

Insurance & Claims

Led by: City Solicitor & General Counsel

Description

Insurance & Claims monitors the operational risks of The City and associated boards and authorities to determine cost-effective ways to eliminate, reduce, manage, transfer or insure such risks. We also manage the adjustment of claims either brought forward by the public or The Corporation in a fair and equitable manner.

Value and benefits

Insurance & Claims provides advice on operational risk management. We manage the placement of all corporate insurance policies and operate the civic insurance fund in accordance with industry standards. This service also manages the investigation, negotiation and settlement of claims brought forward by the public or The Corporation.

Customers

Insurance & Claims provides a direct benefit to all areas within The Corporation, a number of civic partners and to the general public.

What we deliver

Insurance & Claims provides many services, including: - Advice on managing operational risks - In-house investigation, negotiation and settlement of claims brought forward by the public or The Corporation - Management of the civic insurance fund - Purchasing all Corporate insurance policies - Reporting on claims data & trend analysis - Contract reviews - Loss Control Inspections

Partners

The primary partner of the Insurance & Claims service line is Legal Services.

8,800	Avg. # of Reported Claims Per Year
\$10.1 billion	Total Insured Property Values
5,157	Total Number of Insured Vehicles
1,800	Avg. # of 311 Service Requests Per Year

Insurance and Claims

2022 Budgeted Gross Operating Expenditures Funding Breakdown (\$ Millions)*



* Gross operating budget may include internal recoveries that are also included in other services' gross operating cost.

Note: Internal recoveries is how The City accounts for the costs of goods or services between services

Key assets

There are no key assets for this service line.

What we have heard & what we are watching

What we have heard

Insurance & Claims conducted surveys with our five largest clients based on overall claims volume and insurance premiums. The surveys show that the respondents are satisfied with the claims management process and they find value, both operationally and financially, in the advice provided on risk management and insurance matters.

What Council has directed

As an enabling service, Insurance & Claims supports the corporation's delivery of services through the provision of risk, insurance and claims management. We advance Council initiatives through contract negotiations on large projects, risk identification and treatment on new initiatives, insurance to protect against financial uncertainty, and if a claim occurs - in-house expertise to efficiently resolve the matter. By managing risk through loss prevention activities, and by transferring risk through commercially reasonable insurance, this service enables The City to offer quality services to the public while maintaining an affordable tax rate. This service has also been actively involved in flood protection and hail protection efforts to help mitigate future climate-related losses, both from an insurance and claims perspective. As a result, the insurance markets continue to recognize the improving risk profile of The City.

What we are watching

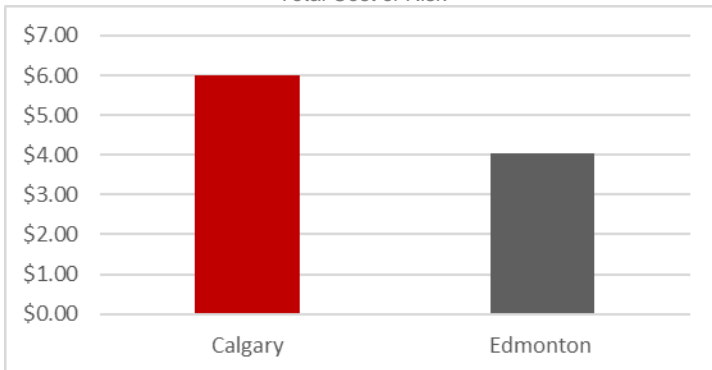
The Insurance & Claims service line is monitoring:

Climate Change Risk - Large weather events are occurring more frequently, and this creates a challenge with internal resources as well as funding higher insurance premiums that may result.

Cyber Security Risk - As business operations increasingly rely on technology, the risk of network and data breaches has increased as well. There is a market-wide focus on ransomware claims.

Insurance Market Risk - Hardening of the insurance markets, which was caused by an increase in loss ratios and a decrease in competition and capacity over the last two years.

Total Cost of Risk



The City of Edmonton - Insurance and Claims Management Division

Comparing our service

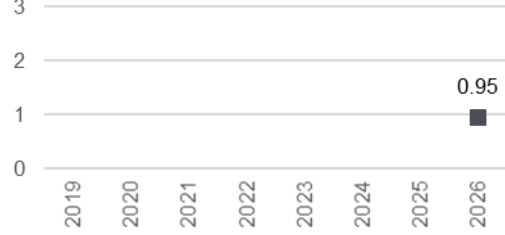
The City of Calgary's insurance and claims services are closely aligned to The City of Edmonton. This chart compares the total cost of risk, which is the sum of all operations that relate to risk, including purchased insurance policies, self-insured claims, adjusting expenses, risk control and transfer costs, and administrative costs per \$1,000 of operating revenue. Although geographical size, location and weather patterns result in differences between the risk profiles and insurance requirements of the two cities, this comparison is the most relevant benchmark.

