

TTC INSURANCE COMPANY LIMITED

REPORT NO.

MEETING DATE: June 24, 2013

SUBJECT: APPOINTMENT OF ACTUARY FOR 2013

ACTION ITEM

RECOMMENDATION

It is recommended that the Shareholders of TTC Insurance Company Limited appoint J.S. Cheng & Partners Inc. as the actuary for the 2013 fiscal year for services estimated to cost \$34,804 inclusive of HST.

FUNDING

Sufficient funds are included in the 2013 TTC operating budget.

BACKGROUND

Actuarial services are required each year to provide an actuarial estimate of reserves for outstanding claims and to report on the financial condition of TTC Insurance Company Limited. On July 13, 2008, the Toronto Transit Commission entered into a five year contract with J.S. Cheng & Partners Inc. commencing with the 2008 fiscal year.

DISCUSSION

J.S. Cheng & Partners Inc. provided an actuarial estimate of reserves for outstanding claims for the Toronto Transit Commission before the insurance company was formed. Subsequent to company formation, J.S. Cheng & Partners Inc. was retained to provide actuarial services for TTCICL. J.S. Cheng & Partners Inc. has the experience and understanding necessary to undertake an actuarial valuation on outstanding claim liabilities. A five year contract for actuarial services was tendered in 2007 and J.S. Cheng & Partners Inc. continued to offer the most favourable pricing.

In consideration of the impending solvency reforms in the Province of Ontario, it is uncertain how these changes may impact the operations of TTC Insurance Company Limited, including the scope of actuarial services that will be required to be performed in following years.

The current contract for actuarial services with J.S. Cheng & Partners Inc. was due to terminate at the end of the 2012 financial year for TTCICL. Considering the uncertainty noted above, staff recommend a one year extension to the contract with J.S. Cheng & Partners Inc. for the 2013 financial year.

Staff will prepare and issue a request for proposal for actuarial services for future years.

JUSTIFICATION

In accordance with Part II.1 of the Insurance Act, an insurer incorporated and licensed under the laws of Ontario is required to appoint an actuary of the insurer.

42.35