

**The Corporation of The City of Quinte West  
By-Law Number 22-120**

**Being a By-law To Adopt An Insurance and Risk Management Policy for the City of Quinte West.**

**Whereas** it is deemed necessary and appropriate to establish an Insurance and Risk Management Policy for the City of Quinte West;

**Now Therefore The Council For The Corporation Of The City Of Quinte West Hereby Enacts As Follows:**

1. This By-law shall be entitled the **“Insurance and Risk Management Policy By-Law”**.
2. That the Insurance and Risk Management Policy, as set out in Schedule 'A' attached hereto, is hereby adopted for the City of Quinte West.
3. This by-law shall repeal any previous Insurance and Risk Management Policy enacted by the City.
4. This By-law shall take effect upon the final passing thereof.

**Read A First, Second And Third Time And Finally Passed This 12<sup>th</sup> Day Of September 2022.**

  
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Jim Harrison, Mayor

  
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Virginia LaTour, Interim City Clerk



## CORPORATE POLICY

**Policy:** Insurance and Risk Management  
**Coverage:** All Staff  
**Issuing Department:** Insurance and Risk Management, Finance Department  
**Approved By:** The Corporate and Financial Services Committee

**Issued**  
2022-09-07

**Last Reviewed**  
2022-09-07

**Next Review**  
2027-12-01

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### **Policy Statement :**

A policy governing the utilization and application of insurance and risk management practices and procedures.

### **Application:**

This policy is applicable to all operations conducted by the Corporation including its boards and subsidiaries, and to all employees who are responsible for the control, administration and management of insurance and risk management practices.

### **Purpose:**

The purpose of this Insurance and Risk Management Policy is to:

- Ensure the insurance funds are in place to maintain continuity of services to the community while making the City a safer place to live and work through a comprehensive risk management, insurance and loss control program.
  - Establish the general directions, philosophies and values that govern risk management, insurance and claims process.
  - Ensure insurance coverage addresses City's needs; claims are investigated and resolved in a timely manner; recovery is achieved to its full extent; and risk identification, assessment and mitigation processes are in place.
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### Definitions:

**Certificate of Insurance:** A document signed by the insurer(s) or insurance broker that confirms insurance coverages and limits in place for the named insured.

**Claims Analysis:** A comprehensive review of the losses incurred which looks at the financial impact and the root cause of the losses.

**Corporation:** The Corporation of the City of Quinte West, its boards and subsidiaries.

**Employer's Liability:** Liability covering employees for injury while performing their job. This coverage replaces workers compensation in instances where WSIB is not required or where the employer has opted out.

**First Party:** The Corporation of the City of Quinte West

**Indemnity Clause:** A statement, which provides legal exemption from liability for damages or injury.

**Loss Prevention:** Any measure which reduces the probability or frequency of a particular loss but does not eliminate completely all possibility of that loss.

**Materials & Labour Bond:** A surety bond issued to guarantee that all claimants/suppliers will be paid for the cost of materials and labour furnished to the principal contractor for use on the project.

**Performance Bond:** A surety bond issued to guarantee the completion of a project by another contractor should the original contractor fail to meet their obligations.

**Reserve:** A financial amount allocated to cover anticipated losses within the self-insured amount or deductible of a specific insurance coverage or coverages.

**Risk Assessment:** The process of evaluating the risk associated with conducting an activity or operation which includes risk identification, measuring the anticipated impact and examining the likelihood of the risk occurring.

**Risk Control:** The part of risk management that involves the implementation of policies, standards, procedures and physical changes to eliminate or minimize adverse risks.

**Risk Management:** A process of well defined steps that when taken in sequence, support better decision making by contributing to greater insight into risks and their impacts.



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**Self-insurance:** Insuring potential loss yourself by setting aside money to cover possible losses rather than by purchasing an insurance policy. Self-insurance may also include the deductible portion of an insurance policy.

**Service Providers:** Pre-screened and pre-approved vendors who conduct a business that supports the efforts of insurance and risk management staff in meeting their objectives, such as adjusters or lawyers.

**Subrogation:** The right of a person or corporation who has paid a liability on behalf of another to recover such costs from the responsible third party.

**Third Party:** A person or entity outside of the Corporation who may be a party to a contract or a vendor or claimant.



## CORPORATE POLICY

### Description:

#### A. Philosophy for Insurance and Risk Management:

The philosophy of the insurance and risk management program will be to attain the optimal balance between conducting an activity or operation, and the associated risks or consequences through the proactive application of risk management practices and the utilization of insurance products.

