

Municipal General Insurance Programs Report



Western Financial Group Insurance Solutions

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AMM Insurance Program

Property & Casualty

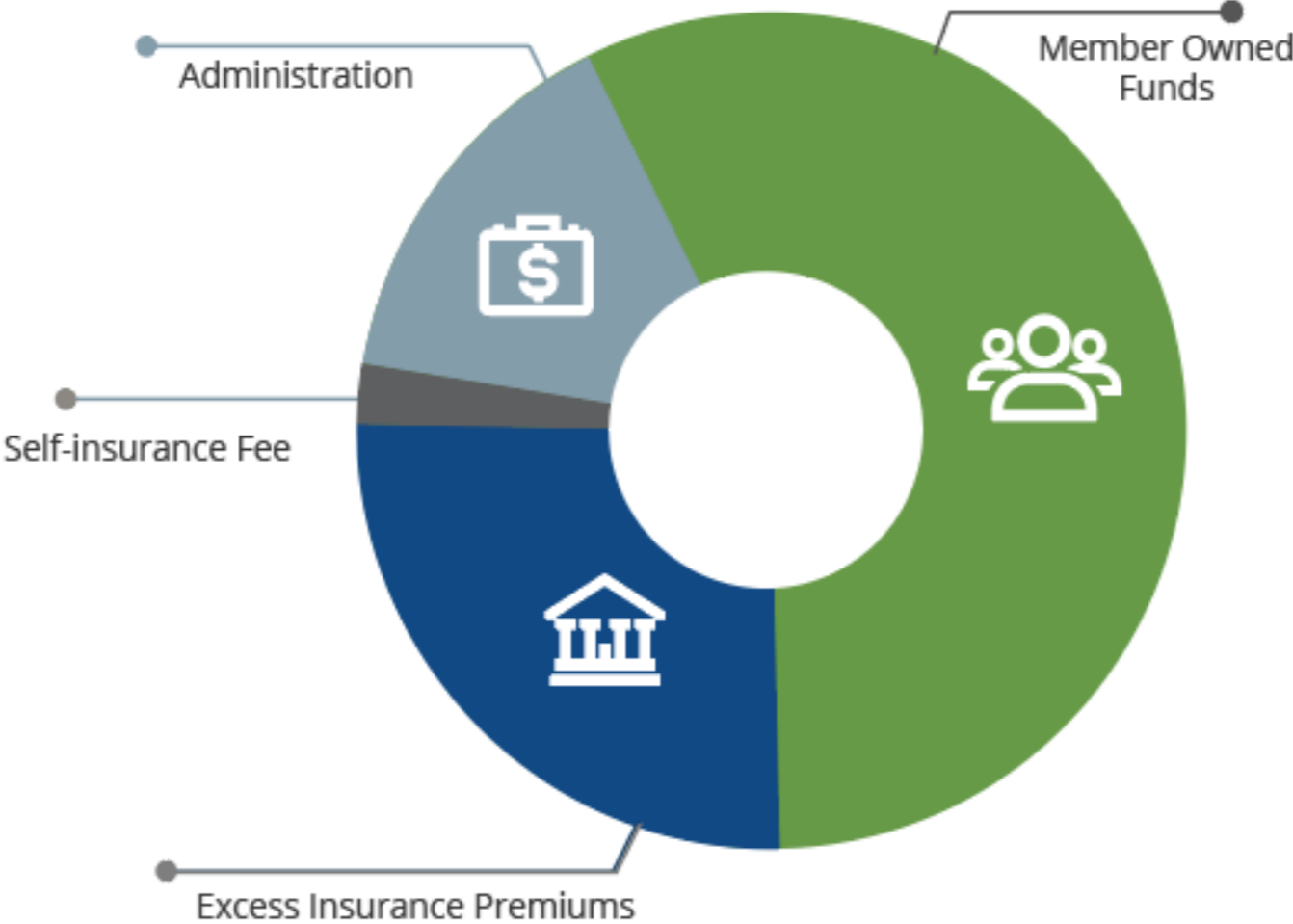


AMM Protected Self-Insurance History

- Protected Self-Insurance Program initiated in the early 1970's; partnership between the AMM and HED/Western Financial Group Insurance Solutions
- Protected Self-Insurance Model implemented to provide ownership and control to the AMM over the commercial & employee benefit programs
- Since 2010, **\$16.25 million** in premium has been returned from the AMM held loss pool back to municipalities for property & casualty program; in a traditional open-market this would go to the insurance industry as profit

