

AMM GENERAL INSURANCE PROGRAM

Annual Renewal Virtual Meeting

March 7th, 2025



AMM Insurance Program

For over 45 years, Western Financial Group has worked in partnership with the Association of Manitoba Municipalities to provide innovative Commercial & Employee Benefits Program to its members. Both programs provide Municipalities with a program that not only provides superior coverage but also provides rate stability not seen on the open market.

We continue to work with our industry partners to strengthen the program through new offerings and enhancements designed to protect Municipalities. Our continued partnership ensures members have access to reliable insurance coverage and expert advice as they navigate the challenges of the future.



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AMM General Insurance Program

Property & Casualty



AMM General Insurance Program

Early 1970's

- Protected Self-Insurance Program initiated; partnership between the AMM and HED/Western Financial Group



Ownership of Programs

- Protected Self-Insurance Model implemented to provide ownership and control to the AMM over the commercial & employee benefit programs



A Better Solution

- Since 2010, almost **\$30 million** in premiums have been returned from the AMM held loss Pool to municipalities; in a traditional open-market this would go to the insurance industry as profit



AMM General Insurance Program Structure

The Program premiums are divided into two categories:

PSI Pool & SIR Fund

Property & Equipment Breakdown: 1st portion of claims paid from Protected Self-Insurance (PSI) Pool, with excess costs paid by insurance partners. Surplus of funds will be returned to members as a Return of Premium

Liability & Pollution Liability: structured to include a Self-Insured Retention (SIR) Fund, with any surplus of funds not allocated to claim settlements, used to purchase insurance in future

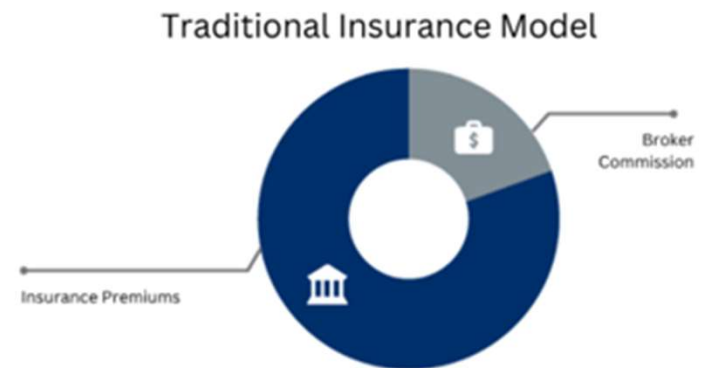
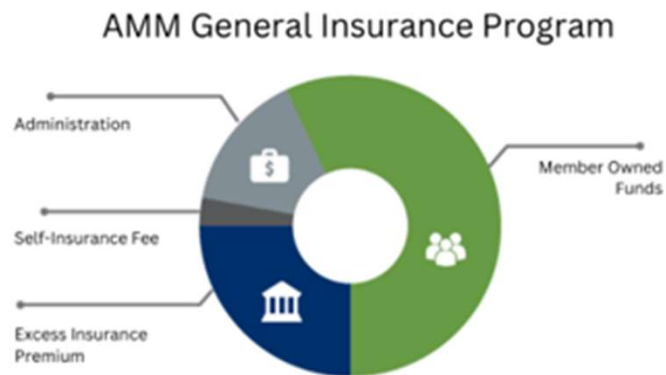
Excess Insurers

Excess insurance provided by commercial insurers for complete insurance protection



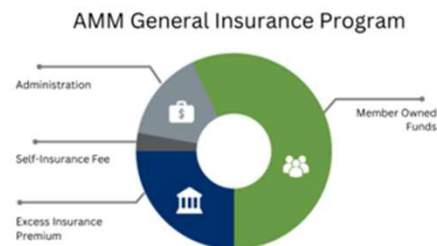
AMM General Insurance Program Structure

PROGRAM VS. STANDARD MARKET:



