



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: March 17, 2025

Report No: ES-005-25

Subject: Risk Management - 2024 Annual Risk Report

Recommendation: **THAT the 2024 Annual Risk Report be received for information.**

EXECUTIVE SUMMARY

The purpose of this report is to provide an overview of the Town of Milton's insurance and risk program and activity from January 1, 2024, to December 31, 2024.

REPORT

Background

The Risk Business Unit is responsible for administering the comprehensive insurance program for the Town of Milton and employing risk management strategies to protect the Town's assets and reputation. The objective of effective loss prevention, claims administration, and risk financing is to ensure loss exposure reduction and a high awareness for public and staff safety. Risk Services practices a wide array of risk management techniques, including risk identification, risk assessment, risk control, risk transfer, insurance procurement, and risk retention as practical means of mitigating exposures while supporting the strategic initiatives of the Town.

Claims administration is a primary function of Risk Services. Claims falling below the program self-retention level are investigated and adjusted internally or through the services of an independent third-party adjuster. The circumstances of each claim are considered in conjunction with applicable legislation, regulations, and insurance practices and are resolved fairly and equitably. Payment of a claim is contingent on a finding of negligence and legal liability on the part of the Town. Trends identified in the claims experience are used to evaluate where mitigation strategies can be focused.

Discussion

The Town of Milton is protected by a comprehensive insurance program covering the operations and functions of the municipality. An overview of the coverages and limits under this program is provided at Schedule A to this report. Traditional insurance is one of three following primary strategies for financing the Town's risks:

- Insurance coverage (Risk Transfer)



Discussion

- Appropriate contractual obligations placed on suppliers of goods and services (Risk Transfer)
- Management of claims through an appropriate self-insured retention (deductible) as well as the reserve fund (Risk Retention or Acceptance)

With regard to insurance coverage, the premium paid by the Town for insurance is impacted by many factors including market conditions, legislative changes, claim trends, inflation, Town and similar sector claims history, Town growth, and the nature of operations and services provided by the Town.

The comprehensive insurance program is procured using a competitive process. The Town’s three-year contract with insurance broker Marsh Canada Limited (formerly Jardine Lloyd Thompson (“JLT”) Canada Inc.), which began on January 1, 2017, included the option to renew the contract for additional terms, subject to satisfactory pricing and performance. The chart below provides a summary of the total premiums paid by the Town, inclusive of taxes and applicable fees, for the insurance program since the start of this contract to the end of 2024 (including renewals).

Total Premium Comparison (including taxes and fees)	
2017	\$728,785
2018	\$771,667
2019	\$796,109
2020	\$844,900
2021	\$806,681
2022	\$1,090,926
2023	\$1,336,653
2024	\$1,435,528*

* Includes premiums from two different policy periods (six months each)

The 2024 annual premium received for the Town’s comprehensive insurance portfolio increased over 2023 by approximately 15%. As was expressed to Council in Report ES-022-24, The largest area of pressure was in relation to the property policy. Contributing factors included the Town’s claim with respect to the weather damage to the dome in 2023, the updated building valuations that were identified through the recent facility audit updates, along with market conditions. Through the renewal process, the Town has updated the deductible related to the properties policy from \$50,000 to \$250,000 in order to help manage the financial pressure and in recognition of the Town’s ability to self-insure within the deductible limit for this policy. Other pricing alternatives were received and assessed for other potential deductible changes, however based on that review the existing deductible levels were maintained in relation to the Town’s other policies.



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The claims activity from January 1, 2024 - December 31, 2024, is summarized in the chart below.

Number of Open Claims at December 31, 2023*	Number Claims Received in 2024	Number of Claims Resolved in 2024	Number of Open Claims at December 31, 2024	Reserve Allowance for Open Claims at December 31, 2024
97	72	67	102	\$ 1,018,727

* Includes restatement of values previously presented for the prior year end in order to capture incidents that were reported or re-opened after the preparation of the previous year’s final report.

As of December 31, 2024, the reserve allowance for the outstanding claims is approximately \$1,018,727. This figure represents the estimated loss exposure to the Town based on the nature of the claims and applicable deductibles. The final amount realized for these claims has yet to be determined and will be subject to the completion of the claims process for each individual claim.

The following table provides a summary of the total costs to the Town for claims that were resolved in 2024 with comparative figures from the prior two years. It is important to note that these figures represent the lifetime value of these claims, including claims that have been in litigation for several years and resolved in the years noted below. The values represent any amounts incurred from the time the claim was received through to its resolution and may include legal and adjusting fees, expert fees and settlement costs. Internal staff time is not included.

Lifetime Cost of Claims Closed by Year		
Year	Number of Claims Closed During Year	Cost to Milton
2022	105	\$185,432
2023	204	\$145,779
2024	67	\$56,033

In an effort to reduce the incidence of claims and associated costs, various risk management measures are in place. Incidents involving Town vehicles or equipment are reviewed by the Milton Accident Review Committee (MARC). Recommendations are made by the Committee to the applicable Director and Manager to reduce the likelihood of recurrence. The MARC makes recommendations that support the education of drivers and operators of Town equipment such as driver training and refresher training, tailgate talks, and reviews of operational procedures to ensure the safe operation of the Town’s fleet.

Managers are kept aware of liability claims that are received by the Town. This information is used to assess the necessity of implementing measures to mitigate against future claims



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and/or losses. Risk Services continues to act as advisory support to staff in all divisions including the development, review, and recommendations provided within Town contracts, new and existing programs, projects, and operations. Risk management education and training opportunities are ongoing and include the dissemination of relevant claims mitigation material, and the facilitation of seminars and workshops for staff focusing on current trends in the public entity and insurance industry. Risk Services staff is also available on an as needed basis to all Town Departments for unexpected occurrences or general risk management advice.

For 2025, staff have initiated a request for proposal process to explore the market for insurance and risk management services in anticipation of an effective date of July 1st for a new policy. Work also continues on the development of a formal risk policy, which is expected to be presented to Council in late 2025 / early 2026.

Financial Impact

Litigation impacts all departments within the Town, whether it is the actual staff time investigating and preparing to defend against claims or in potential increases to the insurance premiums due to a substandard loss experience. Risk management strategies, including loss exposure identification, loss prevention measures, and risk transfer approaches are integral to the operations of all departments. The combination of an increasingly litigious society, rising judgment amounts, climate change, a volatile insurance market, and the continued presence of joint and several liability in Ontario drives the need for continued diligence towards best practice risk management.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Aliya Orloff
Manager, Risk Management

Phone: Ext. 2158

Attachments

Schedule 1 - Overview of Insurance Program Coverages

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer



Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.