#### B. Objectives of Insurance and Risk Management :

The primary objectives of the Insurance and Risk Management Program shall be to:

- Adhere to statutory requirements;
- Manage and/or prevent asset losses and liability exposure;
- Limit the financial impact from asset loss or destruction and liability exposure; and
- Manage and resolve all insurable claims.

##### 1. Adhere to statutory requirements:

It shall be the Corporation's practice when performing insurance and risk management activities to adhere to all statutory requirements which are set out mainly in the Municipal Act and the Insurance Act but also include all of the statutory acts listed in the Reference Section of this Policy. Specific requirements include but are not limited to the following:

- Automobile accident benefit claims will be adjudicated and otherwise managed in accordance with the Statutory Accident Benefits Schedules;
- Property damage claims resulting from travel on the City roads will be assessed in accordance with the guidelines found in the Ontario Good Roads Act (minimum maintenance standards);
- Personal information will be held in confidence and considered private in accordance with the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA);
- Protocols will be implemented to govern actions of employees while driving corporate vehicles and/or while driving on corporate business; and
- Payments related to the death or disability of family members will be in accordance with the Family Law Act.

Furthermore, specific activities which fall under the procedures and authorities set out in the Corporation's by-laws will also be adhered to, unless otherwise authorized by



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Council members, including the acquisition of insurance and insurance services in accordance with the City's Purchasing By-law 21-073.

### **2. Manage and/or prevent asset losses and liability exposures:**

In order to prevent, limit or manage asset losses and liability exposures, risk management practices will be utilized to identify the potential risks, understand the sources of the risks, apply loss prevention measures, and then educate/train staff on managing risk.

### **3. Risk Management:**

Risk Management staff will ensure that the insurance and risk management program supports the business of the City by:

- Identifying and prioritizing significant risks;
- Evaluating and recommending of measures to mitigate or prevent those risks;
- Promoting risk management practices within each area of operation.
- Conducting physical site inspections to identify potential areas of risk and to recommend preventative measures;
- Conducting comprehensive risk analysis of corporate functions to identify and select feasible risk control techniques;
- Review of contracts to identify potential insurance and risk transfer gaps;
- Risk assessments of proposed operations or activities during the planning stage.

### **4. Claim Analysis:**

It will be the practice of the City that all losses will be analyzed on a regular basis in order to identify their financial impact and/or trends of risk exposure.

- All insurable claims will be reviewed at least quarterly to analyze cause of loss and trends to assess for loss prevention measures and recommendations;
- Annual claims will be categorized and summarized to assess their financial impact and to adjust insurance reserves. This analysis will also be used in preparing and allocating the insurance and risk management budget; and
- Claims meetings will be held at least quarterly with various corporate departments and claims service providers.



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### **5. Education and Training**

An education and training program will be maintained for all staff through the following venues:

- Delivery of insurance and risk management seminars using outside experts and/or knowledgeable staff on topical risk strategies.
- Training for accident reporting and accident response processes.
- Driver Training.
- Risk awareness education through seminars, websites, newsletters and bulletins.

### **6. Limit the financial impact from assets loss or destruction and liability exposure**

The financial impact arising from asset losses and liability exposures will be limited through the use of one or more of the following practises:

- Acquisition of first party insurance;
- Self-insurance;
- Risk transfer;
- Subrogation for damage to corporate property.

### **7. Acquisition of First Party Insurance**

It will be the practice of the Corporation to purchase insurance coverages for all major sources of potential loss where economically desirable and practical, either through the use of traditional and/or reciprocal insurers.

### **8. Self-insurance**

It will be the practice of the City to self-insure all or part of potential losses where insurance is either not available or where the cost of such insurance is deemed to be excessive. Prior to self-insuring an exposure, the Director of Finance and the Insurance and Risk Management Coordinator will conduct a risk assessment which may include an actuarial and/or cost-benefit analysis. If and when the City chooses to self-insure an exposure, it will establish and maintain the necessary reserves to



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cover the cost of all potential losses. All reserves will be fully funded through the annual corporate budget process based on an annual review of requirements.

### 9. Risk transfer

It will be the practice of the City to transfer some or all risk of loss or liability to others when appropriate, as follows:

#### a. Vendor contracts

- All vendor contracts prior to their execution will be reviewed to ensure that the following practices are adhered to:
- An Indemnity Clause is included in the contract, whereby the vendor is held responsible for losses or liability for which it is the direct cause;
- Adequate insurance, coverages and limits as determined by the Insurance and Risk Coordinator, is maintained by a vendor as confirmed through a 'Certificate of Insurance' where the City is named as an Additional Insured, as applicable. Such certificates will be tracked by the Insurance and Risk Management Coordinator.
- Warranties are included in the contract to extend the liability of a vendor for certain damages under certain circumstances for a specified period of time, as required;
- WSIB coverage or Employer's Liability are confirmed where others (the vendor and its employees) are conducting work on behalf of the City. In the event that personal injury should occur while conducting the work, the cost of this exposure rests with the contractor through WSIB or Employers Liability coverage and not with the City;
- Performance Bonds and/or Material & Labour Bonds are obtained and maintained for construction projects where the completion of such projects is essential to the operations and commitments of the City; and
- Specific insurance is purchased on behalf of the Vendor and the City when it is deemed by the Insurance and Risk Management Coordinator to be needed in order to provide adequate insurance coverage for a specific project or operation.