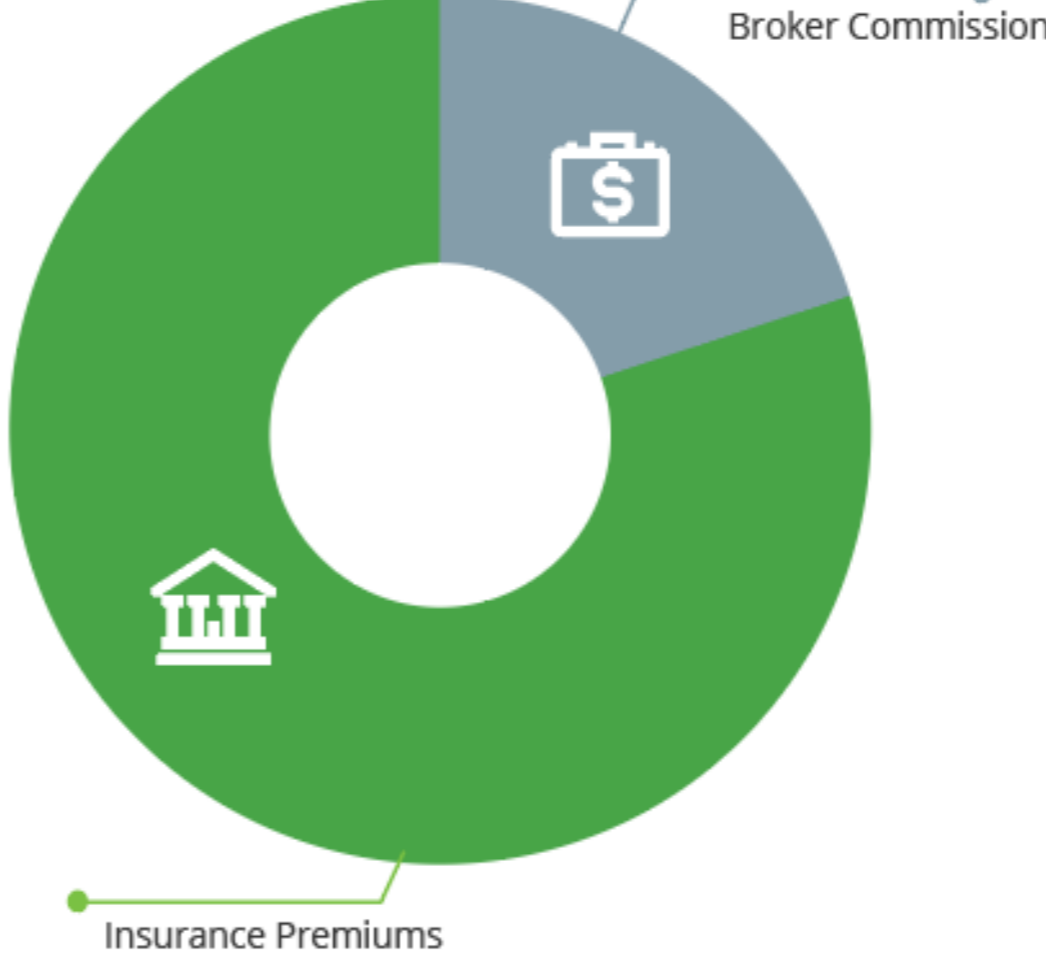
AMM Program vs. Traditional Open Market Structure

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

2021 Commercial Insurance Marketplace

- Insurance companies make profit through investments and/or underwriting gains
- Low interest environment and financial market uncertainty requires insurers to return to underwriting gains
- Property & Casualty losses in Canada have increased significantly in recent years
- Insurer appetite has narrowed to industry classes that ensure profitability
- Hard-market conditions have existed since Summer 2019, now combined with COVID-19 and will continue throughout 2021 and 2022.
- The very best insurance programs with low loss ratios are experiencing **30-100% increases** across the country.

