

## *Atlantic Insurance Brokers Consortium*

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The diversity and complexity of municipal operations invariably leads to a wide variety of municipal claims. The legal principle of joint and several liability, also known as the 1% rule, coupled with perceived deep municipal pockets, and access to a municipal tax base, leaves municipalities facing ever-rising litigation costs from third party use of numerous municipally owned facilities, open spaces, parks, playgrounds, roads and sidewalks. The long-term nature of municipal claims poses further underwriting challenges, ranging from allegations of negligence, liability or even abuse many years after the supply of given municipal services. Not to mention the increasing frequency and severity of municipal property claims resulting from worsening weather patterns, higher real property values, and upward-trending vehicle and equipment repair costs.

Very few NSFM members have in-house risk management staff dedicated to ongoing contractual reviews, loss prevention, loss control, or other measures meant to limit municipal exposures and to curb future losses. The true cost of risk consists not only of insurance premiums, but also deductibles paid, council and staff time spent dealing with losses, the impact of claims on future insurance coverage pricing and availability, and other factors. And keep in mind that losses, if left unchecked, could exceed insurance limits purchased.

In short, municipal insurance is anything but a commodity. Yet for most of us, our main exposure to the insurance world is through our homeowners or personal auto policies, which are commodity products. We often carry a personal lines mentality over to municipal insurance and believe that municipal insurers and municipal insurance policies are equal, when in reality, it is a stark case of caveat emptor, better known as buyer beware. The NSFM program provides highly specialized and ongoing risk management and insurance support to Nova Scotia municipalities now and into the future.

While always conscious of the importance of the price factor in municipal insurance buying decisions, the fundamentals employed by the NSFM and AMANS in the establishment of the Program over a quarter century ago remain unchanged today. The pillars of the Program continue to center on coverage and premium stability; underwriting, risk management and claims handling expertise; specialized and comprehensive municipal coverage; and risk management and other value-added services afforded. In other words, the focus has not been on locating the cheapest insurance in the marketplace, but rather on maintaining competitive pricing while factoring in the primary cornerstones of the Program.

Thousands of claims totaling millions of dollars have been satisfactorily handled for NSFM members since the Program's inception in 1996. Many thousands of contractual reviews have been carried out.

Thousands of municipal buildings and structures have been inspected and evaluated. Hundreds of risk management sessions have been held with NSFAM members. These successes should be celebrated, and members reminded of the many benefits of participating in the Program, some of which are summarized below.

- Comprehensive coverage augmented by risk management services. The NSFAM Program wordings have been specifically developed to meet municipal needs, and have been time-tested for over nine decades. Value added services under the Program are numerous, and are available at no charge to participants. Included are building valuations tailored to insurance purposes, saving the expense of having the municipal buildings and structures appraised periodically. Contractual reviews, where by Intact Public Entities' Risk Management Department provides feedback on contractual indemnification, hold harmless, defense and insurance provisions. Risk management seminars and Intact Public Entities' Centre of Excellence provide municipal councils and staff with insights into best practices and ways to mitigate losses.
- Market supply/stability and proven track record. Since Intact Public Entities' product is purchased across Canada and because they have specialized in municipal insurance for over nine decades, the Program affords NSFAM members a stable solution from an extremely unpredictable corner of the insurance industry.
- Price competitive and predictability for the coverages and services afforded. The current Program underwriters have over nine decades worth of experience in the municipal insurance and risk management space. They have exhibited underwriting discipline and a measured response to evolving claims patterns that have allowed them Program to not only survive but thrive.
- Knowledgeable claims service. IPE employ a team of claims professionals that specialize in public entity claims, addressing challenges unique to municipal losses.
- Underwriting appetite for the full membership base.

As new exposures arise, the Program continues to evolve by offering coverage options designed to meet member needs.

- Data Breach / Cyber Liability – ranges from data breaches in electronic or paper form, media content on municipal websites, ransomware attacks, transmission of computer viruses and malware, and other coverages.
- Social Engineering Fraud – deals with funds transferred to an illegitimate account because of a perpetrator impersonation a known individual.
- UAV/Drones – the use of Unmanned Aerial Vehicles / Drone opens up unique exposures requiring aviation property and liability coverages.
- Terrorism Property and Liability Coverage – terrorism is an ongoing threat to free society everywhere.
- Active Assailant Event Insurance – there have been incidents of mass shootings throughout the world, including Canada.

We currently insure approximately 70% of the NSFM membership, as well as related entities. As an endorsed program of the NSFM, non-participating members are eligible to receive a coverage and value added services comparison at no cost to the member and not requiring to proceed to a formal tender for this information. Any NSFM members interested in learning more about the NSFM General Insurance Program should contact their designated Atlantic Insurance Brokers Consortium representative. Arthur J. Gallagher services, Metro, Northeastern Nova Scotia, Cape Breton and the South Shore. BrokerLink looks after the Valley and Fundy Shore.

We are grateful for the opportunity to act on your behalf.

Respectfully submitted on behalf of the Atlantic Insurance Brokers Consortium,

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