#### b. Use of Corporate Facilities, Parks and Sports Fields

The use of City facilities, parks and sports fields shall only be granted if the following requirements are met:

- An Indemnity Clause is included in the contract or permit in favour of the City.
- Adequate insurance, coverage and limits as determined by the Insurance and Risk Management Coordinator, is maintained through obtaining of





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'Certificates of Insurance' with the City named as an 'Additional Insured'. These certificates will be tracked and maintained by the Insurance and Risk Management.

- If the renter of the facility does not have adequate insurance coverage the renter may purchase adequate insurance coverage through the Municipal Facility User General Liability Insurance Program.
- Ensure Waivers of Liability where required by the City are provided by participants and or group(s) who are using the facility.

### c. Limiting Contractual Risk Obligations of the City

- Obligations of the City shall be reviewed prior to execution of all contracts to ensure that the risk exposure to the City is limited according to the guidelines established by the Insurance and Risk Management Coordinator, the individual department, or by the City through:
  - Appropriate Indemnity Clause wordings which limits the liability of the City; and
  - Restricting the availability of insurance guarantees and/or information.

## 10. Subrogation for Damage to Corporate Property

It will be the practice of the City to recover the cost of damage or loss of its property by subrogating against third parties found to be responsible for the loss or damage. Unpaid collections may be referred to the City's solicitor for possible Small Claims Court actions.

## 11. Manage and resolve all insurable claims

Claims will be managed in accordance with procedures established by the Director Finance, in such a manner as to meet or surpass the City's customer service standards and/or its obligations to our insurer.

It will be the City's practice to resolve claims in the best interest of the City in a fair and consistent manner, and in compliance with all appropriate legislation.

Arbitration, mediation and/or litigation of claims may be used in order to meet the objectives of this Policy.

Claims will be analyzed and written recommendations prepared outlining strategies



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for disposition and/or settlement for review by the Director of Finance, Insurance and Risk Management Coordinator and the Director of the department the claim is in reference to. Complex claims and those with political or departmental sensitivities will include input from other corporate stakeholders, (e.g. Ontario Police Policy, Police Services Board). All settlement offers must be approved by the Director of Finance and in those cases where the total cost will exceed the City's deductible, by the insurer's representative.

The Insurance and Risk Management Coordinator will also be responsible for investigating, reporting and presenting the proof of loss for claims made by the City to its insurer. Further, the Insurance and Risk Management Coordinator will manage the claim to ensure a timely and fair settlement and will secure any amounts owing to the City.

### C. Selection of Service Providers

It will be the practice of the City to engage knowledgeable and skilled service providers for insurance and claims activities. These service providers may also in some circumstances require the approval of the Corporation's insurance company. Outside service providers may be utilized for the following services:

- Claims adjusting
- Legal/litigation
- Brokerage
- Actuarial
- Risk assessment analysis
- Asset appraisal

Such service providers will be called upon as needed and at the prescribed time frames to provide for consistency and stability. The service providers used will be reviewed at least once every five years. Solicitation of existing and new providers will be conducted at that expiry in accordance with the purchasing by-laws of the Corporation.

Additional expert providers may be utilized such as engineers, damage appraisers or investigators as recommended by engaged service providers or the insurance company.

### D. Budget and Reserves

It will be the practice of the City to allocate the cost of providing insurance coverage to individual business units based on an annual risk assessment and claims history. The cost of insurance and contributions to reserves to fund all potential self-insured losses



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as well as losses within the deductible will be estimated annually and such funding costs will be included as part of the annual insurance budget.

Reserves will be maintained to fund the cost of administering claims, to fund claims below the City's deductible and in the case of self insurance exposures, to fund the amount to cover potential future loss. The adequacy of the insurance reserve may be subject to an actuarial review at least once every five (5) years.

