MIABC
BOARD HIGHLIGHTS

WINTER 2021

MUNICIPAL INSURANCE ASSOCIATION OF BRITISH COLUMBIA

Elected Official Engagement Goes Virtual

In 2018, the MIABC introduced its Elected Official Engagement Plan to help our members' councils and boards understand the value of MIABC membership. The program focused mainly on in-person meetings and member visits. Of course, the onset of the pandemic last spring brought those plans to a halt.

In response to current constraints, we have pivoted to virtual connections. To that end, the MIABC has developed a two-part online seminar designed to be played at council and board meetings. Part 1 is a pre-recorded 20-minute webinar covering the MIABC's story, our approach to claims handling, and the member services we offer. Part 2 is a customized webinar that outlines the member's specific experience with the MIABC, including the financial value it has received, its claims history, and the member services it has accessed. Alternatively, we also offer a more streamlined presentation for members who require a shorter, less detailed presentation.

The MIABC will offer these options until we can safely arrange in-person visits once again. If you are interested in arranging a session for your council or board, please email us at askusanything@miabc.org.

Election of Board Chair and Vice-Chair

The Board of Directors has re-elected Charles Hamilton, CAO of the Columbia Shuswap Regional District, as its Chair. Mr. Hamilton is a longstanding board member who has held the role of Chair since 2017. In addition, the Board has elected Lance Kayfish, Manager, Risk Management & Business Continuity for the City of Kelowna, as Vice-Chair. Mr. Kayfish replaces Sukh Gill, who stepped down last year after serving 14 years on the Board.

Adjuster Orientation

The MIABC routinely retains claims adjusters to investigate liability claims before lawyers get involved. Many of our adjusters have been working with us for decades and several plan to retire in the next three to five years.

In anticipation of this changing of the guard, our Director of Claims, Sherman Chow, is developing a Claims Adjuster Orientation Program. The program will cover the following:

- Criteria the MIABC uses to analyze claims adjusting files;
- Our service and reporting expectations;
- The MIABC culture and how we like to interact with our members;
- Statutory defences available to local government;
- The policy defence; and
- What legal counsel are looking for in adjusters' reports.

Our aim is to help our claims adjusters better understand our organization in order to provide more effective and efficient service to our members.

Did You Know?

WE HAVE A NEW BLOG

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The MIABC launched its Ask Us Anything Blog at the beginning of the COVID-19 pandemic in order to provide timely advice to our members on pandemic-related issues. We continued to update the blog throughout the initial days of the pandemic, the reopening in the summer, and the second wave this fall.

We have now reimagined the blog as a more general Local Government Risk Management and Insurance Blog. We update it regularly to address a broad array of current issues, both pandemic-related and otherwise. Resources specifically addressing the pandemic can be found in our COVID-19 Information HUB.

HOW WE SET OUR LIABILITY PROGRAM RATES FOR 2021

Each September, the Board must set the pool rates for the coming year. This fall, it faced a particularly challenging decision. Setting rates is a complex exercise. Unlike a commercial insurer, which must focus on generating profit, the MIABC has two primary considerations:

- In the short term, we want to keep rates stable for our members.
- In the long term, we want to preserve capital so that we can pay future claims, pursue our strategic objectives, and have sufficient financial strength to keep rates steady in the long-term, even in challenging economic times.

Each year, our actuaries carry out a series of calculations that tell us how much we should collect in basic assessment premiums in order to pay our estimated claims liabilities for the coming year. Of course, no one knows what our claims will actually be – claims in and of themselves are notoriously volatile. Nevertheless, the actuaries do their best based on their review of our claims history, loss development trends, and claim payment patterns.

After the actuaries have come up with an estimate, they present a series of rate options based on "confidence level." This refers to how confident we want to be that the basic assessment premiums will be sufficient to pay our 2021 claims. If we wanted to be 99% confident that premiums will cover claims, rates would need to be very high. If we only needed to be 50% confident, rates would be much lower, but we would also face a one-in-two chance that we would have to access other sources of income or capital to pay claims.

This year, the Board initially chose to set rates at a conservative confidence level in order to allow for greater financial security over the next 18 months. The Board saw this as a reasonable choice, particularly since our rates are currently significantly below those of our competitors. However, the choice meant that many of our members would see rate increases of over 10%. The Board was mindful of the financial pressures faced by local governments and awaited member feedback. After the assessment estimates were delivered, member feedback confirmed that BC's local governments were facing considerable financial pressure. The Board wanted to be mindful of those financial struggles and take meaningful steps within its power to alleviate them, while maintaining our capital strength.

The Board decided to take several rate options to our Finance Member Advisory Group (MAG), which is made up of representatives of our members. We presented the MAG with alternatives based on various confidence levels.

Ultimately, based on the MAG's recommendations, the Board decided to maintain a prudent confidence level but to place a cap on individual members' year-over-year increases. The Board felt that this reached a balance between preserving fee stability, while working towards a healthy capital level for our organization.

Stephanie Munro, the Director of Finance Services for the District of North Saanich, was one of the MAG members whose feedback helped the Board make this decision. She sees the value in the consultation process: "I appreciated the MIABC reaching out to our group and providing various options for the 2021 rates. The development of these options demonstrates the MIABC's dedication to finding a balance between members' needs and organizational objectives."