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INSURANCE CLAIM EXPERIENCE IN YORK REGION

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report, September 25, 2006, from the Commissioner of Finance:

1. RECOMMENDATION

It is recommended that:
1. This report be received for information.

2. PURPOSE

This report provides background information on insurance claims within York Region.

3. BACKGROUND

At its meeting of September 7, 2006, the Finance and Administration Committee requested staff to provide further information on the types of insurance claims experienced in York Region and the steps being taken to reduce them. The following tables provide information regarding claims experience.

Table 1
Average Cost per Claim Paid for selected Policy Types

Coverage	Description of coverage	2005 Average	2005 # of Claims	2006* Average	2006* # of Claims
Municipal Liability	Roads issues, slip/falls/trips, alleged wrong doings	$1,892	139	$ 626	57
Auto Physical damage	Damage to owned vehicles	$1,980	446	$1,112	304
Auto liability	Damage/injury to third parties	$9,928	11	$2,299	65
Transit-physical damage	Damage to owned vehicles	$ 865	81	$ 700	62

Transit liability	Damage/injury to Third parties	$ 912	188	$2,239	103
Viva-physical damage	Damage to owned vehicles	0	28	$ 892	40
Viva Liability	Damage injury to Third Parties	$ 223	14	$ 488	48
Property	Damage/Loss to owned property	$ 9,946	7	$ 980	5

* as at August/06

Note: Not all purchased insurance policies are shown here.

The amounts shown above represent the actual cash payments made to date including legal and adjusting expenses and do not reflect reserves for claims that have not yet been settled.

Table 2
Overall Claim Cost and Count by Year

Year	Total Cost Of Claims Paid within York Region deductible only	Number of Claims
2006*	$ 818,609	894
2005	1,580,000	1,215
2004	1,476,000	995
2003	1,991,000	945
2002	2,072,000	729
2001	1,649,000	602
2000	1,225,000	379
1999	982,000	271

* as at August/06

Note: Table 2 does not include payments made on behalf of York Region by its insurers (e.g. OMEX) for amounts in excess of deductibles.

Claims volume and expense increased between 2001 and 2004 mainly due to the additional exposure of YRT transit and VIVA respectively. Another upward pressure is the more litigious attitude of the general public.

The Region has a deductible of $100,000 per occurrence for each claim for most lines of coverage with the exception of property at $50,000 and transit at $10,000. Prior to 2006, the transit deductible was $5,000 per occurrence.

Claims that exceed the Region's deductible will be paid directly by the insurer. However, the Region remains involved in the strategy and direction of the file to ensure continuity. OMEX is currently involved in 114 claims (largely litigation files) that occurred from 2004 to 2006 with a total reserve of approximately $6.6 million.

4. ANALYSIS AND OPTIONS

The Policy, Risk and Treasury Branch of the Finance Department is responsible for managing all insurance claims and risk management activities for the Region. For 2006 it expects to manage approximately 1500 claims which is up from the 1215 claims that it handled in 2005.

Claims and Risk Analysts are assigned claims for specific operating departments, however they are cross-trained to provide support for each other. Each analyst will meet with their department contact on a quarterly basis to review losses, and discuss trends and loss prevention techniques. In addition to the department quarterly meetings, analysts will also meet quarterly with insurance adjusters and lawyers to discuss and strategize claims handling and litigation management.

In order to better promote risk awareness, the Risk Management Committee, which was established in 1994, is being revamped and relaunched in early 2007 with a cross-departmental focus. Also, "Risk aware" seminars on various insurance topics, including auto liability and construction risk, are conducted on an ongoing basis and have been well received by staff to date.

Currently the Region contracts risk management studies for specific projects and/or operations. However, the development of in-house expertise will allow most of this type of analysis to be conducted on a more regular basis by staff. Staff will also become involved in new projects earlier in the process to review and control losses from the initial stages.

Finally, a Senior Risk Analyst position was created in 2006 which focuses mainly on the implementation of best practices for loss prevention and loss control.

For 2007, risk management enhancements that are expected include:

1. Continued revitalization of the risk management culture within the Region through additional Risk Aware seminars and training opportunities as well as introduction of more formal loss control/loss prevention programs and a redevelopment of the Risk Management (cross departmental) Committee. It is imperative to create a culture where every employee is practising risk management as lead by Policy, Risk and Treasury.

2. Piloting an Owner Controlled Insurance Program for use in large capital projects. It is anticipated that this will not only increase the Region's control and risk protection of these projects but will also result in insurance cost savings.
3. Conducting RFPs/reviews for insurance brokerage, as well as legal and adjusting services for insurable claims effective January 2008.
4. Enhancements to the insurance Claims and Certificate System, to further improve data tracking and analysis capabilities.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications from this report. Insurance claims are paid from the Region's insurance reserve which is funded through annual budget appropriations.

6. LOCAL MUNICIPAL IMPACT

This report for information purposes only. There is no local municipal impact.

7. CONCLUSION

Claims are expected to increase in 2006 by approximately 19% over 2005 mainly due to the increase in YRT and Viva services. Notwithstanding, the Region has extensive procedures in place to mitigate and control loss exposures.

The Senior Management Group has reviewed this report.