2021 Commercial Insurance Marketplace

- Pandemic & Higher Frequency and Severity of Claims from Natural Disasters in past years
 - 2020 - **\$2.4 billion in claims** due to severe weather – 4th highest loss year in Canadian history
 - 2016 - Fort McMurray – **\$3.6 billion in claims** - largest natural disaster in Canadian history
- Increases are happening to municipalities across the country
 - BC – Sunshine Coast Regional District – **46%** increase
 - NFLD – St. John's – **88%** increase

2021 Commercial Insurance - Renewal

- ▶ Travelers Insurance Company of Canada – pulled out of public entity insurance for 2021
- ▶ Despite insurer loss ratios of 25-45% in the last three years, Travelers withdrew from Municipal General Insurance Program – 36 year relationship
- ▶ Exhaustive re-marketing of program took place to find replacement insurers (Canada, USA, United Kingdom, Switzerland)
- ▶ Required participants to be issued policy document in two different stages.
 - 1 month extension (May 1st, 2021) from Travelers for Liability cover + all other coverages = Stage 1 Renewal
 - Liability – 11 month term (May 1st, 2021 – April 1st, 2022) to align with common renewal date of April 1st = Stage 2 Renewal

Commercial Renewal – Key Outcomes

- After extensive work, replacement insurer for liability obtained through QBE – Lloyd's of London.
- Result: 9.81% increase in overall cost of insurance – very positive result
- \$4,000,000 return of premium from Self-insured retention pool – largest ever in program history!
- \$800,000 return of premium from Employee Benefits program
- **\$16,244,933** in returns of premium have been issued back to municipalities since 2010
- Note: These funds would go back to insurers as underwriting profit, without existing structure through

Key Takeaways

- Program structure has delivered on largest return in history – Stability amidst unstable times.
- Best in class – have not seen better outcome on Group Program in past 18 months.
- Most difficult market conditions have seen in 25+ years in the industry.
- More important than ever that program participation remains stable amidst volatile marketplace.
- Risk Management continues to play a pivotal role in keeping frequency & severity of claims down.
- Participant Outreach – webinars, risk management, site surveys, council meetings will continue to grow and expand throughout 2021 year.

AMM Infrastructure Grant – November 30th, 2021

- The Western Financial Group Communities Foundation is celebrating its 20th anniversary of donating to communities across Canada
- Pleased to announce the first inaugural Association of Manitoba Municipalities Infrastructure Grant
- A \$5,000 grant will be donated to one municipality by random draw for a renovation or build of a publicly owned asset to improve their community.
- Applications will be accepted until November 30th, 2021 and the winner will be drawn on December 15th, 2021
- To submit your application, please visit westerngives.com



