss Report – 2018 be received as information.

**Prepared by:** Dana McLean, Risk Management & Insurance Coordinator

**Reviewed by:** Cathy Case, Manager of Support Services

**Respectfully submitted:** Karen General, CPA, CGA, General Manager of Corporate Services

**Approved:** Donald G. Boyle, Chief Administrative Officer

### EXECUTIVE SUMMARY:

Activity from the first quarter of 2018 indicates an increase in the number of insurance claims received by the County, being 38, as compared to the first quarter of 2017 which saw 31 claims received.

Although, at times, there are incidents that are beyond the control of the County, a continued reduction in insurance claims and related expenses in all areas can be realized by placing an emphasis on reducing and managing risk and loss exposures.

### BACKGROUND:

The County pays premiums to the external insurance carriers for general insurance coverage. In addition, funds are allocated annually within the County's budget for the self-insurance program. The self-insurance program is designed to cover the costs of investigation, defence and settlement of all claims falling below the deductible levels, as well as paying the respective deductibles to the insurer on all claims exceeding these levels.

For 2018, as with previous years, the County has been subject to varying levels of deductibles for general insurance coverage, depending on the coverage area. The municipal liability coverage carries a deductible of \$250,000; the property insurance deductible is \$50,000; and the auto insurance deductible is \$25,000. All deductibles are applicable on a per occurrence basis.

This report does not reflect the total value of insurance claims that exceed the County's deductible levels. The settlement costs, over and above the County's deductibles, are incurred directly by the insurance companies and are reflected back in the insurer's annual premium rates based on the County's historical claims experience.

The last quarterly report presented to Council, regarding the self insurance portion of the County's insurance program, covered the period of October 1, 2017 to December 31, 2017 (Report CS-SS-08-2018). This report represents the first quarter of 2018's claims experience, as well as a comparison to the full year of 2017.

## **ANALYSIS:**

The attached schedule (Attachment #1) depicts the 38 claims that were received in the first quarter of 2018. Of the claims received during this quarter, 14 remain outstanding as they are under investigation by staff or the County's adjuster. Attachments #2, #3, #4, #5 and #6 provide a further breakdown by the category of the claims received and the costs incurred.

The claims received in the automotive area amount to 20 for the first quarter. Four claims involved minor damage to mirrors on County vehicles. An unusual claim arose when damage was incurred to a firetruck responding to a call when a wild turkey flew out of the ditch into the windshield.

The property area of coverage saw 13 claims incurred, with 3 of the claims attributed to damage caused by weather related events. Two of the property claims are the result of County property being damaged due to the actions of third parties. These claims are being subrogated by the County to attempt recovery of expenses to rectify.

Five (5) liability claims were received in the first quarter of 2018, including a claim for injury as a result of a slip and fall. Of the 5 liability claims received, 2 remain outstanding and are being investigated.

During the first quarter, the County incurred insurance settlement costs of \$36,492 as per Attachment #6. The settlement costs and expenses realized in a quarter do not necessarily represent the full cost of claims submitted during that quarter. Costs pertaining to claims from previous quarters, and even years prior, can be incurred at any time upon resolution or through continued negotiation and litigation. The costs incurred for the first quarter were in large part, to repair and/or replace County property and vehicles which had sustained damage, including costs in excess of \$10,000 to repair the Dunnville Roads Yard salt dome after it sustained extensive wind damage.

In an effort to reduce the incidence of claims and subsequent costs, various risk management measures are taken. Incidents involving County vehicles or equipment are reviewed by a staff Vehicle Accident Review Committee on a monthly basis. Recommendations are made by the Committee to the applicable Manager and Supervisor to reduce the likelihood of recurrence of such incidents. Managers are kept aware of liability claims that are received and the outcomes of those claims. This information is used to assess the necessity of implementing measures to mitigate against future claims and/or losses.

With regard to subrogation, the County has followed the approach of attempting recovery for costs incurred due to vandalism or for damage to County property as a result of certain motor vehicle accidents. Where the identity of the responsible party for the claim/damage can be proven, staff subrogate against the third party in an attempt to recover the County's costs. Attachment #5 outlines the costs that have been billed to third parties and recoveries achieved in the first quarter of 2018. Note that these amounts are over and above the claims costs reported in Attachment #6 and represent an additional expense to the County if recovery is not achieved. Due to the timing of the recovery invoices, receipt of payment is often not reflected in the same quarter that the claims costs are incurred. As noted, the costs reported in Attachment #5 are in addition to the County's expenses outlined in Attachment #6.

## **FINANCIAL/LEGAL IMPLICATIONS:**

The 2018 budget for insurance claim costs and deductibles (both internal and external) was established at \$400,000. The costs of the self insurance program reflect that, at the end of the first quarter, \$36,492 or 9% of this budget has been expended. This does not include any allowance for outstanding/unresolved claims or reserves that have been established by the insurer for larger claims. It also excludes approximately \$13,700 in costs related to claims for which reimbursement through subrogation is being sought.

The County's Insurance Reserve is used to fund the costs incurred in settling claims administered internally as well as payment of deductibles. This source of funding avoids significant negative variances affecting the annual operating budget due to unusual and costly events, which are typically not expected as part of day-to-day business. Without such a source of funding, there would be major fluctuations in the annual expenditures incurred within the various operating divisions, as well as challenges in defining, monitoring and managing "normal" operations. The Self Insurance Reserve has an unaudited balance of approximately \$1.21 million as at the end of 2017. This balance reflects an accrual for outstanding claims currently in litigation or under investigation totaling \$1.15 million.

## **STAKEHOLDER IMPACTS:**

All Managers are provided with the details of the insurance claims filed against the County in order that appropriate risk mitigation steps can be taken to prevent future incidents of a similar nature, where possible.

## **REPORT IMPACTS:**

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

## **ATTACHMENTS:**

1. 2018 Insurance Loss Experience - Total Claims Received.
2. 2018 Insurance Loss Experience - Total Automotive Claims Received.
3. 2018 Insurance Loss Experience - Total Property Claims Received.
4. 2018 Insurance Loss Experience - Total Liability Claims Received.
5. 2018 Subrogation Chart – Costs Incurred/Recovery Achieved.
6. 2018 Insurance Loss Experience - Settlement Costs