



## Northern Communities Insurance Program (NCIP) Northern Communities Insurance Exchange (NORCIX)

The Northern Communities insurance Program (NCIP) is a comprehensive insurance plan for all incorporated communities who are members of the NWT Association of Communities. The plan has been in existence since 1978, and eventually expanded into a self-insured reciprocal exchange called NORCIX in 2003, at which point the members essentially became owners of the self-insured portion of the program. In 2006, the Board rolled rates back to 2001 levels and froze them there.

Since 2003, the self-insurance program has saved communities well over \$25 million in premiums, and has added additional coverage and services not found elsewhere. A brief summary of those additional services and benefits is provided in this document.

**Loss Prevention Incentive Program:** \$5.5 million has been made available to communities since 2010 for good claims experience and inspections of community buildings. Each community that is part of NCIP has annual funds available for simply performing inspections on their buildings to identify existing hazards. These are significant dollars that communities can use for loss prevention activities. Contact our office to find out what funds are available for your community, and see the back page of this document for more information!

**Appraisal Program:** A community government property appraisal program has been in place since 1992. All buildings, contents, mobile equipment and emergency vehicles are appraised and updated each year, with a site visit performed every five years. The appraisal also includes a funding report, which provides the timeframes and costs for the replacement of major building components stretching 25 years into the future. This is a very valuable tool for budgeting and planning of building maintenance and asset management of your property.

**Asset Management:** Working in conjunction with the Department of Municipal and Community Affairs, NCIP is developing inspection forms for buildings, mobile equipment and emergency vehicles, as well as maintenance videos for heavy trucks and equipment, including information on best practices.

**Human Resource Advisory Services:** NCIP provides communities with human resource advice and assistance through Allan Twissell at Northways Consulting in Yellowknife at [allan@nwtac.com](mailto:allan@nwtac.com) or 867-873-5444.

**Legal Support Services:** Phone-in legal advice service, as well as 3 hours of annual paid legal work for each community through Brownlee LLP's Municipal hotline: 1-800-661-9069.

**Procedural and Governance Advise:** Available through David Kravitz for such issues as elections, council business, by-laws, and interpreting legislation. You can reach David at [david@nwtac.com](mailto:david@nwtac.com) or 867-688-9415.





# INSURANCE POLICY

## Additional NCIP Services

**Risk Management, Legal Review and Research:** NCIP regularly covers research costs on subjects such as procurement, contracting, request for proposals, bylaws, policies, and procedures that can affect communities in the way they do business. The NWTAC has an online resource library of by-laws, policies and procedures which we continually develop and add to annually.

**Contract Review:** NCIP will assist communities in the review of contracts for risk management purposes and on an ongoing basis, pay for the development of a variety of contracts, policies, procedures, and by-laws that will assist communities in delivering local services.

**Safety Videos:** NCIP offers a suite of more than 80 short safety videos on one USB stick, for use in staff training.

**Posters and Advertising:** Anti-vandalism posters distributed to all communities to increase awareness of the damage of vandalism, and reduce senseless acts. Advertising has been placed to remind the public to be careful of potholes, which has proven to be a defense against legal action in some jurisdictions.

**Lessons from Losses:** NCIP distributes bulletins to members, highlighting losses involving such topics as property, liability, auto, and criminal losses. *Lessons from Losses* include details of the loss event, what led to the loss, and how-to steps to avoid similar losses.

**Legislation and Standards:** NCIP and the NWTAC regularly participate in the review, amendment and updating of NWT legislation and regulations that have an impact on community governments, including assisting the Canadian Standards Association in the development of various new standards for the North.

## EMPLOYEE BONDING



Employee bonding is automatically provided for all of your staff as soon as they become an employee. However, there is a warranty within the bond that voids the coverage for any employees who have committed fraud or a dishonest act during their employment with you, or prior to their employment with you. The coverage stops as soon as you, the employer becomes aware of any infidelity past or present.

This clause is key to your employees being bonded. Bonding companies rely heavily on their client, the community, to perform proper background checks on the people they hire. This clause acts as protection for the insurer, because they would not normally bond an employee who has committed fraud or a dishonest act. The same is true for employees who have had their bonding cancelled by a previous insurer and never had it reinstated.

# Summary of Insurance Coverage

## Property Insurance:

**\$45,000,000**

**Covering:** Buildings, Contents, Tenants Improvements,  
Mobile Equipment Fire Trucks & Ambulances.  
\$5,000 deductible except flood and earthquake.