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Communities Foundation



AMM Insurance Program

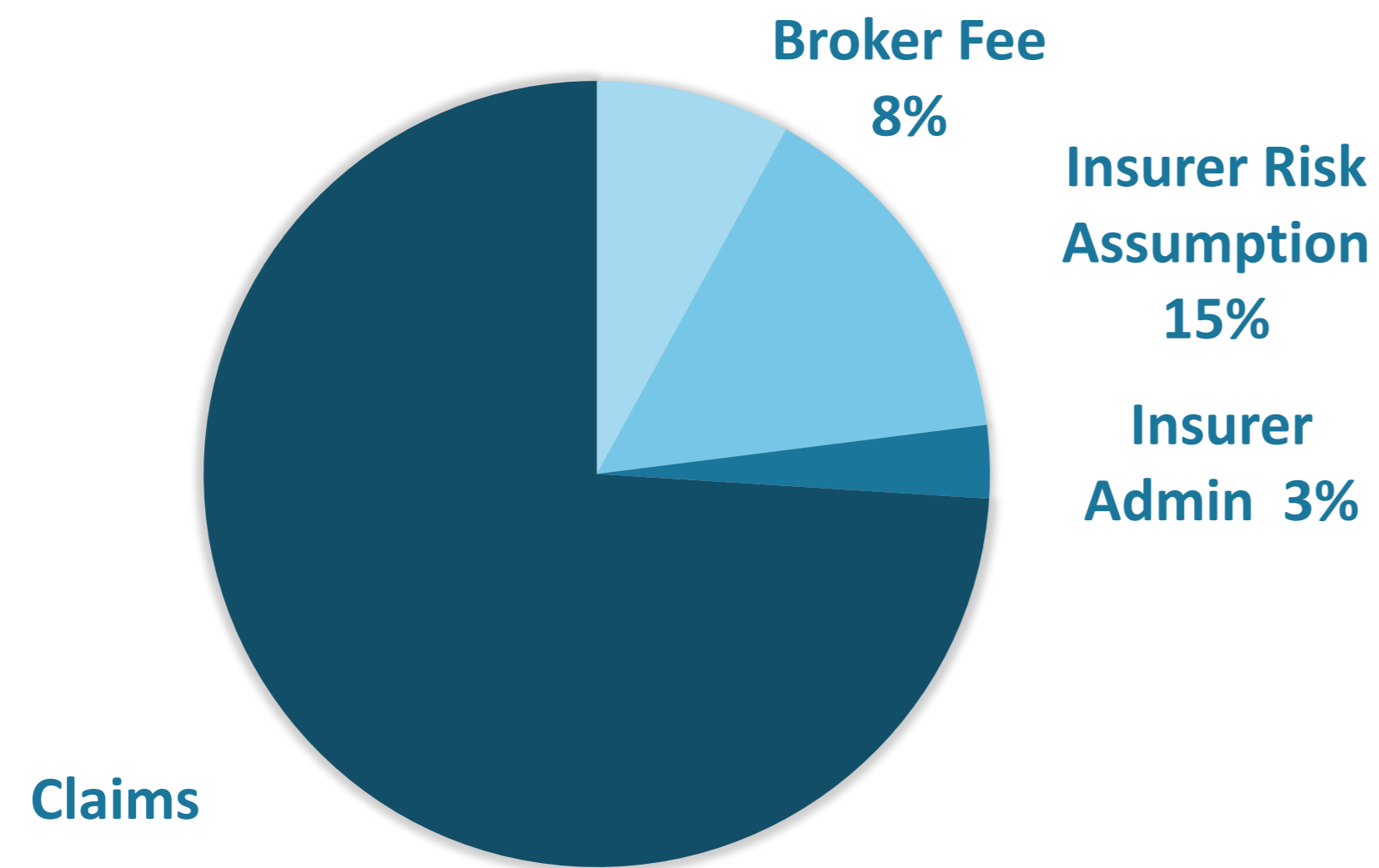
Employee Benefits



AMM Employee Benefits Program

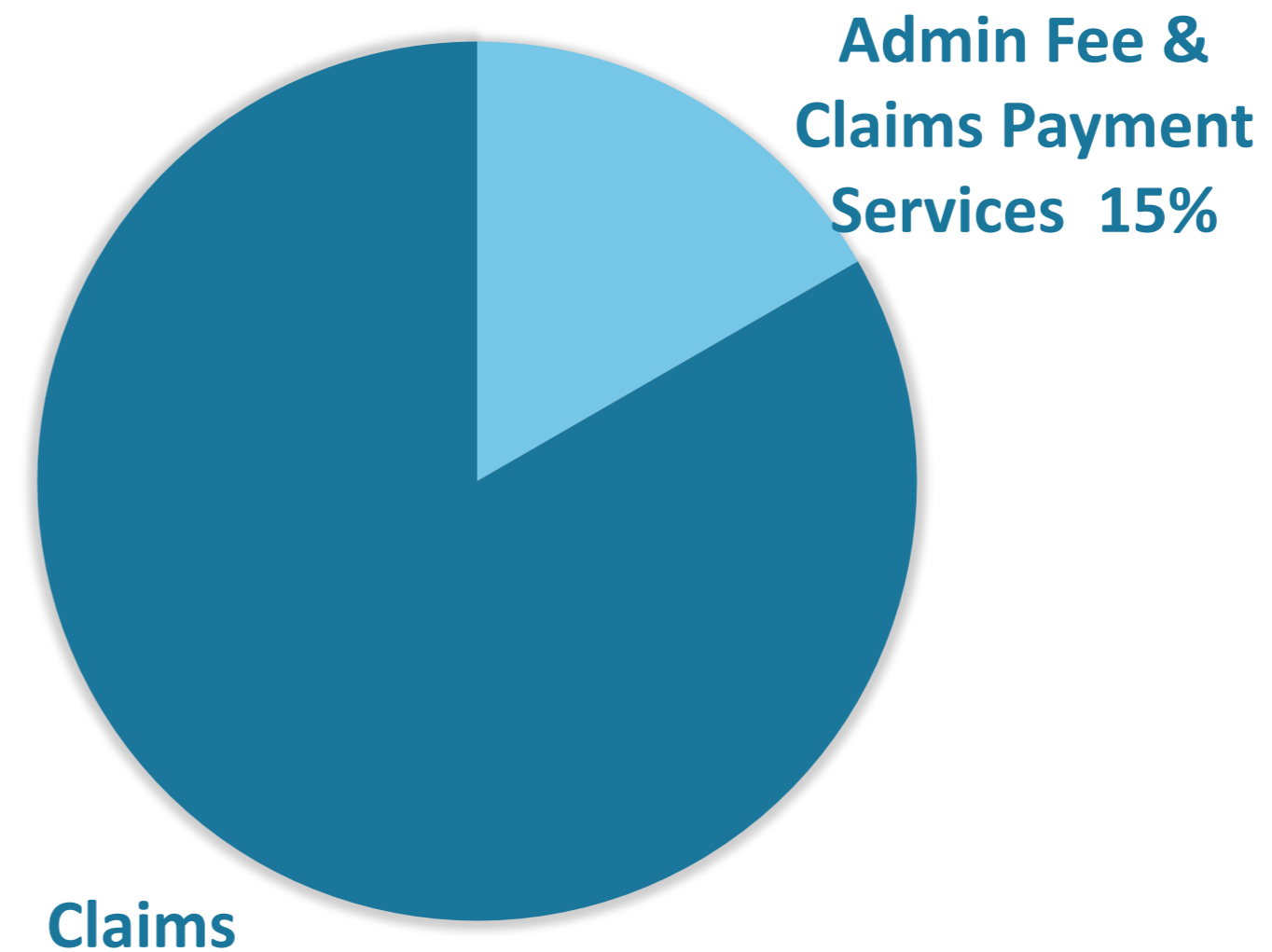
- AMM adjudicates renewals by analyzing the claims experience of the entire pool, thus creating a greater level of program stability. In addition, there is substantially more premium to offset larger claims that a group might experience
- 112 municipalities participate out of 137, plus additional watershed districts, recreation districts, planning districts, weed districts, and retirees
- 1,596 employees/councilors insured; 4,671 total including dependents
- 350 retirees insured; 623 including dependents
- Average annual premium increase 3.0% in last 5 years, much lower than other group benefit plans
- 2021 total annual premium is now \$7,808,826 – program continues to grow with participants.
- New plan enhancements and options provide members with flexibility