Measuring performance & where we want to go

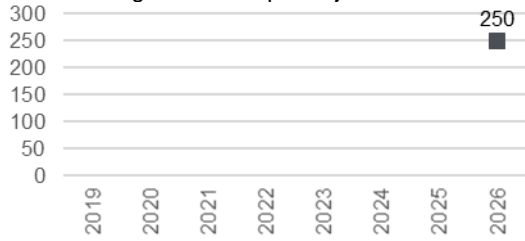
For Council Approval

— Actuals ■ Expected Future Performance

PM1: Average time to respond to a Calgarian on a new claim (days)



PM2: Average caseload per adjuster



Story behind the curve

When a member of the public submits a new claim to The City through 311, the Insurance & Claims division aims to make contact and close the service request within one business day. In normal operating conditions, it is possible to achieve this expected performance. In peak periods, it is also possible to achieve this performance with proper business and workforce planning.

The average caseload of open claims for an adjuster at The City of Calgary is 280 files. The benchmark caseload across all major municipalities in Canada is 250 files (Source: Municipal Forum 2022). With additional resourcing, the Insurance & Claims service line expects to achieve the benchmark value by the end of this budget cycle.

What we plan to do

Result for 2023-2026

The primary service result for Insurance & Claims is to provide a resilient and predictable model for managing insurance and claims for the corporation. This includes reducing financial uncertainty for all service lines, mitigating emerging risks, and helping to turn the curve on claims trends.

How we are going to get there

Continue to build strong relationships within the insurance industry to reduce market risk and volatility in the corporate insurance program.

Continuous improvement initiatives to automate and enhance claims data collection and continue corporate discussions about risk and claims reductions.

Continue to conduct loss control inspections.

Support currency of replacement costs for the corporate property insurance policy and ensure ongoing compliance with Provincial automobile insurance requirements.

Focus on the employee experience to support a high performing, healthy and engaged workforce.

Operating budget needed to achieve results

For Council Approval

Breakdown of net operating budget (\$000s)

	2023		2024		2025		2026	
	Base	One-time	Base	One-time	Base	One-time	Base	One-time
Previous Year's Net Budget	1,175		1,175		1,175		1,175	
Previously approved One-time budget		-		-		-		-
2022 One-time carry forward		-		-		-		-
Revenue Changes	-	-	-	-	-	-	-	-
Internal Recoveries Changes	(1,980)	-	(1,635)	-	(1,500)	-	(1,500)	-
Inflation	532	-	657	-	708	-	634	-
Operating Impact of Previously Approved Capital	-	-	-	-	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-	-	-	-	-
Service Reductions	-	-	-	-	-	-	-	-
Service Increases	1,448	-	978	-	792	-	866	-
Transfers to/(from) reserves	-	-	-	-	-	-	-	-
Transfers to/(from) services	-	-	-	-	-	-	-	-
Total net budget	1,175	-	1,175	-	1,175	-	1,175	-

Total Operating Budget (\$000s) for Approval

	2022 Budget	2023			2024			2025			2026		
	At April 30	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditures	37,369	39,349	-	39,349	40,984	-	40,984	42,484	-	42,484	43,984	-	43,984
Recoveries	(31,086)	(33,066)	-	(33,066)	(34,701)	-	(34,701)	(36,201)	-	(36,201)	(37,701)	-	(37,701)
Revenue	(5,108)	(5,108)	-	(5,108)	(5,108)	-	(5,108)	(5,108)	-	(5,108)	(5,108)	-	(5,108)
Net	1,175	1,175	-	1,175	1,175	-	1,175	1,175	-	1,175	1,175	-	1,175

Note: Figures may not add up due to rounding.

Capital budget needed to deliver service

For Council Approval

Activity	Investment Name	2023 Request (\$000s)	2024 Request (\$000s)	2025 Request (\$000s)	2026 Request (\$000s)	2027+ Request (\$000s)	Total Request (\$000s)
Annual Investment Program(s)							
		-	-	-	-	-	-
Program(s)							
		-	-	-	-	-	-
Projects(s)							
471500	Risk Master Upgrades	86	86	86	87	-	345
Sub-Total (New Budget Requests)		86	86	86	87	-	345
Previously Approved Budget Remaining		-	-	-	-	-	-
Total Capital Investment		86	86	86	87	-	345

Explanation of capital budget requests

Projects(s)

Activity 471500: Risk Master Upgrades

Upgrade Risk Master in order to maintain its functionality

Funding From: Lifecycle Maintenance & Upgrade Reserve (\$345 thousand)

Contributing Services: None

Operating Impact: None