



Report for Action

2018 Budget

Date: June 12, 2018

To: TTC Insurance Company Limited Board of Directors

From: Chief Executive Officer

Summary

The TTC Insurance Company Limited (TTCICL) was formed in 1994 as it was, and continues to be, the most cost effective option for the Toronto Transit Commission to comply with the Compulsory Automobile Insurance Act. The annual expenses for TTCICL are outlined in the attached 2018 budget.

Recommendations

It is recommended that the board of directors:

1. Approve the 2018 budget for the TTC Insurance Company Limited.

Financial Summary

Sufficient funds of \$63,000 are included in the TTC's 2018 operating budget (2017-\$62,750)), as approved by the Board on November 17, 2017 and approved by City of Toronto Council on February 12, 2018. Sufficient funds will be included in future years' operating budgets as appropriate.

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

Equity/Accessibility Matters

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

Decision History

On July 12, 1994 the Financial Services Commission of Ontario (formerly Ontario Insurance Commission) issued to TTCICL a license to undertake contracts of automobile insurance (limited to the automobile risks of the Toronto Transit Commission

and subject to the terms of the order-in-council). The sole purpose of the formation of TTC Insurance Company Limited was to enable the TTC to comply with Ontario's legislated Compulsory Automobile Insurance Act and to produce liability cards at a cost effective price. Out of all the alternatives that were examined TTC Insurance Company Limited was considered to be the most cost-effective alternative.

Issue Background

Prior to the formation of TTC Insurance Company Limited in 1994, the TTC purchased what is known as 'fronting insurance' from a licensed automobile insurer. The costs of purchasing fronting insurance rose dramatically in the years prior to the inception of the Company. During the audit of fronting insurers, the federal regulators made it mandatory for these insurers to post and fund the reserves of the companies they fronted. As insurers did not have the funds or did not want to tie up their capital to post the reserves, they shied away from the fronting business, thereby reducing the market availability. Other insurers wanted the company they fronted to post their own reserves. In TTC's case this would have been around \$25 million (currently \$141.416 million). As a result other alternatives were pursued.

Comments

Attached is a comparison of the budget and probable figure for 2018. Operation of TTC Insurance Company Limited continues to be the most cost effective choice to meet the TTC's automobile insurance needs.

Contact

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Signature

Richard J. Leary
Chief Executive Officer (Acting)

Attachments

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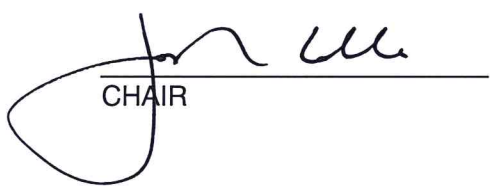
PROXY


TORONTO COACH TERMINAL INC.

The Toronto Transit Commission, of the City of Toronto, the sole shareholder of Toronto Coach Terminal Inc., hereby appoints the Chair of Toronto Coach Terminal Inc., or if an alternative is required, the Vice-Chair of Toronto Coach Terminal Inc., as its proxy to vote 10,000 shares at any Shareholders Meeting during the year 2018.

Dated this 11th day of December, 2017.

TORONTO TRANSIT COMMISSION


CHAIR


CHIEF FINANCIAL OFFICER