



**The Corporation of the  
City of Sault Ste. Marie**

**COUNCIL REPORT**

March 23, 2026

TO: Mayor Matthew Shoemaker and Members of City Council  
AUTHOR: Shelley Olar, Risk Manager  
DEPARTMENT: Legal Department  
RE: Intact Public Entities – Non-Accumulation of Limits,  
Indemnity and Claim Handling Agreements

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**Purpose**

The purpose of this report is to seek Council approval of four agreements between the City and Intact Public Entities (“IPE”) that were contemplated in the General Insurance Services Agreement approved by Council under By-law 2026-16.

**Background**

In 2025, the City issued an RFP for the provision of General Insurance Services. Council approved staff’s recommendation which authorized the City to enter into a five-year General Insurance Services Agreement with IPE for the period February 28, 2026 to February 28, 2031.

The main General Insurance Services Agreement contemplated various subsidiary agreements to facilitate a “Non-Accumulation of Limits Agreement”, an “Indemnity Agreement” for each of the two automobile fleet policies (i.e. Transit Fleet and General Fleet for all other vehicles), and a “Claims Handling Agreement”. There are no additional costs to these agreements.

**Analysis**

The “Non-Accumulation of Limits Agreement” addresses the potential for an exposure referred to as the “stacking of liability limits”. This occurs when more than one automobile policy can be drawn into a liability or accident benefits claim when the intention is for a single automobile policy to respond.

The City has multiple automobile policies (i.e. Transit Fleet, Garage Auto and General Fleet) all issued in the same name. As such, the “Non-Accumulation of Limits Agreement” requires the City to acknowledge that any automobile related claim would fall under only the specific policy related to that vehicle’s use rather than all three policies. Any claim which exceeds the liability limit of the responding automobile policy is then addressed by the excess liability and thereafter the umbrella liability policies the City carries, to a combined maximum limit of \$50,000,000.

There are two “Indemnity Agreements” one for the Transit Fleet Policy and a second for the General Fleet Policy, which covers all other vehicles. The City’s automobile insurance policies are subject to a \$25,000 deductible for Third Party Liability and Accident Benefit claims. As Intact typically handles these claims directly, the City is required to acknowledge its obligation to reimburse them for any incurred expenses that fall within the stated deductible. This is facilitated in the two “Indemnity Agreements”.

The “Claims Handling Agreement” grants the City permission to respond to certain claims through its processes and also sets out the City’s reporting obligations to IPE. The City is required to immediately notify Intact if during the handling of a claim it becomes apparent that the claim:

- Reaches or is expected to reach a total incurred value (Reserves and payments) in excess of 50% of the policy deductible;
- Triggers coverage under a Claims Made wording (ie. E&O, Environmental, etc.); or
- Is a certain type of claim as enumerated by Intact (ie. More serious in nature, including fatalities, brain damage resulting in mental/physical impairment, class action suits, etc.).

Further, the Agreement requires the City to maintain a claims reporting and tracking system, along with a “claims loss bordereaux of all claims handled by the City” every three months. The Risk Manager shall complete this reporting.

### **Financial Implications**

There is no additional financial impact to the City for the execution of this agreement.

### **Strategic Plan / Policy Impact / Climate Impact**

This is an operational matter not articulated in the corporate Strategic Plan.

### **Recommendation**

It is therefore recommended that Council take the following action:

The relevant By-laws 2026-27, 2026-28, 2026-29 and 2023-30 are listed under item 12 of the Agenda and will be read with all by-laws under that item.

Respectfully submitted,

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