Asset Management Workshop

Assets – Risk and Liability
MIABC Begins

- Established November 26, 1987 as an insurance reciprocal, and comprised of over 140 founding members

- Currently 170 members strong and insures 90% of the province

- Owned and operated by local government

- **Simple mandate**: deliver broad coverage, maintain stable rates and provide risk management services to its members
Claims and Risk Management go hand in hand

Claims Management deals with something that has already happened

Risk Management tries to prevent claims from occurring

A claim that never happens saves investigation and litigation expenses
Process of Risk Management

- **Identify** the risk or hazard
- Assess loss exposure in terms of **loss frequency and severity**
- Identify methods to reduce those risks
- **Prioritize and implement** risk reduction measures
- **Monitor and change** risk management measures over time
Identifying

- Review your own claims history or experience

- Water systems
- Drainage systems
- Roads
- Sidewalks
Loss Frequency

- Public Works related claims made up 50% of our total claims

- Claims arising from the failure of the infrastructure come in the form of bodily injury, property damage, and errors & omissions resulting in economic loss
MIABC Claims Frequency

- LU Build/Develop: 18%
- PW Roads: 17%
- PW Water: 6%
- PW Sidewalk: 14%
- PW Sewers: 8%
- PW Garbage: 1%
- PW Electric: 0%
- PW Drainage: 5%
- PW Other: 8%
- RP Occup/Program/Water: 14%
- Police: 3%
- GV Facility/Admin: 3%
- FD Service/Rescue: 1%
- Bylaw: 2%
- Pollution/Other: 0%
Loss Severity

- Claims arising from the failure of water systems, drainage systems, roads and sidewalks made up 28% of our total claims costs.
MIABC Claims Severity

- LU Build/Develop: 41%
- PW Roads: 14%
- PW Sidewalk: 6%
- PW Sewers: 3%
- PW Other: 3%
- PW Garbage: 1%
- PW Water: 3%
- PW Electric: 0%
- PW Drainage: 0%
- PW Garbage: 1%
- Bylaw: 2%
- FD Service/Rescue: 5%
- GV Facility/Admin: 4%
- Police: 4%
- RP Occup/Program/Water: 14%
Loss Severity

- Financial impact – claims costs over $46 million
- Uninsured costs - staff time
- Does not include the cost to clean-up and repair the damaged infrastructure
- Social costs: loss or damage to the public for which there is no coverage or compensation
Other Observations

- Claims frequency rises with, and faster than, the rate of population increase

- Roads, sidewalk, and water saw the biggest rise in claims frequency over the past 15 years

- Road related claims are consistently the most severe losses

- The overall severity of claims have decreased, but total loss is expected to remain the same because of higher frequency
Methods to Reduce Risk

- Inspection/maintenance
- Replacement of infrastructure
- Duplication/Segregation
- Policy – sets level of service (Budgeting & Legal Defense)

- Risk Management initiatives must constantly be monitored and reviewed
Consequences of Failure

- Property damage – first party and others
- Cost to repair and replace
- Health and safety concerns
- Displacement of people
- Social and economic impact, short & long-term
- Pay now or pay later?
What is the MIABC doing?

- Sidewalk inspection project – developing app
- Drilling claims data to identify trends
- Working with other pools in Canada & U.S. and organizations such as yours
- Risk management education for our members
- Development of property insurance program
- Enhance coverage for natural catastrophes
- Develop new insurance products – linear assets
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