Traditional Market Model



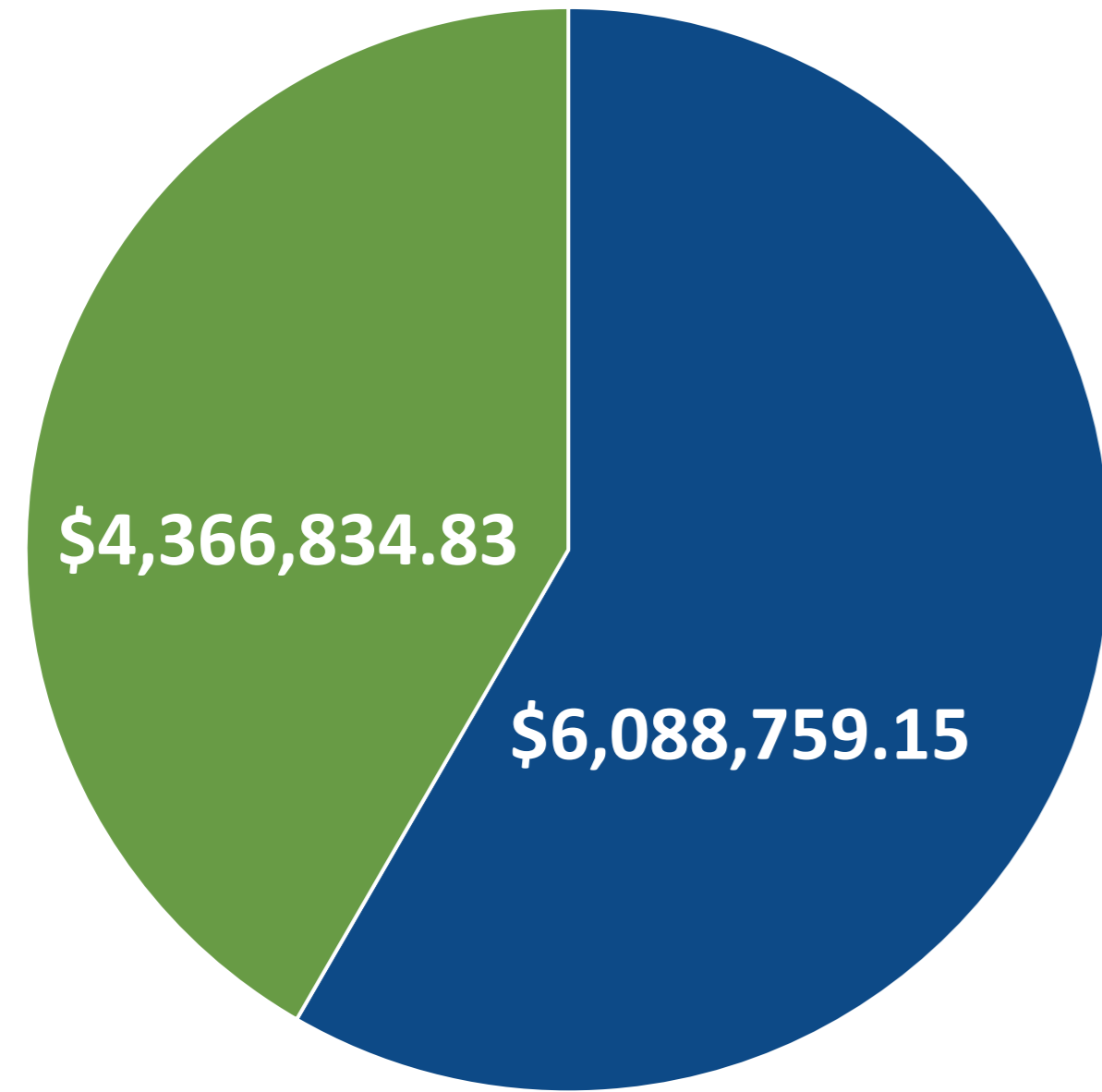
- Expense factor = 26 cents per \$1
- Target Loss Ratio = 75%
- No chance for Return of Premium

AMM Insurance Model



- Expense factor = 15 cents per \$1
- Target Loss Ratio = 85%
- Surplus on Claims Returned to AMM Participants
- Over \$3.6 Million returned over the past 5 years

