

## Claim Handling Agreement

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This agreement is by and between Intact Public Entities ("IPE") and The Corporation of the City of Sault Ste Marie

This Agreement pertains to the following Policy Numbers:

CP82540A

### PURPOSE

- To formally set the basis upon which the "Insured" is permitted to respond to claims against the "Insured" that normally would be reported to and handled by "IPE"
- To streamline the administration of claims which are within the Insured's deductible
- To ensure all claims are handled effectively and appropriately
- To reduce the cost of claims handling
- To ensure all arms-length expenses incurred by the "Insured" on internally handled claims matters are tracked accurately and completely
- To provide an early warning system for claims that may exceed the Policy deductible

For clarity, nothing in this agreement is intended to negate or supersede the conditions of the Policy, referenced above.

### BACKGROUND

Whereas reporting conditions and requirements are present in and form part of the policies of insurance issued to the "Insured" by "IPE"; and

whereas the "Insured" wishes to handle and respond to certain claims against the "Insured" internally; and

whereas "IPE" authorizes the "Insured" to respond to certain claims against the "Insured" internally subject to the terms of this agreement; and

whereas this agreement is intended to remain in force until all claims handled by the Insured and covered by the policies of insurance issued by IPE are resolved, therefore, the "Insured" agrees to the following terms and conditions.

### REPORTING REQUIREMENT

The "Insured" shall **immediately** report to "IPE", despite the insured not bearing any liability, any claim that:

- is expected to reach a total incurred (Reserves + Payments) value in excess of 50% of the policy deductible or,
- is the type of claim set out below, or
- triggers coverage under a Claims Made wording

Notwithstanding the reporting requirement above, and irrespective of whether the Insured bears any liability for a claim, the "Insured" shall **immediately** report to "IPE" any claim that is the type of claim set out below:

- Fatalities
- Brain damage resulting in mental or physical impairment
- Injuries resulting in total or partial paralysis
- Third degree burns (10% of body) or second-degree burns (30% of body)
- Impairment of vision or hearing (50% or more)
- Massive internal injuries affecting internal body organ(s)
- Multiple fractures involving more than one member or significant shortening of limbs
- Fracture of both heel bones
- Any injuries requiring surgical intervention which require a hospital stay of greater than 24 hours for recovery
- Total disability of more than 6 months, regardless of injury
- Multiple cases of drug or vaccine reaction
- Class action suits
- Claims in Excess of Policy Deductible
- Pollution, environmental or contamination
- Catastrophic Accident Benefit Claims
- Sexual abuse, molestation, rape, sexual harassment
- Employment-related practices claims including but not limited to discrimination, harassment, or termination of employment

The "Insured" shall immediately report such claim to "IPE" and "IPE" may elect to assume handling of any claim that is reportable.

If at any time a claim is not reported to "IPE" that otherwise should have been as per the above criteria or "IPE" requests a claim be reported which subsequently is not, and this failure to report results in prejudice for "IPE", "IPE" reserves the right to deny cover as may be outlined under the Policy.

When claims are reported to "IPE", any commitments made by the "Insured" are subject to review and ratification by "IPE", with such review based on economic and/or strategic rationale. For clarity, subject to the foregoing, "IPE" may exercise its right to engage alternative service providers than those the "Insured" has assigned.

### **CLAIM MANAGEMENT REQUIREMENT**

Whereas the "Insured" wishes to handle and respond to certain claims against the "Insured" internally; and whereas "Intact Public Entities" authorizes the "Insured" to respond to certain claims against the "Insured" internally subject to the terms of this agreement, the insured agrees that all claims must be handled by an Ontario licensed, insurance adjusting firm representative. An employee, executive, volunteer, or member of council or other named insured is not authorized to proceed with any negotiation, loss adjustment or settlement directly with a claimant for all claims insured under the program of insurance as provided by Intact Public Entities. The above applies to all insured losses, including losses that do not exceed the applicable policy deductible.

In the event that the insured hires an experienced insurance adjuster(s) on staff to manage claims as described above, that or those adjusters hired are authorized by Intact Public Entities to respond to certain claims against the "Insured" internally, subject to all the terms of this agreement.

### **BACKGROUND**

Whereas reporting conditions and requirements are present in and form part of the policies of insurance issued to the "Insured" by "IPE"; and

whereas the "Insured" wishes to handle and respond to certain claims against the "Insured" internally; and

whereas "IPE" authorizes the "Insured" to respond to certain claims against the "Insured" internally subject to the terms of this agreement; and

whereas this agreement is intended to remain in force until all claims handled by the Insured and covered by the policies of insurance issued by IPE are resolved, therefore, the "Insured" agrees to the following terms and conditions.

## **TRACKING**

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Further to the Regular Reporting section above, the "Insured" shall maintain a claims reporting and tracking system on which all claims will be entered. An up-to-date claims loss bordereaux of all claims handled by the "Insured" must be forwarded to "IPE" on a quarterly or as requested by "IPE". The bordereaux shall include, at minimum, the following data elements:

- Date Claim Reported
- Claims Reference
- Date of loss
- Loss Description inclusive of injuries and or property damage details
- Claim Status (open / closed / reopened)
- Financials
  - Reserve - Indemnity
  - Reserve – Expense
  - Paid –Indemnity
  - Paid – Expense
  - Total Incurred

The "Insured" shall continue to provide the above noted bordereaux until such time that there are no longer any open "IPE" claims being handled internally. Bordereaux reporting is operational and informational in nature and is not intended to replace formal claims reporting obligations.

## **EXPENSES**

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Arms-length expenses will include the following:

- Defense legal
- Third Party adjusting
- Investigation
- Experts

Arms-length expenses will not include salaries for "Insured" personnel, administrative or overhead expenses not related to those expenses outlined above.

## **AUDIT**

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"IPE" shall have the right to audit claims handled by the "Insured", under this Claims Handling Agreement, on the provision of reasonable notice. The results of all audits will be shared with the "Insured".

The audit will address proper documentation to support coverage, liability and quantum, claim handling quality, reserve timeliness, settlement level appropriateness, quality of defense and adherence to this agreement.

"IPE" shall have the right to audit claims handled by the "Insured" under this Claim Handling Agreement until all claims handled by the "Insured" and covered by "IPE" are resolved; regardless of whether "IPE" continues to issue policies on behalf of the "Insured".

## **THE POLICY**

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This Agreement shall be construed in accordance with the terms, conditions and provisions of the Policy referred to above. In the event of any ambiguity, conflict or disagreement relating to the contents of this Agreement, it is understood by the parties that the Policy terms prevail at all times.

**TERMINATION**

The insured shall be given written notice of any non-compliance with this agreement and given reasonable opportunity (at least 90 days, or as otherwise agreed between the parties) to take corrective action ("Correction Period").

If, after the "Correction Period", the insured continues not to meet the terms of this agreement, "IPE" reserves the right to terminate this agreement and assume carriage of all or some of the "Insured's" claims.

We the undersigned have the authority to execute this agreement.

Dated at \_\_\_\_\_ the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_\_

The Corporation of the City of Sault Ste. Marie

**(The Insured)**

Mayor Matthew Shoemaker

\_\_\_\_\_  
Name and Title of Authorized Representative

City Clerk Rachel Tyczinski

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Signature of Authorized Representative

**Intact Public Entities**

Josie Pachis, Vice President Claims

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Name and Title of Authorized Representative

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Signature of Authorized Representative