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**TO:** GENERAL COMMITTEE

**SUBJECT:** DELEGATED AUTHORITY FOR INSURANCE MATTERS

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** S.HAUGHTON, INSURANCE RISK EXAMINER X5134

**SUBMITTED BY:** I. PETERS, DIRECTOR OF LEGAL SERVICES *I. Peters*

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** C. LADD, CHIEF ADMINISTRATIVE OFFICER *For Forward*

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**RECOMMENDED MOTION**

1. That the Director of Legal Services, in consultation with the Director of Finance, be delegated the authority to:
  - a) renew the City's insurance policy on an annual basis;
  - b) settle any insurance claim to the extent of the applicable deductible;
  - c) execute all documents requisite to renewing the City's annual insurance policy and effecting litigation settlements contemplated above.
2. That staff prepare an annual confidential memorandum to General Committee with a summary of the following information:
  - a) settlements effected;
  - b) material changes to the policy and deductibles;
  - c) annual cost of the insurance premium.

**PURPOSE & BACKGROUND**

Report Overview

3. The purpose of this staff report is to request that authority to annually renew the City's insurance policy, settle claims and to execute the required documents in connection with those activities be delegated to the Director of Legal Services.
4. In keeping with the audit recommendations of Deloitte Inc. and the departmental program of continuous improvement and efficiency, staff are seeking to clarify roles and responsibilities in connection with the oversight of the insurance portfolio, including the processing of insurance claims and policy renewals.

5. The insurance deductible limits applicable to the 2016 policy renewal are as follows:

Coverage	Deductible
General Liability	\$100,000.00
Property Damage	\$10,000.00
Environmental	\$50,000.00
Automobile (City of Barrie Fleet)	\$10,000.00
Automobile (Barrie Police Fleet)	\$2,500.00

6. Historically, all litigation claims received by the City and eligible for insurance coverage were sent to the insurer who would provide the City with its defence. The Legal Services Department is now taking an active role in defending insurance claims in-house when:
- a claim appears likely to fall within the City's deductible;
  - liability is obvious;
  - the claim appears to be frivolous in nature.

Using internal resources has resulted in cost savings and a greater degree of control in the handling of these matters, which in the past often proceeded to the full extent of the City's deductible limit unnecessarily.

7. When a proposed claim is large or when settlement is in excess of the City's deductible, the decision to defend and to settle a claim is made solely by the insurer after consultation with the City.
8. Lessons learned as a result of an insurance claim are immediately shared with senior management and reviewed on a semi-annual basis with affected departments to ensure that appropriate risk mitigation measures are put in place to avoid a reoccurrence.

### **ANALYSIS**

9. Delegation of authority should result in benefits to the City of Barrie and improved public satisfaction with processes by way of shorter timeframes for completing tasks and reduced staff and Council time in preparing agendas, considering staff reports and approving recommendations etc. It is anticipated that delegated authority to complete insurance renewals and resolve claims will produce similar benefits.
10. Council will be kept apprised of activity in the insurance portfolio though a confidential memorandum.

### **ENVIRONMENTAL MATTERS**

11. There are no environmental matters related to the recommendation.

**ALTERNATIVES**

12. The following alternative is available for consideration by General Committee:

**Alternative #1**

General Committee could choose not to approve the delegated authority approach as recommended in this staff report.

This alternative is not recommended as the Legal Department settles in excess of 150 claims annually and has a cost effective relationship with its existing insurer. A requirement for council approval of each insurance claim and annual renewal would result in a significant reduction in the staff time available for responding to claims and undertaking risk management.

**FINANCIAL**

13. There would be an indirect financial benefit in the reduction of the amount of Council and staff time, throughout the Corporation, spent in the preparation, consideration and approval of Staff Reports for each individual insurance matter. This will ensure the efficient use of Council and staff time which is of significant importance to the City of Barrie.

**LINKAGE TO 2014-2018 STRATEGIC PLAN**

14. The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2014-2018 Strategic Plan.