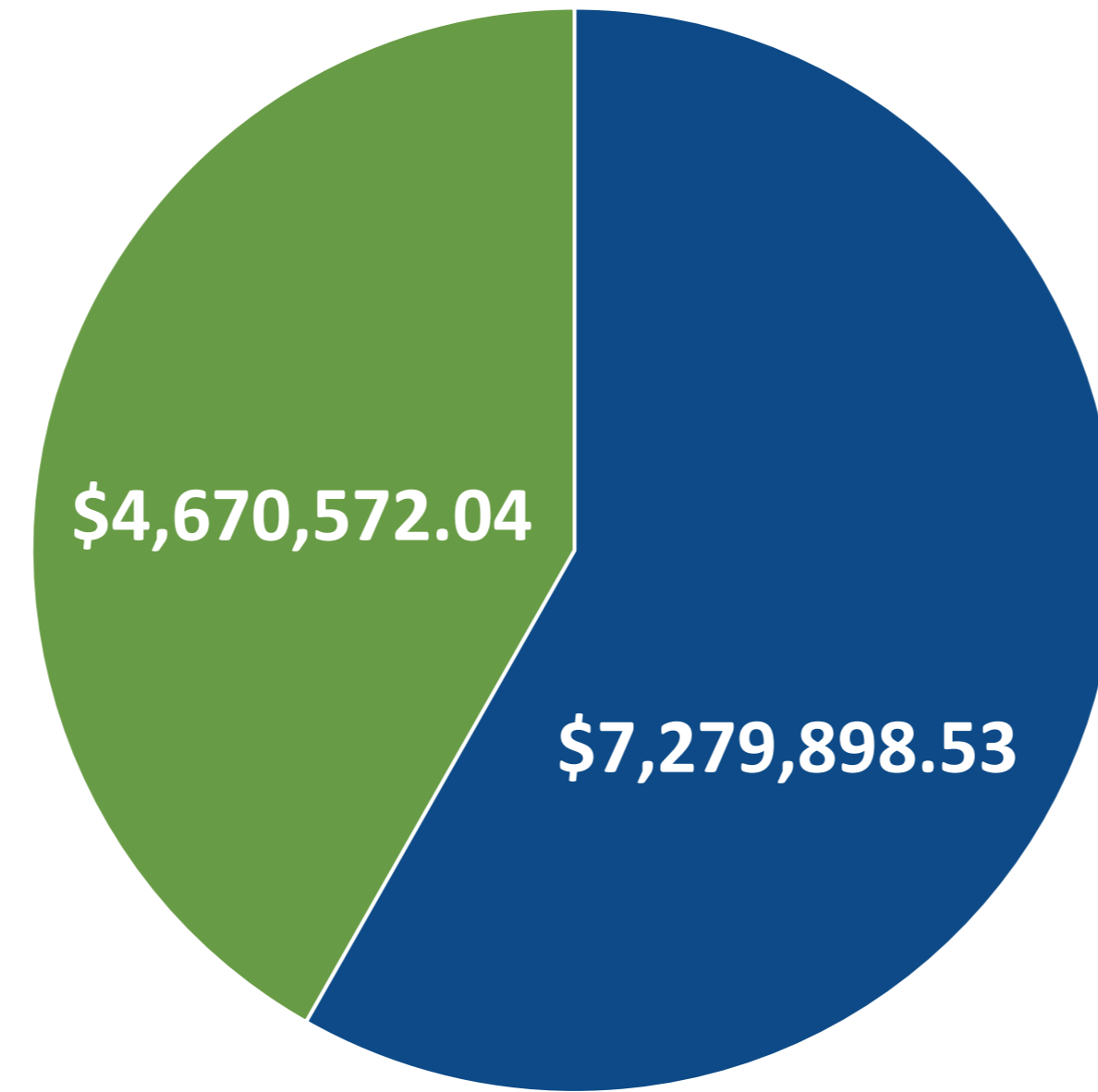
2019 Employee Benefits Pool



■ Premium
■ Claims

- Premium growth of **\$347,097.51** from 2018
- **12%** increase in claims from 2018

