

TTC INSURANCE COMPANY LIMITED REPORT NO.

MEETING DATE: June 24, 2014

SUBJECT: TTC Insurance Company Limited - Investment

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Board of Directors receive this report for information.

BACKGROUND

As a condition of the TTC Insurance Company Limited's license to underwrite automobile insurance for the Toronto Transit Commission, the City of Toronto has provided a Guarantee for all of the obligations of TTC Insurance Company Limited. Pursuant to this Guarantee, the Company must "maintain cash or securities available for the payment of current liabilities in an amount of not less than one month's claims and operating expenses or \$350,000, whichever amount is greater".

At its meeting of June 11, 1996, the Toronto Coach Terminal Inc. authorized its Treasurer to make advances on a demand non-interest bearing loan to the TTC Insurance Company Limited on an as-needed basis to comply with the above noted working capital requirements.

DISCUSSION

As at December 31, 2013, the TTC's monthly automobile claims and operating expenses are approximately \$3 million. The amount presently advanced by TCTI is \$3.4 million and staff will continue to monitor this amount and adjust as necessary. The advance from TCTI, along with the initial \$100,000 capital investment from the TCTI, is not required for any cash disbursements as all operating expenses are in practice paid directly by the TTC.

Since this cash is surplus to the Company's operating needs, these funds are held in an interest bearing account at the TTC's bank. Based on the actuary's latest report, it is projected that this amount will be increased to approximately \$3.565 million by 2015 year end.
