



# ADDENDUM NO. 1 BID OPPORTUNITY NO. 461-2004

## PROVISION OF INSURANCE AND RELATED RISK MANAGEMENT SERVICES

### **URGENT**

**PLEASE FORWARD THIS DOCUMENT TO WHOEVER IS IN POSSESSION OF THE BID OPPORTUNITY**

ISSUED: October 26, 2004  
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**THIS ADDENDUM SHALL BE INCORPORATED INTO THE BID OPPORTUNITY AND SHALL FORM A PART OF THE CONTRACT DOCUMENTS**

Template Version: 20040128

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**Please note the following and attached changes, corrections, additions, deletions, information and/or instructions in connection with the Bid Opportunity, and be governed accordingly. Failure to acknowledge receipt of this Addendum in Paragraph 9 of Form A: Bid may render your Bid Submission non-responsive.**

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### **PART B – BIDDING PROCEDURES**

A Bidders' Conference was held on October 18, 2004 in accordance with B3.1. In accordance with B3.2 the following information was requested:

- 1) What are the general claims adjusting procedures followed by the City?

The City's claim procedure is as follows:

All claims that are less than the Self-Insured Retention levels (SIR) of the City's Insurance Policies are adjusted internally by City personnel.

The Risk Management Business Plan calls for:

The Departments to administer all 3<sup>rd</sup> Party Property Damage claims less than or equal to \$1,000, and 1<sup>st</sup> Party losses less than or equal to \$10,000.

Staff adjusters in the Risk Management Branch to handle all 3<sup>rd</sup> Party Bodily Injury claims, all 3<sup>rd</sup> Party Property Damage claims over \$1,000, and all 1<sup>st</sup> Party losses over \$10,000.

All claims arising from Community Centres and Business Improvement Zones (BIZ) to be handled by staff adjusters in the Risk Management Branch.

A system of internal deductibles for City departments exists as shown below:

1 <sup>st</sup> Party Losses	\$10,000
3 <sup>rd</sup> Party Claims	\$ 1,000
BIZ Claims	\$ 500 – 1 <sup>st</sup> Party Losses
Community Centre Claims	\$ 500 – 1 <sup>st</sup> Part Losses (See Note 1)

Note 1: \$100 is charged to the Community Centre, and \$400 is charged to Community Services Department

City departments are responsible for payment of their own internal deductible in the year that the claim is paid.

All losses in excess of the internal deductible, up to the SIR on the City's insurance policy, are charged against the claims budget of the respective City department. Any amounts in excess of the claims budget at the end of the year are financed through the Insurance Reserve Fund over a five year period.

2) What is the general pattern and frequency of claims experienced by the City?

The general pattern and frequency of claims from a forty-three (43) month study between January 1999 and August 2002 (see Note 1) is as follows:

MINOR Less than or equal to \$500  
 MODERATE Greater than \$500 and less than or equal to \$5,000  
 MAJOR Greater than \$5,000

1<sup>st</sup> Party Property Claims \*\*

Severity Class	Total Number Of Claims By Class	Per Cent Number Of Claims By Class	Average Number of Claims Per Month
Minor	425	40.9%	9.9
Moderate	471	45.4 %	11.0
Major	142	13.7%	3.3
Total	1038	100%	24.2
Annual Average	290	-	-

\*\* See Note 2

3<sup>rd</sup> Party Bodily Injury Claims

Severity Class	Total Number Of Claims By Class	Per Cent Number Of Claims By Class	Average Number of Claims Per Month
Minor	72	13.7%	1.7
Moderate	169	32.1%	3.9
Major	285	54.2%	6.6
Total	526	100.0%	12.2
Annual Average	147	-	-

3rd Party Property Damage Claims

Severity Class	Total Number Of Claims By Class	Per Cent Number Of Claims By Class	Average Number of Claims Per Month
Minor	2681	66.1%	62.3
Moderate	1041	25.7%	24.2
Major	333	08.2%	7.7
Total	4055	100.0%	94.3
Annual Average	1132	-	-

3rd Party Damaged Vehicle Claims

Severity Class	Total Number Of Claims By Class	Per Cent Number Of Claims By Class	Average Number of Claims Per Month
Minor	801	55.2%	18.6
Moderate	567	39.1%	13.2
Major	83	5.7%	1.9
Total	1451	100.0%	33.7
Annual Average	405	-	-

All Classes of Claims

Severity Class	Total Number Of Claims By Class	Per Cent Number Of Claims By Class	Average Number of Claims Per Month
Minor	3979	56.2%	92.5
Moderate	2248	31.8%	52.3
Major	843	11.9%	19.6
Total	7070	100.0%	164.4
Annual Average	1973	-	-

Note 1: Figures for 2003 and 2004 are not available at this time due to transition to a new claims software system. Above figures are generally representative of the claims frequency profile for the City of Winnipeg.