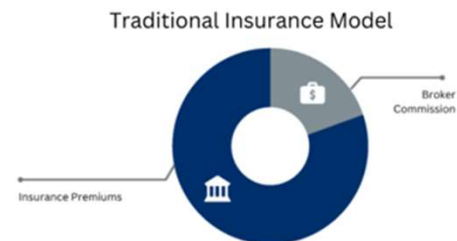
AMM General Insurance Program Structure

PROGRAM VS. STANDARD MARKET:



AMM General Insurance Program

- Long-Term Rate Stability
- Ownership of Premiums
- Potential Return of Premiums
- Tailored Program – 40+ year history



Traditional Insurance Model

- Unstable Rates
- No Potential Return of Premiums
- Enhanced Profit for Insurance Companies

AMM General Insurance Program Structure



Stability

- The AMM held loss pool provides the opportunity for returns of premiums; the larger the loss pool, the greater the opportunity for Program returns.



Ownership

- The larger loss pool results in enhanced levels of ownership & control for all municipalities, especially during increasing rating pressure from Insurers.



Flexibility

- Flexibility to Market Conditions: When excess insurers require rate increases, the priority is to shift more premium into the AMM held loss pool, and away from excess insurers
- *E.g. Dauphin hailstorms, 2019 & 2021 market conditions, recent large losses and high claiming years.*

AMM General Insurance Program Structure

The unique hybrid structure continues to be **best** way for municipalities to collectively insure, in banding together as one team.

Volatile standard-market conditions mean it's vital that program continues to have **full support** of all municipalities.

Strength in numbers results in:

1. Lower premiums for all municipalities
2. Better coverage
3. Returns of premium to invest back into communities

100%

Program participation
on Commercial
Program

This is YOUR Program!



Exchange Group – Independent Audit

- Spring 2022 - AMM Board of Directors engaged the Exchange Group – independent audit of AMM Commercial & Employee Benefits program.
- Exchange Group – Chartered Professional Accounting Firm – accounting, assurance, consulting services
- Completion of audit of not only AMM Program, but Cross Jurisdictional Review of other municipal provincial programs
- Key Output: High Level of Member Satisfaction!

94%

Commercial
Program

90%

Employee
Benefits Program

92%

General
Communication

96%

Knowledgeable
About
Municipal Risks



AMM General Insurance Program Feedback

EXCHANGE GROUP AUDIT – 2022:

“AMM’s Protected Self-Insurance Program provides the following key values to AMM’s Members”

“Greater Control to Stabilize Premium Rates”

“The unique structure allows WFG in consultation with AMM to adjust % allocation of risk assumed by the AMM held pool and excess insurers”

HARPER REPORT:

“The unique structure allows the AMM Insurance Program to adjust during different market cycles of increasing or decreasing insurer rates, with a “best in class program, as the most efficient structure to purchase insurance”

