

CRA Commercial Insurance Program



CANADIAN RENTAL ASSOCIATION
ASSOCIATION CANADIENNE DE LOCATION

Be part of this great CRA Insurance Program

Contact:

Justin Friesen

1-800-665-8990 Ext.7211

Email: jfriesen@hedinc.com

Plan Administrator

Hayhurst Elias Dudek Inc.

777 Portage Avenue

Winnipeg, Manitoba R3G 0N3

Account Executive

Ken Fingler

1-800-665-8990 Ext.7279

Email: kfingler@hedinc.com

Web Site

www.crental.org

www.hedinc.com/cra

HED Hayhurst
Elias
Dudek Inc.
INSURANCE AND RISK SERVICES

CRA "Protected Self-Insurance" Program 1 Million Dollar Surplus Established!

The Canadian Rental Association and HED Insurance and Risk Services are pleased to announce that the first two policy years of the "Protected Self-Insurance" Program (PSIP) – June 1, 2006 through May 31, 2008 – have resulted in a CRA PSIP surplus of **\$1,058,015**.

"Protected Self-insurance" vs. Traditional Insurance. If this were a traditional insurance program, all of the premiums would stay with the main insurer that would be responsible for managing the program and paying claims, but would also get to keep all of the leftover premiums, no matter how low claims were during the year.

A portion of premiums that members pay go into the "Protected Self-Insurance" fund. All premiums paid into the program are divided into 4 categories:

1. Premiums paid to the excess insurer of the program (ING Novex, a member company of ING Canada – ING is one of the world's largest insurance companies) to protect the program from losses over \$500,000 and upon depletion of the Self-Insurance fund in any given policy year;
2. Premiums paid to the Self-Insurance fund held by SecuriCan General Insurance Company to pay the first \$500,000 of any one claim;
3. Payment to SecuriCan General Insurance Company for provincial government premium tax, and for holding the funds;
4. Payments for administration to HED Insurance and Risk Services.

What happens to the premiums for the Self-Insurance fund? All premiums paid into the Self-Insurance fund are either paid out in claims and adjusting costs related to those claims, or are eventually rebated to qualifying policyholders. The Self-Insurance fund is a separate fund held by SecuriCan General Insurance Company and administered by HED Insurance and Risk Services.

This program has had a fantastic Year 1 and 2. The program experienced a low amount of claims in Year 1 (June 1, 2006 to May 31, 2007); **\$450,838** and in Year 2 (June 1, 2007 to May 31, 2008); **\$481,170**. This represents **19%** of total premiums paid in years 1 and 2; an extremely good loss ratio for any insurance program, anywhere. The preventative measures that Canadian Rental Association members have made to prevent accidents helped, as did good luck.

When can I expect a rebate? The first target of the program was to establish a \$1,000,000 fund in the PSIP that would stay in the fund as a reserve against potential future claims. Most of the claims for incidents are reported and paid quickly but there is always a possibility of future liability claims which may have occurred but have not yet been reported. Since it is never possible to go back to policyholders to recover those costs, \$1,000,000 in premium needs to stay in the fund at all times.

The \$1,000,000 reserve is only needed once. Should the next year's claims results be as good as the past two then there is the potential for funds in excess of the reserve to be paid out, without the need of having to reserve a further \$1,000,000.

How are rebates calculated? The annual calculation of rebates is simple; rebates are payable to those policy holders participating in the Program at the time of rebate, based on the percentage of total program premiums paid by the policy holder in the current policy year plus the two prior policy years (but not, of course, dating back past the June 1, 2006 program inception). This percentage amount will be applied against the total amount available for rebate. A policy holder that has been in the program for a number of years will receive a greater amount of rebate than a new program participant.

Call HED to find out how you can become part of this great insurance program.