

ITEM 4  
MANAGER'S REPORT NO. 9  
COUNCIL MEETING Feb. 7/77

Re: AUTOMOBILE FLEET INSURANCE  
(ITEM 10, REPORT NO. 10, FEBRUARY 16, 1976)

Following is a report from the Municipal Treasurer regarding insurance for municipally owned vehicles.

RECOMMENDATIONS:

1. THAT Municipal vehicles be covered by insurance as follows:  
\$2,000,000 public liability and property damage  
\$1,000 collision and \$150 comprehensive for all units with an actual cash value of \$30,000 or more  
\$500 collision and \$150 comprehensive (mandatory combination) for all Municipal vehicles except mini autos and older and reserve units which only have a nominal cash value  
Fire and theft for mini autos and older and reserve units; and
2. THAT the reduction in premium resulting from the decrease in coverage be placed in a separate reserve account to be used to pay the deductible portion of any accidents which may occur during the year.

\* \* \* \*

TO: MUNICIPAL MANAGER  
FROM: MUNICIPAL TREASURER  
RE: AUTOMOBILE FLEET INSURANCE

3 February 1977  
File: I55-10

Council in February 1976 approved the following insurance coverage for the Municipal fleet:

\$1,000,000 public liability and property damage  
\$1,000 collision and \$150 comprehensive - for all fire units with an actual cash value of \$30,000 or more  
\$500 collision and \$150 comprehensive - for all Municipal vehicles, except older and reserve units which only have a nominal actual cash value

Fire and theft (specified perils) - for older and reserve units

For the 1976/77 licence year a change in coverage was made possible with the removal of the mandatory requirement to insure all vehicles for \$250 deductible collision and \$50 deductible comprehensive.

For the 1977/78 licence year it is recommended that further changes to our insurance coverage be made as follows:

1. The effect of inflation is being reflected in the size of public liability and property damage claims and awards, and it is advisable to increase our coverage to \$2,000,000. The exact cost is not known because I.C.B.C. has not yet determined a rate, but the coverage is available from the private sector at a cost of about \$10 per vehicle.
2. It is recommended that the \$500 collision and \$150 comprehensive on our mini auto fleet (76 cars) be discontinued and the units covered for fire and theft only. The premium reduction is \$7,216.
3. In 1976 there were no licenced Engineering vehicles with an actual cash value in excess of \$30,000. We now have 11 garbage trucks on order with an actual cash value in excess of \$30,000. It is proposed, and the Municipal Engineer concurs, that these units be insured with a \$1,000 instead of a \$500 deductible clause. The annual premium reduction is \$760.

Last year Council approved the creation of a reserve equal to the reduction in premium resulting from the decreased coverage. The reserve was to be used to pay the deductible portion of all accidents. A summary of the reserve to 31 January 1977 follows:

Premium reduction 1976/77	\$11,227
Investment income	<u>780</u>
	12,007
Deductible portion of all accidents 1 March 1976 to 31 January 1977	<u>4,885</u>
Funds in reserve 31 January 1977	<u>\$ 7,122</u>

It is interesting to note that the premium reduction of \$11,227 is caused by increasing the collision deductible from \$300 to \$500 on most units, from \$300 to \$1,000 on fire units with an actual cash value in excess of \$30,000, and no collision coverage on older units. The total loss as a result of changing the deductibles amounted to \$638 for the eleven months ended 31 January 1977, or a saving to that date of \$10,589. In actual fact, we are charging all deductibles to the reserve as represented by the \$4,885.

The premium reduction for the 1976/77 licence year (\$11,227) represented approximately 17% of the total premium paid. It is recommended that for the 1977/78 licence year a further sum equal to 17% of the premium should be reserved, together with the \$7,216 on the mini fleet and \$760 on the garbage units. The reserve would be used to pay for the deductible portion of all auto accidents which may occur during the year.

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Fire and theft for mini autos and older and reserve units; and

2. THAT the reduction in premium resulting from the decrease in coverage be placed in a separate reserve account to be used to pay the deductible portion of any accidents which may occur during the year.

  
MUNICIPAL TREASURER

HBK:gv

cc: Municipal Engineer  
Director - Fire Services  
Purchasing Agent  
Parks & Recreation Administrator