Note 2: Figures for 1<sup>st</sup> Party Vehicle Damage Claims (approximately 300 annual average) are not included.

- 3) Who are the current insurers for the respective insurance policies in the City's insurance program?
- 4) What is the loss record during the last few years pertaining to the respective insurance policies?

Column 3 in the Table below indicates the City's current insurer by policy type.

Column 4 in the Table below indicates the frequency of claims and total claim(s) value.

Policy Class	Policy Type	Insurer on Risk	Claims Reported to Insurer January 2001 to Present
Property	Property Main	St. Paul Fire and Marine Insurance Company - 51%	Zero
Property	Managed Leased Prop-All Risk (6 bldgs./1 contents/ 1 rent)	St. Paul Fire and Marine Insurance Company - 100%	Zero
Boiler and Machinery	Managed Leased Prop-Boiler & Machinery (6 bldgs.)	Royal & Sunalliance Insurance Company	Zero
Boiler and Machinery	Boiler & Machinery	Royal & Sunalliance Insurance Company	Zero
Crime	Crime	Chubb Insurance Company	Zero
Primary Liability	Liability Buy Back	St. Paul Fire and Marine Insurance Company - 100%	2000 3 BI - \$150,000 2001 5 BI - \$20,701 2002 2 BI - \$9,516 2003 1 PI - \$20,000 2004 1 BI - \$nil
Primary Liability	Main CGL - \$5M excess of self insured retention	St. Paul Fire and Marine Insurance Company - 100%	2000 1 BI/1PI - \$nil 2001 1 BI/1 PI/3 PD - \$255,785 2002 3 BI/1 PD - \$1,033
Excess Liability	PRIMARY and EXCESS UMBRELLAS	Various	Zero
Aviation	Liability Aircraft Premises	Global Aerospace Underwriting Managers (Canada) Limited	Zero

Aviation	Liability Non-owned Aircraft	Global Aerospace Underwriting Managers (Canada) Limited	Zero
Accident and Travel	Travel Accident	Citadel General Assurance Company	Zero
Accident and Travel	Accident-Volunteer	Citadel General Assurance Company	Zero
Automobile	Auto Excess	Manitoba Public Insurance	Zero
Automobile	Auto Liability - Fire Dept. Passenger	Manitoba Public Insurance	Zero
Automobile	Primary Auto Liability - Fire Dept. Apparatus	Manitoba Public Insurance	Zero
Automobile	Auto - Standard Garage Liability	Manitoba Public Insurance	Zero
Automobile	Auto - Transit Excess Liability	Manitoba Public Insurance	

5) What were the Insurance Reserve Fund balances during the last several years?

The Insurance Reserve Fund – five (5) year fund balance is as follows:

Year	Balance
1999	8,580,000
2000	9,348,000
2001	9,405,000
2002	6,536,000
2003	7,145,000
2004	6,100,000 projected balance

6) Are Bidders required to have a Workplace Safety and Health plan in place?

Bidders are advised to review The Workplace Safety and Health Act to determine whether it is applicable and whether a written safety and work program is required for their workplace. While the City currently does not disqualify Bidders for similar Work on this basis, the successful Contractor would be expected to comply with The Workplace Safety and Health Act within a reasonable period of time.

Revise: B19.4 by deleting the clause reference B18.1(c) and inserting B19.1(c).

Revise: B19.5 by deleting the clause reference B18.1(d) and inserting B19.1(d).

Revise: B19.6 by deleting the clause reference B18.1(e) and inserting B19.1(e).

Revise: B19.7 by deleting the clause reference B18.1(f) and inserting B19.1(f).