



## Human Resources Committee Agenda

Thursday, March 22, 2018  
Council Chambers  
Administration Centre, Walkerton

1. Declaration of Pecuniary Interest
2. Action Items
  - A. Occupational Accident Insurance & Excess Indemnity Insurance Renewals (attached)
3. Next Meeting

April 5, 2018
4. Adjournment



## Committee Report

**To:** Warden Paul Eagleson  
Members of the Human Resources Committee

**From:** Marianne Nero  
Director of Human Resources

**Date:** March 22, 2018

**Re:** Occupational Accident Insurance & Excess Indemnity  
Insurance Renewals

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### Recommendation:

That Committee approve the insurance policies through Jardine Lloyd Thompson of Canada effective January 1, 2018; and,

Specifically, the coverage unwritten by Chubb Insurance Company for Occupational Accident Insurance at a premium of \$35,209 (HST included) and for excess indemnity insurance at a premium of \$139,663 (HST included) .

That the Director, Human Resources be authorized to sign all necessary documents to give effect to the contracts.

### Background:

The County of Bruce is a Schedule 2 employer under the Workplace Safety and Insurance Board (WSIB). As a WSIB Schedule 2 employer, the County of Bruce is self-insured, paying the actual claim costs plus administration fees to the WSIB. In order to protect itself from catastrophic loss, the County purchases insurance. The insurance policies renew each January 1<sup>st</sup> annually and no changes were enacted for the 2018 insurance policy coverages.

WSIB, Schedule 2 coverage is basically, self-insurance. While Schedule 1 employers pay into the collective liability pool -- and its massive unfunded liability. Schedule 2 employers are individually liable for the cost of benefits awarded to their employees. Under Schedule 2, all that changes is the method of funding. Employees lose nothing. The employer is not exempt from the provisions of the Act, as are the banks, insurance companies and universities.



Employees' claims continue to be adjudicated by the Workers' Compensation Board. All that has changed is the method of paying for the awards. When the County of Bruce became a Schedule 2 employer, it accepted total responsibility for the costs of its employee's workers' compensation claims, as adjudicated and awarded by the Work Place Safety and Insurance Board (WSIB). The County should protect itself from undue exposure to a major loss resulting from a catastrophic accident (e.g. the bus crash). It does so by the judicious purchase of insurance. Two types of insurance are purchased and are appropriate in this case.

The first type of insurance is the Excess Indemnity Insurance Policy. This Excess Indemnity Insurance is also known as stop loss insurance. It protects the County against financial exposure to a catastrophic loss. This Excess Indemnity insurance is provided on the basis of retention (deductible) of \$500,000.00 per accident. In other words, the Excess Indemnity Insurance pays any WSIB claim that the County incurs in excess of \$500,000 per accident, up to \$15,000,000.00 per accident.

Most employers consider retention (deductible) of \$500,000 larger than acceptable self-insured exposure. Because of this exposure, the County purchases a second type of policy called an Occupational Accident Policy. Unlike AD&D insurance offered in employee benefit plans, this policy is owned by the County, and the County is the beneficiary. Typically, the client purchases the Occupational Accident Policy matching the retention (deductible) amount, in this case, \$500,000.00.

Under the Occupational Accident Policy, the insurer will pay the principal sum (i.e. \$500,000), to the County, if the County experiences a death or a permanent and total disability (or 50% in the case of a permanent partial disability as determined by the WSIB) as a result of a workplace accident.

#### **Financial/Staffing/Legal/IT Considerations:**

The Excess Indemnity for 2018 is based on a projection of increased insurance payroll earnings of \$34,405,000. Specifically, the revised premium rate is increased by 0.78% from 2017 annual rate and projected insurance earnings have increased by 3.18% resulting in a compound increase of 4.08% in premium for 2018 as compared to 2017. The premium cost for 2018 is \$139,663.

The 2018 Occupational Accident Insurance remains unchanged from 2017 for the cost of \$35,209. The total is below the amount budgeted for 2018 budgeted of \$206,862.



**Interdepartmental Consultation:**

Purchasing have been consulted in relation to the annual renewal process and associated documentation.

**Link to Strategic Goals and Elements:**

None identified.

**Approved by:**

Kelley Coulter  
Chief Administrative Officer