



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	January 13, 2022
Subject / Report No:	HRR-CW-02-22
Title:	2022 Workplace Safety Insurance Board Insurance Renewal
Prepared by:	Sandra Shipley, Human Resources Manager
Reviewed by:	Jennifer Moreau, Human Resources Director
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That Report HRR-CW-02-22 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 conditional premium of \$249,199.20 be approved for 2022

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. 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 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 2021 is 24.6%. WSIB will calculate the actual 2021 administration rate in August 2022 and will make retroactive changes to 2021 invoices. The provisional rate for 2022 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 is conditionally increasing by 5.24% in 2022. Due to a delay in the insurer receiving up to date WSIB claims information, the insurer was not able to finalize the premium rate. The 2022 premium rate is subject to receipt and acceptance of the WSIB issued claims summary information.

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 2022 cost for excess indemnity insurance is \$249,199.20 including provincial sales tax and is an increase of \$33,035.04 over 2021. With the increase projected insurable earnings of 9.1% combined with the 5.24% premium rate increase, it results in a compounded increase of 15.28% over the 2021 premium.

The 2022 premium rate provided by Chubb Insurance Company of Canada is conditional of receipt and review of updated WSIB claims information. Should the insurer amend the conditional rate to be more than 10% over the 2021 rate, staff will provide an update to Council.

Relevant Consultation

- Jennifer Moreau, Director of Human Resources
- Mary Lou Spicer, Director of Finance
- External-Marsh Canada Limited

Appendices and Attachments

None