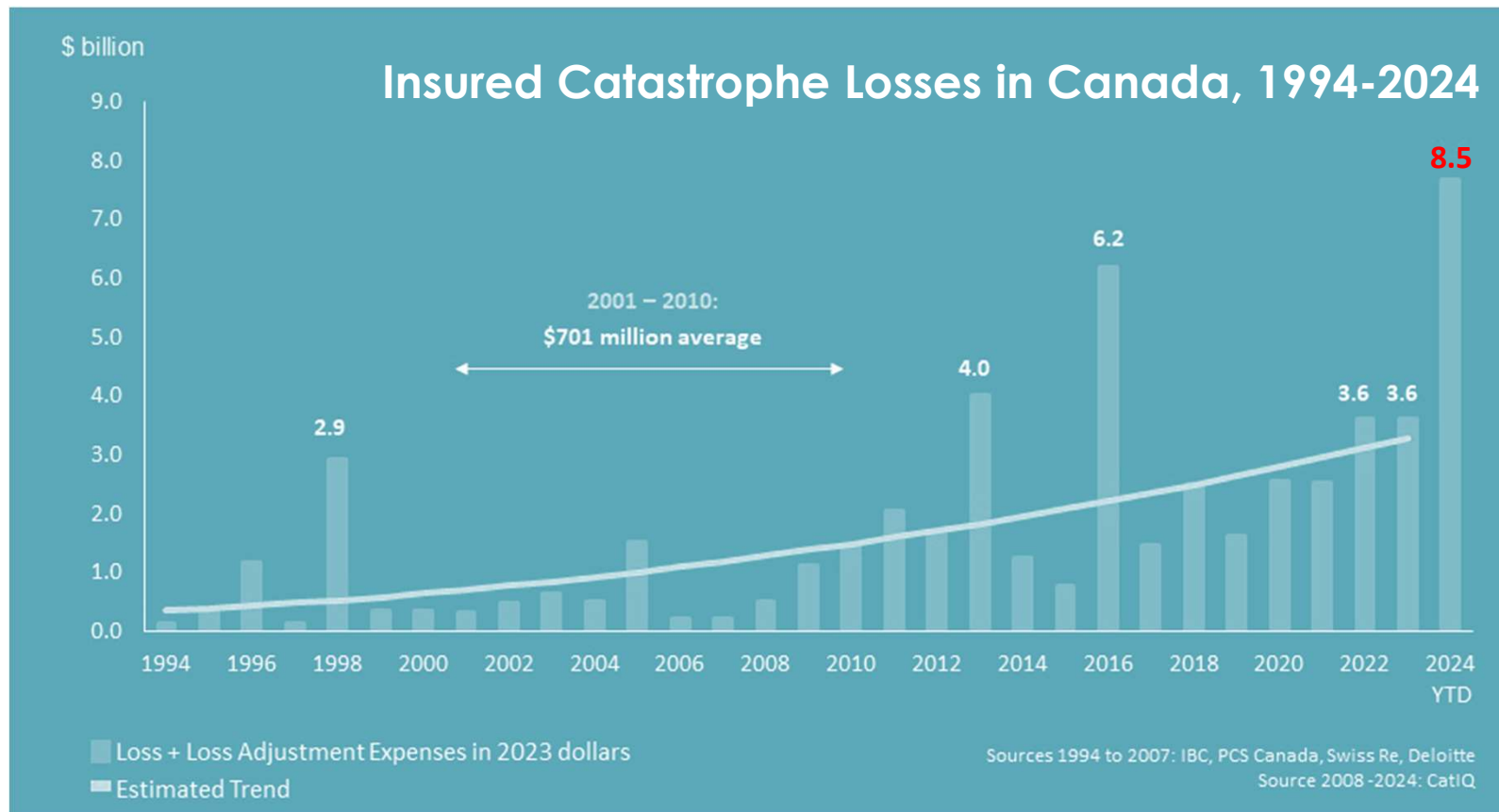


2025 Commercial Insurance Marketplace

- 2020 – 2023 – “The Perfect Storm”
 - Saw significant rate increases to all industries / municipal insurance programs
 - Property & Casualty losses in Canada have increased significantly in recent years
 - Covid-19 Pandemic – great uncertainty
 - Low-Interest Environment
- Marketplace has begun to level-off, starting to see softening in some areas – while facing significant increases in catastrophic weather-related losses across Canada (2024 being the costliest year on record)
- Some insurance programs and individual product offerings have experienced a **20-100%** increases across the country the past 3-5 years
 - Essa Township – Essa, ONT – 25% increase in just 1 year
 - Municipality of Red Lake– Balmertown, ONT - 90% increase in past 3 years
 - City of St. John's, NFLD – 86% increase in premium since 2020
 - Town of Black River – Matheson, ONT – 116% increase in 2021



