Get On The Right Track

LAS | AMO Business Services

Insurance Data Collection and Analysis

As insurance costs rise, municipalities across Ontario are looking for ways to better manage their risk and reduce costs. One of the key ways to do this is to make sure you are collecting and analyzing the right data – data that will guide municipal decisions on operations and finance to reduce risk and costs.

Why track data?

By tracking data about insurance claims, municipalities can identify risk areas and take action to prevent accidents, protect property and keep people safe. For example, if wintertime slips and falls are suddenly a bigger issue, sidewalk maintenance standards could be updated. It can also help show municipalities where they are over-insured, paying higher premiums for assets that pose less risk.

Data is also essential to important financial analyses. It will help determine your total cost of risk, decide on optimal deductibles for your organization and determine your loss ratio. It also helps track your organizations assets.

What data should I collect?

To decide what data you should be collecting, look at what you information would help make strategic risk financing decisions. Compare what claims and insurance-related data you collect now and consider how it is collected, stored and organized. Is it appropriate for the reports you produce, or what an insurance broker might need to create a risk profile?

Typical data points gathered by municipalities include:

- **Location of loss:** Address, closest intersection, sidewalk area, road area.
- **Loss type:** Policy type such as Liability, Errors and Omissions, Automobile, Property. Also consider recording first party losses vs third party losses
- **Cause:** Root cause of incident such as water, snow, ice, etc.
- **Reserves:** Initial reserve set aside when claim is made and follow up reserves of the adjuster and if it moves to the insurer, the insurer's reserves.
- **Cost of Risk:** Below deductible expenses such as adjusting fees, legal fees, expert fees, medicals, settlements. If you chose to track above deductible costs covered by your insurer, you will have a full picture of the risk you have retained and that which you have transferred.
- **Type of loss:** Categories and sub-categories such as property damage, bodily injury, etc.
- **Joint and Several:** Indicate files in which joint and several was discussed as a factor in claim strategy.
- **Premiums:** Year-over-year rates
- **Automobile and equipment listing:** Property, equipment and vehicles as added.

This quarterly publication provides helpful information on insurance and risk management. Topics like pools, self-insurance and data analysis, will be detailed in future editions.

Contact us if there are topics you want us to cover.

For organizing your data points, consider organizing the data so that you can demonstrate how different data points are related. For example, if you choose to organize data by department, ensure that all of your organization's properties, automobiles, and equipment can be tied back to each department. Create a general rule for those sets of data that might not have a specific departmental home, such as a group of equipment. A best practice in several reporting functions is to also report by operation. For a municipality, this could look like the following:

- Roads
- Sidewalks
- Parks – Operation and Design
- Environmental – Waste, Water and Wastewater
- Building Standards
- Recreation

- Emergency Services
- Fleet
- Facilities
- Transit (if applicable)
- Health and human services (for example, long-term care, housing, public health)

How do I collect and analyze the data?

Many municipalities manage data using an insurance claims system, while others opt to use spreadsheets. The better data management system you have in place, the better you will be able to monitor and manage risk. Spreadsheets can be of limited use for robust analysis. Robust analysis is crucial for determining your total cost of risk and making sound financial decisions in the future around funding risk.

Recognizing the importance of gathering good claims and financial data, AMO has developed a partnership with ClearRisk, which offers a claims and risk management system tailored specifically for Ontario municipalities.

ClearRisk was selected through a competitive process, which was reviewed by a committee that included AMO staff as well as municipal insurance and information technology experts.

The system will help participating municipalities improve their efficiency in processing and tracking insurance claims and also help provide data needed to better manage risk.

As well, the entire sector stands to benefit from the partnership with ClearRisk, as AMO will be able to analyze anonymous claims data to better identify sector-wide trends and cost pressures. This will help guide and inform AMO's advocacy with the provincial government.

Top 4 Questions for Choosing a Risk Management System

To build your budget request and choose a risk management system, you need to ask yourself:

1 **What data do you want to collect?**

2 **What kind of reports do you want to run?**

3 **How many users do you need in the system?**

4 **What kind of efficiencies and cost-savings will be found in using a system vs. a spreadsheet?**
By supporting better data analysis, a system can help make better risk financing decisions that save money. This data is available from ClearRisk.