

# Committee Report

<b>To:</b>	Warden McQueen and Members of Grey County Council
<b>Committee Date:</b>	January 9, 2020
<b>Subject / Report No:</b>	HRR-CW-01-20
<b>Title:</b>	2020 Workplace Safety Insurance Board Insurance Coverage Renewal
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<b>Reviewed by:</b>	Kevin Wepler, Director of Corporate Services
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Recommendation adopted by Committee as presented per Resolution CW22-20; Endorsed by County Council January 23, 2020 per Resolution CC18-20;

## Recommendation

1. That Report HRR-CW-01-20 regarding Workplace Safety Insurance Board (WSIB) Insurance be received; and
2. That the Chubb Insurance Company Insurance Policy for excess indemnity insurance through Jardine Lloyd Thompson of Canada (Marsh) at a premium of \$196,822.44 be approved for 2020.

## 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 1<sup>st</sup>.

## Background and Discussion

The County of Grey transferred from being a Schedule I WSIB employer to a Schedule 2 WSIB employer on January 1, 1998. The benefits paid to employees are identical under the two schedules. They include lost wages, health care (medication, hospital stays, chiropractor, physiotherapists and other health professions), rehabilitation (costs

for upgrading of education for workers who have suffered a permanent injury that prevents them from returning to their pre accident occupation), non economic loss (NEL – money paid to a worker who has suffered a permanent impairment to compensate them for the “loss of use”). 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. Starting in 2020, WSIB has implemented a new premium model that will ensure employers are paying a fair rate that is reflective of their previous six years of claims experience.

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

Prior to 2019, Grey County had two types of insurance policies to protect itself from catastrophic loss. In January 2019, Council elected to not renew the first level of insurance that paid up to \$500,000 per claim. It was determined at that time that the increased cost of the policy along with the increased criteria for eligible claims, it made more sense to self-insure the first \$500,000, and when necessary, draw from the WSIB reserve.

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 administration rate set by WSIB for 2019 is 23.2%. WSIB will calculate the actual 2019 administration rate in August 2020 and will make retroactive adjustments to 2019 invoices. The provisional rate for 2020 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 3.83% in 2020. With the increase in projected insurable earnings of 3.59%, it results in a compounded increase of 7.56% over the 2019 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 2020 cost for excess indemnity insurance is \$196,822.44 including provincial sales tax and is \$13,841.28 higher than 2019. This amount has been built into the 2020 budget.

The WSIB reserve balance is currently \$3,036,598.56.

## Relevant Consultation

- Internal Human Resources, Finance
- External Jardine Lloyd Thompson of Canada (Marsh)

## Appendices and Attachments