2025 Commercial Insurance Marketplace



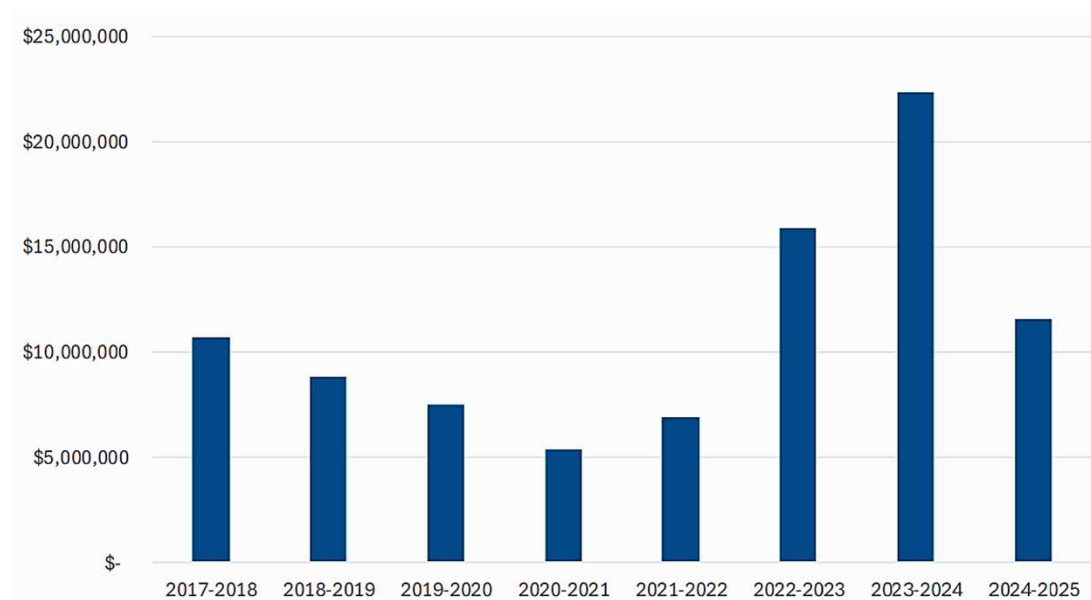
Claims Experience - Historical

Claims Incurred – All Lines of Coverage

Last three terms have had 20% higher Claims incurred than the preceding 5 terms combined

2022-Present ~\$49.5Million of Incurred Claims
2017-2022 ~\$39.5Million of Incurred Claims

Result: Higher Loss Ratios for insurers, Increased Loss Pools



2024-2025 Loss Pool Structure

Total: \$15,125,000 of member-owned funds

Protected Self Insurance Fund (PSI) = Member-owned funds, held in trust, used to pay first portion of claims.
Opportunity for return of premium

- ♦ Property (PSI) \$10,000,000
- ♦ Equipment Breakdown (PSI) \$625,000

Self-Insured Retention Fund (SIR) = Member-owned funds, surplus stays away from insurers same as PSIP and is used to purchase coverage in concurrent years

- ♦ Liability (SIR) \$4,000,000
- ♦ Pollution Liability (SIR) \$500,000

***Important: On annual basis actuarial review is completed to find best balance of member-owned funds vs. excess insurance dollars to provide the MOST VALUE to program participants*



PSI Loss Pool – 2025-2026

- Portion of Funds (\$15.125M) are member-owned, and not controlled by excess insurance companies
- Structure changes to loss pool since 2019 provided greater stability and opportunity for surplus & returns of premium, and minimized the impact of large losses over last 24 months
- Program Loss Pool:
 - 2021 Renewal** - \$4,000,000 in return in premium
 - 2022 Renewal** - \$3,500,000 in return in premium
 - 2023 Renewal** – \$3,750,000 in return in premium
 - 2024 Renewal** – \$3,440,000 in return in premium
 - 2025 Renewal** – \$3,400,000 in return in premium**Five largest returns of premium in program history*



How are returns of premium calculated?

Once a loss pool has matured, in that all claims payouts have been issued, program participants receive a portion of their premiums per dollar paid.