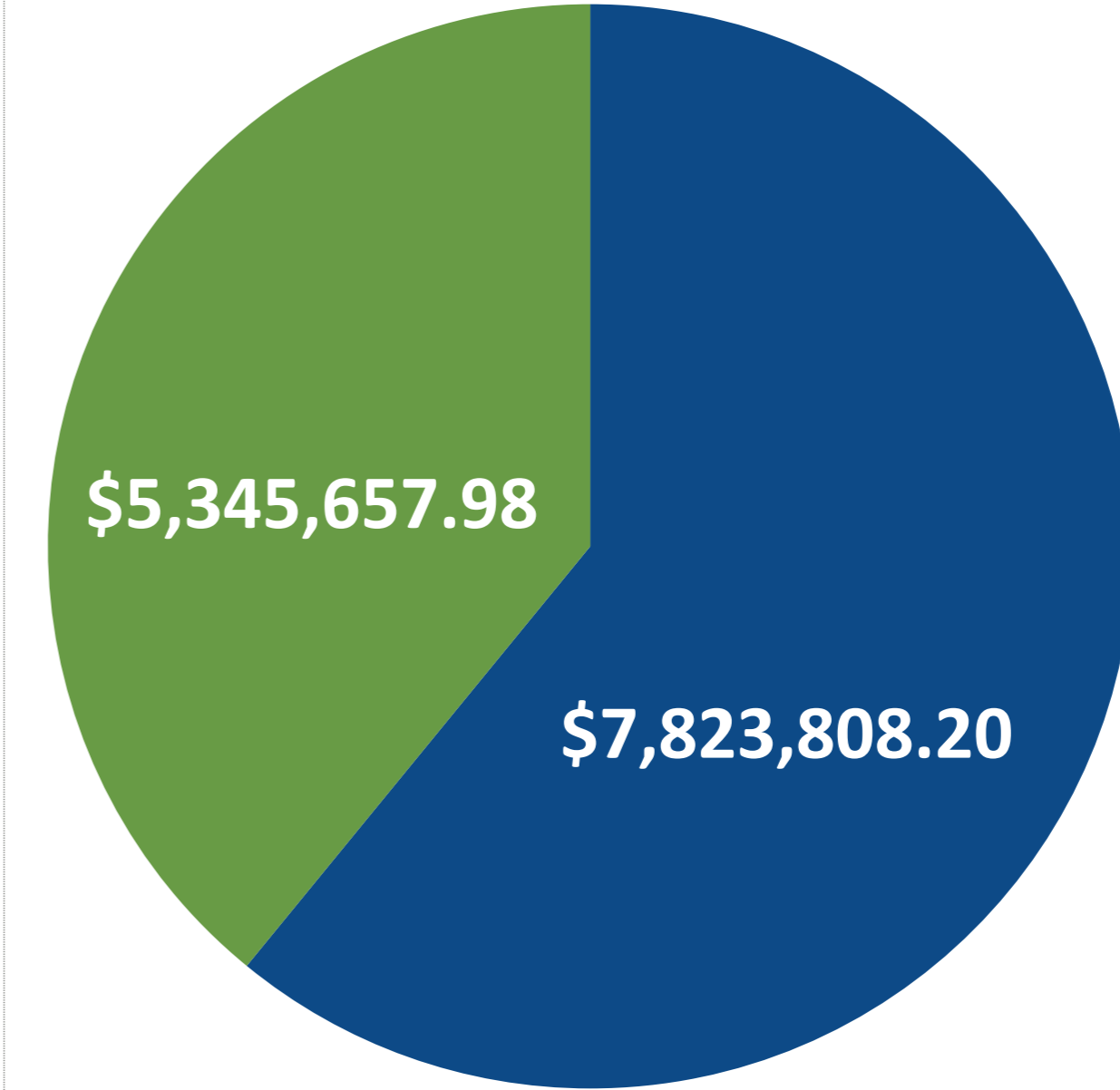
2020 Employee Benefits Pool



■ Premium
■ Claims

- Premium growth of **\$1,292,139.38** from 2019
- **6%** increase in claims from 2019

2021 Employee Benefits Pool



■ Premium
■ Claims

- Premium growth of **\$543,909** from 2020
- **14%** increase in claims from 2020

AMM Employee Benefits Return of Premium

- AMM offers members the opportunity to receive a return of premium based on performance of program
- Refund is allocated as a weighted average based on the plan members percentage of the total premium
- Members have ownership & stake in the AMM program
- AMM returned \$800,000 to AMM Employee Benefits Program members in 2020
- Over \$3.6 million has been returned to members within the past 6 years
- The accumulated surplus owned by municipalities is \$567,000 as of November 1st, 2021

AMM Insurance Program

THANK YOU!

