



# The Corporation of the Town of Milton

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Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: April 13, 2026

Report No: ES-020-26

Subject: Risk Management - 2025 Annual Report

**Recommendation:** THAT the Risk Management - 2025 Annual 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, 2025, to December 31, 2025.

## 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. 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 in Schedule A to this report. Traditional insurance is one of three following primary strategies for financing the Town's risks:

- Insurance coverage (Risk Transfer)
- 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)

### Insurance Premium

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 of Milton released a Request for Proposals (RFP) in 2025, resulting in the award of coverage through Marsh Canada as the Town's broker. This contract will be valid for a duration of three years, commencing on July 1, 2025, with the potential for two further one-year renewals. The following table outlines the Town's premium cost for 2025, as well as the two preceding years:

| Total Premium Comparison (including taxes and fees) |               |
|-----------------------------------------------------|---------------|
| 2023                                                | \$1,336,653   |
| 2024                                                | \$1,435,528*  |
| 2025                                                | \$1,468,284** |

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

\*\* New contract term effective July 1, 2025, and represented an annual decrease in premium cost of approximately \$0.15 million as outlined in ES-022-25.

In 2026 and subsequent years, the Town will work through the annual renewal process with Marsh, with the subsequent adjustments that are required to the premium and policies (if applicable) being presented to Council for approval.

### Claims Activity

The claims activity from January 1, 2025 to December 31, 2025, is summarized in the chart below.



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## Discussion

| Number of Open Claims at December 31, 2024* | Number Claims Received in 2025 | Number of Claims Resolved in 2025 | Number of Open Claims at December 31, 2025 | Reserve Allowance for Open Claims at December 31, 2025 |
|---------------------------------------------|--------------------------------|-----------------------------------|--------------------------------------------|--------------------------------------------------------|
| 105                                         | 113                            | 120                               | 98                                         | \$ 1,301,708                                           |

\* May include 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, 2025, the reserve allowance for the outstanding claims is approximately \$1.3 million. 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 2025 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 |
| 2023                                    | 204                                 | \$145,779      |
| 2024                                    | 67                                  | \$56,033       |
| 2025                                    | 120                                 | \$370,618      |

\* Gross cost less recovered amounts

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



## Discussion

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. In 2025, there were 26 incidents reviewed by MARC committee (relative to 14 in 2024).

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 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.

## Financial Impact

Litigation impacts all departments within the Town, whether it is the actual staff time investigating and administering claims or in potential increases to the insurance premiums due to 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 Town maintains an Insurance and Legal Matters reserve that is intended to provide a source of funding for claims and extraordinary costs associated with legal matters, so as to not negatively impact the Town's operating fund. Subject to approval of the recommendations contained within report ES-016-26 (re: 2025 Operating Variance and Journal Entries), this reserve will have a balance of \$6.1 million (relative to its target of \$6.3 million).

Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer

For questions, please contact:

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## 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.



Schedule A

Overview of Insurance Program Coverages

July 1, 2025 - June 30, 2026

Milton's Comprehensive Insurance Program consists of various policies of coverage. A brief overview of the policies is provided below:

- **Municipal Liability Insurance** - provides an initial layer of coverage in the amount of \$5,000,000 per occurrence protection for liability claims for third party bodily injury, death, or property damage. Individual claims are subject to a \$100,000 deductible. Environmental liability and professional errors and omissions are also covered, similarly subject to a \$100,000 deductible.
- **Automobile Insurance** - provides an initial layer of liability coverage in the amount of \$5,000,000 per occurrence for third party liability including bodily injury, death or property damage arising out of the use of all vehicles owned or leased by the Town. Individual claims are subject to a \$50,000 deductible. There is "all perils" coverage for damages to the Town's vehicles, also subject to \$50,000 deductible per claim, therefore any damages relatively minor in nature are self-insured. Damages to a fleet vehicle wherein the Town is not at fault are covered under the Direct Compensation Property Damage (DCPD) section of the Policy with no deductible. The policy also includes an Endorsement which removes any deduction for depreciation from the value of a vehicle when settling a claim for loss or damage to commercial vehicles less than 30 months old and passenger vehicles less than 24 months old.
- **Umbrella Liability Insurance** - provides second and third layers of liability coverage in the amount of \$45,000,000 sitting overtop of the initial policies for Municipal Liability and Automobile Liability referenced above. Coverage follows the same terms as the underlying policies and ultimately provides the Town with a total of \$50,000,000 in municipal liability and automobile liability protection.
- **Property Insurance** - provides replacement cost coverage for Town owned or leased property, primarily buildings and contents, under "all risk" terms. The total insured value is approximately \$602 million with claims subject to a \$250,000 deductible.
- **Cyber and Privacy Insurance** - provides liability coverage in the amount of \$5,000,000 per claim for claims resulting from network security, privacy liability and cyber-crimes such as data breach and extortion. Additionally, first party coverage is included at various limits, addressing potential impacts such as system damage repairs, post

remediation and regulatory concerns, and legal and forensic costs. Also of note is the benefit of expert assistance in the form of a breach coach team to guide the Town in every aspect of managing a cyber incident. Coverage under this policy is subject to a \$150,000 deductible.

- **Facility Users' Insurance** - provides liability coverage in the amount of \$5,000,000 per occurrence for third party bodily injury, death, and property damage with a \$1,000 deductible per occurrence. Those wishing to rent Town facilities (i.e. ice time, meeting rooms, parks, etc.) are required to provide proof of liability insurance. Those who do not have such insurance or are unable to obtain same for a reasonable premium, may pay a small fee to be added as an insured onto the Town's Facility User Policy. The policy ensures the community has access to facilities at a reasonable cost while also protecting both the Town and the user against third party liability.
- **Equipment Breakdown (aka Boiler and Machinery) Insurance** - provides a cross section of coverages in varying limit ranges from \$10,000 to \$1,000,000 for physical damage to and financial loss from equipment breakdown. Coverage includes the cost of repairing or replacing the damaged equipment and business losses incurred from the equipment not functioning. The deductible varies with specific coverages to a maximum of \$50,000.
- **Comprehensive Crime and Excess Crime Insurance** - provides coverage in the amount of \$2,000,000 with no deductible for loss of money, securities, inventory or other property resulting from fraud events. Coverage includes the direct loss from dishonest or fraudulent acts committed by employees or third parties.
- **Councillors' and Volunteer Fire Fighters' Accident Insurance** - provides coverage of \$150,000 to \$200,000 on a per claim basis for Volunteer Fire Fighters and the Mayor and Town Councillors for accidental injury with no deductible.