- E.g. “ABC Municipality” makes up 1.65% of total property premium during policy term out of all program participants. A \$3,400,000 surplus of funds are to be issued to program participants on renewal.
- $\$3,400,000 \times 0.0165 = \$56,100$ in return of premium

*These are funds that on traditional open-market solution would stay within the **insurance industry** as profit.

Focus and priority of the AMM General Insurance Program remains to provide the best insurance solution, manage risk effectively, and return excess surpluses back to municipalities.



2025 Commercial Renewal



Focus and priority is to strike right balance of excess insurance vs. member-owned premiums.



Program renewal and negotiations remain ongoing, renewal forecasted to be ~9% net increase



Property replacement cost- values will see inflationary increase of 3%



Work with your insurance advisor to find right level and form of coverage for various structures. We are here to support!

Risk Management

- Risk Management remains a pivotal component to the success of the AMM General Insurance Program
- Complete Risk Management surveys of municipal buildings and recreational facilities - 442 buildings surveyed in 2024 (most since 2018)
- Prepare loss prevention bulletins and articles for Municipal Leader
- Issue seasonal Risk Management documents throughout calendar year
- AMM Risk Management at a Glance – Central repository for risk management guidance
- <https://westernfinancialgroup.ca/AMM>



Key Takeaways

- April 1st, 2025 renewal is trending to be positive. Finalized terms to be issued in coming weeks
- When cost of insurance increases, program has capabilities to respond and expand PSI / SIR to provide the best value for program participants – this option remains under review
- More important than ever that program participation remains stable amidst changing insurance marketplace
- Risk Management continues to play a pivotal role in keeping frequency & severity of claims down
- Participant Outreach – webinars, risk management site surveys, council meeting discussions will continue to grow and expand throughout 2025 year



AMM Insurance Program

Employee Benefits



AMM Employee Benefits Program

AMM Employee Benefits Program is recognized as an industry leading, best-in-class program with efficient administration which continues to benefit from strong participation.

Since 2005, the program has been self-insured, consisting of thousands of members and over **\$11.1 million** in total program premiums are pooled.

Opportunity to receive a return of premium based on the performance of the pool.

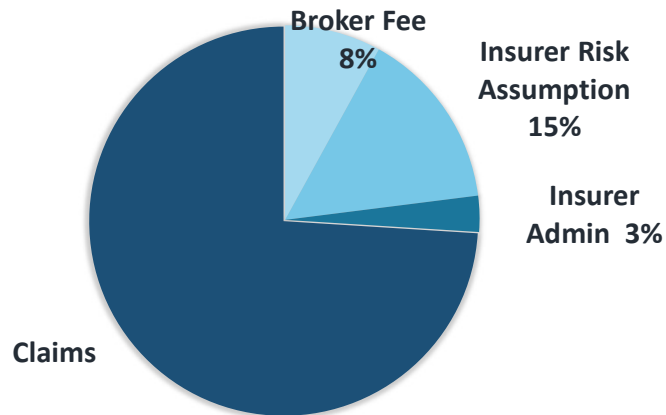
AMM Employee Benefits Program have returned over **\$4.3 million** in returns of premium back to program participants.

Traditional standard marketplace, the accumulated surpluses would have gone in the pockets of the insurance company rather than back to municipalities.



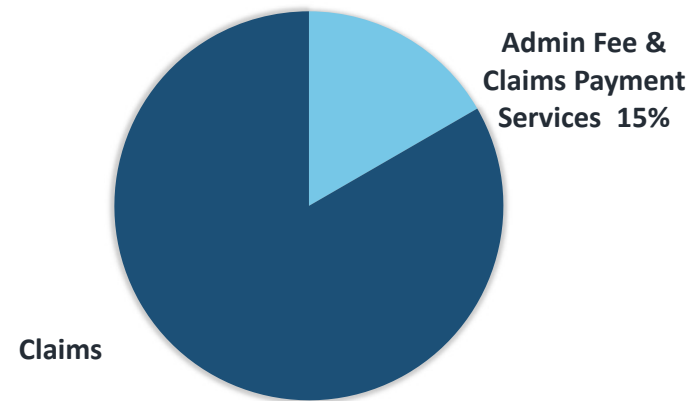
CMIP Pooled Structure

Traditional Market Model



- Expense factor = .26 cents per \$1
- Target Loss Ratio = 75%
- No chance for Return of Premium

