



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	January 28, 2021
Subject / Report No:	HRR-CW-01-21
Title:	2021 Workplace Safety Insurance Board Insurance Renewal
Prepared by:	Sandra Shipley, Human Resources Manager
Reviewed by:	Kevin Wepler, Director of Corporate Services
Lower Tier(s) Affected:	
Status:	Recommendation adopted by Committee as presented per Resolution CW25-21; Endorsed by County Council February 11, 2021 per Resolution CC16-21;

Recommendation

1. That Report HRR-CW-01-21 regarding Workplace Safety Insurance Board (WSIB) Insurance be received; and
2. That the Chubb Insurance Company of Canada Policy for excess indemnity insurance through Marsh Canada Limited at a premium of \$216,164.16 be approved for 2021.

Executive Summary

Grey County is a Schedule 2 employer under the Workplace Safety and Insurance Board (WSIB). As a Schedule 2 employer, the County 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 policy renews each January 1st.

Background and Discussion

The County of Grey has self-insured WSIB since January 1, 1998. Benefits received by employees are identical under WSIB regardless if the employer is Schedule 1 (insured under WSIB) or Schedule 2 (self-insured WSIB). The difference is in the amount the employer pays for coverage.

Under Schedule 1, WSIB coverage is a pooled insurance plan for workplace injuries where WSIB is liable to pay benefit compensation for worker's claims. Employers are grouped into industry classes, with premium rates varying by group. Premiums are calculated on insurable earnings (taxable wages and benefits) up to the annual maximum limit set by WSIB. Schedule

1 employers are relieved of individual responsibility for actual claim costs, since the WSIB pays for claim costs out of money pooled in the insurance fund. Schedule 1 premium rates are determined in part by the industry class group risk and partially by the employer's claim history.

Schedule 2 employers self-insure workplace accident costs. Employers are liable to pay all benefit compensation and administration costs for worker's claims. The WSIB administers the payment of benefits for workers of Schedule 2 employers and recovers the cost of these benefits plus administration fees from the employer. Under Schedule 2, the employer is responsible for 100% of the claim cost for the life of the claim.

Additional Insurance

Since becoming a Schedule 2 employer, Grey County has purchased private insurance to protect itself against catastrophic loss. In 2019, Council made the decision to modify its insurance coverage, electing to self-fund the first \$500,000 in WSIB claims costs per WSIB claim. In addition, Grey County has a WSIB reserve that can be drawn from when necessary.

The Chubb Insurance Company of Canada currently provides excess indemnity insurance for all expenses exceeding \$500,000 to a maximum of \$15,000,000 due to work related injury, disease or death.

The cap on reimbursement of the WSIB administrative fee remains at 28%. The provisional administrative rate set by WSIB for 2020 is 22.2%. WSIB will calculate the actual 2020 administration rate in August 2021 and will make retroactive changes to 2020 invoices. The provisional rate for 2021 has not yet been announced.

Premiums for excess indemnity insurance are calculated on projected insurable earnings (taxable wages and benefits up to the WSIB annual limit). The premium rate will increase by 6.02% in 2021. With the increase in projected insurable earnings of 3.59%, it results in a compounded increase of 9.83% over the 2020 premium.

Staff are recommending the renewal of the excess indemnity insurance to protect the County against high claims costs.

Legal and Legislated Requirements

None

Financial and Resource Implications

The 2021 cost for excess indemnity insurance is \$216,164.16 including provincial sales tax and is \$19,341.72 higher than 2020.

The 2020 year ending WSIB reserve balance is projected to be \$3,129,098.56.

Relevant Consultation

Internal Finance

External Marsh Canada Limited

Appendices and Attachments

None