## Liability Insurance:

**\$45,000,000**

**Covering:** Bodily Injury and Property Damage to others  
Administrative Errors and Omissions  
Wrongful Dismissal, Employee Benefits Liability

## Boilers and Machinery:

**Covering:** Direct Damage **\$35,000,000**  
Extra Expense and Business Interruption **\$ 350,000**  
Food Spoilage **\$ 15,000**

## Employee Dishonesty and Theft of Money:

**\$1,000,000**

**Covering:** All employees of the community government, plus  
money and securities on the premises, or on the way  
to the bank, or at the bank for theft, disappearance  
destruction, robbery or safe burglary.

## Automobile

**Covering:** Automobile Liability: **\$45,000,000**  
Accident Benefits: **Per Policy**  
Automobile Physical Damage:  

- Private Passenger, ATV's **\$500 Deductible**
- Light Commercial (up to 10,000 lbs) **\$1,000 Deductible**
- Heavy Commercial (over 10,000 lbs) **\$2,000 Deductible**
- Antique Vehicles **\$1,000 Deductible**

## Garage Automobile

**Covering:** Third Party Liability for driving customers vehicles **\$ 46,000,000**  
Collision Damage to Customers **\$ 50,000**  
Comprehensive Damage to Customers **\$ 250,000**

## Aviation Liability

**Covering** Liability for operation of vehicles on the tarmac **\$20,000,000**  
Liability for "Non-Owned" Aircraft **\$20,000,000**

## Accidental Death and Dismemberment

**Covering:** Accidental Death and Dismemberment for  
mayors & councillors on a 24-hour basis.  
firefighters, by-law officers and ambulance personnel  
while on duty or training. **Various Limits**  
Limits will vary by  
community. Check  
the certificate for  
your community

## Sports Accident

**Covering:** Accidental Death and Dismemberment **\$5,000**  
Accident Reimbursement **\$5,000**  
Accidental Dental Expense Reimbursement **\$1,000**

## Identity Fraud Expense Reimbursement

**\$25,000**

**Covering:** The reimbursement of expenses as a direct result of any  
identity fraud discovered during the policy period for  
mayor, councillors employees and their lawful spouses.

## Wrongful Dismissal

The community government's general liability insurance provides coverage for wrongful dismissal of employees. However, the coverage is contingent upon the community taking the following steps prior to dismissal. This is a policy warranty, and coverage will not apply unless this is done.

1. The community must receive, in writing, an opinion from an independent legal counsel who specializes in employment law which sets out how the change or changes should be carried out by the community; and
2. The community implements the approved change(s) in employment conditions in the manner prescribed by the independent legal counsel;

This will also apply to all employment contracts and any fixed-term contracts in excess of five (5) years, or series of consecutive employment fixed-term contracts totally in excess of five (5) years.

Don't forget that if you need assistance in the area of human resources, Allan Twissell of Northways Consulting can help you. He can be reached at [allan@nwtac.com](mailto:allan@nwtac.com) or 1-867-873-5444.

## Loss Prevention Incentive Program

Because buildings that are well-maintained with good housekeeping are less likely to sustain a loss, communities that are part of NORCIX have access to the Loss Prevention Incentive Program. Simply by performing inspections on community buildings, your community can receive extra cash!

In order to access the funds, communities are required to perform annual building inspections on the property they own and that are insured with the Northern Communities Insurance Program. Most communities have taken the Loss Prevention Workshop, which we deliver in each community; however, communities may still receive their inspection money by simply completing the inspections. Inspection forms are available from the NCIP office in Yellowknife.



**Contact Us!**

Tel: (867) 873-8359  
Toll Free: 1-866-973-8359  
Fax: (867) 873-3042

### *Your NCIP Insurance Team*

Ron Dennill      [ron@nwtac.com](mailto:ron@nwtac.com)  
*Manager, Insurance Program*

Cynthia Horton      [cynthia@nwtac.com](mailto:cynthia@nwtac.com)  
*Consultant, Insurance Services*

Karen Kuronen      [karen@nwtac.com](mailto:karen@nwtac.com)  
*Technical Advisor*

# LOSS PREVENTION INCENTIVE PROGRAM



When you self-insure a good portion of your property and liability preventing losses is key to each community's financial investment in NORCIX and the health and wellbeing of the community. Whether it's a recreation complex, hamlet office, water treatment plant or public works garage a large loss can have a devastating effect on the community. Northern Communities Insurance Program and NORCIX are committed to reducing losses for all communities through a variety loss prevention activities. Two of those loss prevention activities include cash incentives.