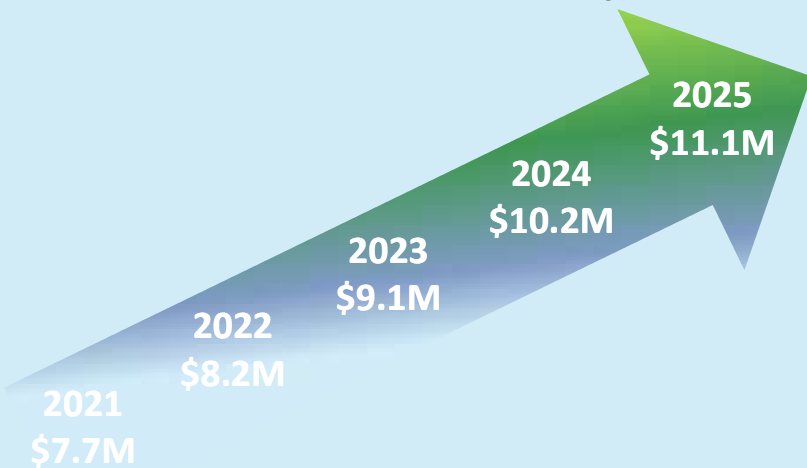
AMM Insurance Model



- Expense factor = .15 cents per \$1
- Target Loss Ratio = 85%
- Surplus on claims returned to AMM participants
- Over **\$4.3 Million** returned over the past 9 years

AMM Employee Benefits Program

Total Pooled Premium Growth (5 years):



Program Growth: Increase in # of program participants by 70% in past decade.

Rate Stability: Over the past 5 years, the program has renewed with an average of 5.8% increase. Significantly lower than current health and dental trends on the market.

Performance: Outperforms other pooled-structure programs.

Participation: Increased participation provides premium growth for the AMM Employee Benefits Program AND an enhanced level of protection against large health claims for all members.

AMM Employee Benefits Program- Return of Premiums (ROP)

Year	Return of Premium
2024	\$300K
2023	\$300K
2022	\$300K
2021	\$800K
2020	\$800K
2019	\$800K
2018	\$250k
2017	\$250K
2016	\$500K
Total	\$4.3 million

Return of Premium: \$300,000 will be provided back to members in spring of 2025.

History of Returns: \$4.3 million dollars has been provided back to members since 2016. Without this structure, these funds would have remained in the insurance industry as profit.

ROP Explained: Return is calculated as a weighted average based on percentage of the total premiums, pro-rata.

*E.g. Municipality remits \$135K annually; approx. return would be **\$4,500 at a 300K return.***

Ownership Structure: In having an ownership stake, and potential for ROP, this is YOUR Program!



AMM Employee Benefits Program – Plan Enhancements

TogetherALL

- Invested by AMM and Western Financial Group, all AMM Insurance Program members **regardless of employee benefits program participation** are provided access to a powerful online peer to peer mental wellness platform.
- First Responders and their families now have access to their very own sub-group and additional content.

Clinical Psychology *expansion

- The psychology benefit will now be expanded to allow registered social workers and counselors to be an eligible resource.

Virtual Health Care

- Members will have access to virtual health care as a core benefit of the plan.

Travel Top-Up

- Members now have the option to top up their current travel policy through Manitoba Blue Cross. This includes retirees.

Expanded Direct Billing in the US

- Members will be eligible for direct billing with the 95 per cent of physicians, hospitals and clinics across the U.S. who are a part of the CanAssistance network.



Thank You

Questions?

