



Committee Report

To:	Warden Milne and Members of Grey County Council
Committee Date:	January 12, 2023
Subject / Report No:	HRR-CW-03-23
Title:	2023 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 adopted by Committee as presented per Resolution CW17-23; Endorsed by County Council January 26, 2023, per Resolution CC11-23.

Recommendation

1. That report HRR-CW-03-23 regarding **Workplace Safety and Insurance Board (WSIB) Insurance be received; and**
2. That the **Chubb Insurance Company of Canada policy for excess indemnity insurance through Marsh Canada Limited for the period of December 31, 2022, to February 1, 2024, at a premium of \$316,213.20 including provincial sales tax be approved.**

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. Traditionally the insurance policy renews each December 31st. The 2023 cost for excess indemnity insurance is \$290,725.20 including PST and is an increase of \$41,526.00 over 2022. There are very few companies offering excess indemnity insurance.

Background and Discussion

The County of Grey has self-insured WSIB since January 1, 1998. Benefits received by employees are identical under WSIB regardless of if the employer is Schedule 1 (insured under WSIB) or Schedule 2 (self-insured under 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. In the County's experience, being Schedule 2 has provided some cost savings over Schedule 1.

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 2022 is 20.7%. WSIB will calculate the actual 2022 administrative rate in August 2023 and will make retroactive changes to 2022 invoices. The provisional rate for 2023 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 9.68% in 2023.

The WSIB insurance renewal process begins in November of each year, once WSIB has announced the maximum insurable earnings rate for the upcoming year. As a result, the renewal quotation is not received by the County until mid-December and staff are unable to bring a report to Council until January. The insurer has offered to provide a 13-month policy period from December 31, 2022, to February 1, 2024. This would allow staff to bring the renewal to Council prior to the start of the renewal period in the future.

There have been significant changes in work-related claims since the County determined in 1998 that moving from a Schedule 1 to a Schedule 2 employer was cost effective. The County has grown as an employer. WSIB has implemented a number of presumptive rules for automatic coverage for claims. Within our first responder group WSIB implemented a rule that all first responders who are diagnosed with PTSD that meet specific employment and diagnostic criteria are presumed to have arisen out of and in the course of employment. It is our responsibility to monitor and ensure proper case management of these claims and ensure our staff are appropriately returned to work.

The Human Resources team will be conducting a cost benefits analysis to ensure that it is still in

Grey County's best interest to remain within the Schedule 2 group with WSIB. We will bring a report back to Council this year with our analysis and recommendations.

Staff are recommending the thirteen-month renewal of the excess indemnity insurance to protect the County against high claim costs for our current program with WSIB

Legal and Legislated Requirements

None

Financial and Resource Implications

The 2023 cost for excess indemnity insurance is \$290,725.20 including PST and is an increase of \$41,526.00 over 2022. With the increase to projected insurable earnings of 6.36% combined with the 9.68% premium rate increase, it results in a compounded increase of 16.66% over the 2022 premium.

The cost of accepting the thirteen-month renewal is \$316,216.20 including provincial sales tax. This cost has been calculated by taking the one-year renewal premium and prorating it for the additional 32-day coverage period.

Relevant Consultation

- Jennifer Moreau, Director of Human Resources
- Mary Lou Spicer, Director of Finance
- Kim Wingrove, Chief Administrative Officer
- External – Marsh Canada Limited

Appendices and Attachments

None.