### E. Reporting Requirements

#### 1. Reports to Council

Annually, the Director of Finance will report to Council on insurance matters. This report will include:

- A statement regarding the insurance marketplace indicating trends and any major changes or developments that could effect the City.
- Sources and trends of claims will be highlighted as well as any loss prevention techniques enforced as a result.
- Any other information that the Director of Finance deems important or has been requested by Council to provide.

The Director of Finance will report to Council periodically as indicated below:

#### 2. Reports to Operating Departments

The following reports will be provided to the appropriate operating department:

- Claims reports outlining claim development, trends, and recommended loss prevention techniques. This may be completed quarterly for some departments and on an adhoc basis for others depending upon loss.
- Risk profile and/or assessment reports on an adhoc basis, based on change in operation, an increase in loss frequency, routine assessment, or due to specific project involvement.

### F. Standard of Care

#### 1. Delegation of Authority

The Director of Finance will have overall responsibility for the prudent management of the City's Insurance and Risk Management Program. Further, the Director may delegate the necessary duties to staff in order to fulfill the program requirements.



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### **2. Prudence And Due Diligence**

Insurance will be placed with strong and financially competent insurers, at limits and with deductibles in keeping with the City's exposures and financial capabilities. Claims management and the employment of risk management methodologies will be carried out in the best interest of the City. Further, staff responsible for the insurance and risk management functions will keep abreast of developments in the insurance and risk management industry, and with court decisions regarding municipal liability.

### **3. Ethics and Conflicts of Interest:**

- a. Employees involved in insurance placement, the handling of claims and implementation of risk management shall act in a professional and ethical manner. Further, any personal connections to claimants or service providers shall be disclosed and the employee may be requested to withdraw from involvement in the specific transaction(s) where the conflict of interest exists and;
- b. Service providers engaged by the City shall act in a professional and ethical manner. In addition, service providers will be required to disclose any conflict of interest situation and may be requested to withdraw from involvement where the conflict exists.

### **4. Claims Management**

Staff responsible for the management of claims will respond to all insurable claims presented to the City with professionalism and expertise, in a timely and fair fashion.

### **5. Responsibilities:**

The Director of Finance has overall responsibility for the management of the insurance and risk management program of the City, including authorization of updates to the Insurance and Risk Management practices and procedures as required.

Notwithstanding; responsibilities will be carried out as follows:



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### **Director and/or designate:**

- Overseeing and ensuring implementation of the insurance and risk management program.
- Delegation of duties under this Policy.
- Ensures that the requirements under the Policy are met.
- The purchasing and maintenance of insurance on behalf of the City, its boards and subsidiaries.
- The settlement of self-insured claims and claims below the deductible.

### **Insurance and Risk Coordinator and/or designate:**

- Day-to-day management of the Insurance and Risk Management Program.
- Ensure all requirements under the Policy are met.
- Purchasing and maintenance of insurance on behalf of the City, its boards and subsidiaries.
- Determine insurance requirements for contracts, vendors, and agreements.
- Maintain insurance and risk management protocols and procedures.
- Pull Accident Reporting and Abstract
- Year-end Accrual
- Ensure all Audit Letters are sent to legal counsel and City auditors.

### **All Directors & Managers &/or designates:**

- Report all claims to the Insurance and Risk Management Coordinator.
- Supports the Risk Management staff in meeting the risk awareness goals and policies.
- Primary responsibility for enforcing procedures to protect assets and reduce liabilities under their control.

### **Purchasing Coordinator and Legislative Services &/or designates:**

- Ensures all contracts, RFX's and/or agreements have been reviewed by Insurance and Risk Management Coordinator and conditions met, prior to execution or issuance.



## CORPORATE POLICY

### REFERENCE:

- Municipal Act 2001, S.O. 2001, c.25;
- Minimum Maintenance Standards for Roads;
- Insurance Act, R.S.O. 1990, c.I.8;
- Motor Vehicle Accident Claims Act, R.S.O. 1990, c.M.41;
- Statutory Accident Benefits Schedule;
- Negligence Act, R.S.O. 1990, c.N.1
- Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990,c.M.56; · Personal Information Protection & Electronic Documents Act (2000, c.5)
- Municipal Health Services Act, R.S.O. 1990, c.M.57
- Municipal Conflict of Interest Act, R.S.O. 1990, C.M.50
- Financial Services Commission of Ontario Act, 1997, S.O. 1997, c.28;
- Family Law Act, R.S.O. 1990, c.F.3
- Police Services Act, R.S.O. 1990, c. P.15
- Ambulance Act, R.S.O. 1990;
- Occupiers Liability Act, R.S.O. 1990, c. O.2;
- Landlord & Tenant Act
- Highway Traffic Act, R.S.O. 1980,c198

David Clazie  
Chief Administrative Officer  
City of Quinte West

Date