



STAFF REPORT INFORMATION ONLY

Investment

Date:	June 22, 2015
To:	TTC Insurance Company Limited Board of Directors
From:	Chief Executive Officer

Summary

As a condition of the TTC Insurance Company Limited's (TTCICL) license to underwrite automobile insurance, the City of Toronto has provided a Guarantee for all of the obligations of TTCICL, which states that TTCICL 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.

As at December 31, 2014, the TTC's monthly claims and operating expenses are approximately \$2.1 million. The amount presently advanced from Toronto Coach Terminal Inc. (TCTI) is \$3.4 million; however, of the \$3.4 million in cash, \$2.1 million is the restricted amount. Staff continues to monitor this amount and will adjust as necessary.

Financial Impact

There are no financial implications resulting from the adoption of this report.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Decision History

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 TTCICL's working capital requirements.

Issue 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 TTCICL 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".

Accessibility Issues

There are no accessibility or equity issues associated with this report.

Comments

As at December 31, 2014, the TTC's monthly automobile claims and operating expenses are approximately \$2.1 million. The amount presently advanced by TCTI is \$3.4 million; however, of the \$3.4 million in cash, \$2.1 million is the restricted amount. Staff continues to monitor this amount quarterly and will 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 TTCICL'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 \$3.9 million by 2016 year end.

Contact

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