## INCENTIVES FOR INSPECTIONS

Property losses continue to be our greatest potential program killers and will no doubt remain as the single largest threat we have to our self-insurance pool. In 2010 NORCIX created and cash incentive program for communities who are part of the Northern Communities Insurance Exchange. Community members can receive cash for inspecting their buildings and dealing with the liability and property hazards that are identified through the inspection process.

Moving forward NORCIX is committing over \$1,000,000 in annual cash incentives to our members for the overall loss experience of the program and the inspection of your buildings. The amount of money each community can receive is dependent on the premium the community contributes annually to the pool. If your community contributes 5% of the total annual premiums then you will receive 5 % of the available inspection funds with a minimum annual inspection incentive of \$20,000.

To access the inspection funds communities are required to take part in three activities.

- 1) **25 %** will be paid when they take the loss prevention workshop, which is delivered in the community to as many staff and council members as possible. The workshop is designed to:
  - a. Create awareness and understanding of the property and liability risks communities face and where the claims are coming from. What you can do to reduce the frequency and cost of claims arising the liability and property risks you have;
  - b. Perform a walk through inspection of a community facility to gain a better understanding of what is required for an inspection and the hazards that exist on your property.
- 2) **25 %** will be paid to the community once inspections are completed on all major buildings. Inspection forms are to be submitted to the NCIP office for review.
- 3) **25%** will be paid to the community when the hazards, which were identified during the inspection, are dealt with by the community. In most cases the identified hazards are housekeeping issues and there will be little or no costs involved.

- Once the Mandatory Activities have been completed, Communities can use their credits for other loss prevention activities such as paying the costs for:



- Bringing in a Mechanic to inspect your vehicles and equipment
- Bringing in a Burner Mechanic to service your heating devices
- The legal costs to review and update your bylaws
- A legal review of your contracts
- Reviewing and establishing policies and procedures
- Training of fire department personnel
- Staff Training

The remaining **25 %** is provided as a discount to communities each year on the renewal invoice for the overall good claims history of the program.

If you have already taken the loss prevention workshop then the entire 75 % of the inspection incentive funds would be paid for doing inspections. For those few communities who have not been able to take the workshop you can still receive your funds for doing inspections.

## INCENTIVES FOR BYLAWS

A good portion of liability claims we deal with come from the operational areas of the community, which in most cases can be eliminated or reduced by simply having proper bylaws, policies and procedures in place. We are currently working on an incentive program where NORCIX will offer cash incentives to those communities who adopt specific bylaws, policies or procedures. Communities can submit the specific bylaws to our office for a risk management and legal review. If the community adopts the recommended changes to the bylaw or already has the recommend wording within the bylaw NORCIX will issue a cheque for \$5,000 per bylaw.

To start, we will be looking for the following specific bylaws or policies and procedures;

- Public Works – Water and Sewer bylaw
- Public Works – Roads and Sidewalks bylaw
- Procurement bylaw
- Fire Services bylaw



**Contact the NCIP office at**

200, 5105 – 50<sup>th</sup> Street, Yellowknife, NT X1A 1S1  
 (Telephone) 867-873-8359 (Toll Free) 866-973-8359  
 (Fax) 867-873-3042 [www.nwtac.com](http://www.nwtac.com)

## New Member Services!

The NWT Association of Communities and the Northern Communities Insurance Program offer three enhanced services to help member communities navigate the complex municipal government work environment:

- Legal Support Services
- Human Resources Advisory Service
- Procedural & Governance Services



### Legal Support Services

Member Communities have access to legal advice through the NWTAC partnership with Brownlee LLP:

- Informal verbal advice by phone on the Municipal Helpline
- 3 hours of prepaid formal legal advice/opinion per year
- Access to NWT licensed lawyers in litigation, corporate and municipal fields
- Development of resource materials for use by all members

Call the Toll Free Municipal Helpline  
1-800-661-9069

### Human Resources Advisory Services

Human Resource advisory services for the SAO, Band Manager, Mayor and Chief or their designated alternate, from a human resource professional residing and practicing in the north. Allan Twissell of NorthWays Consulting can help you with:

- Community government human resource planning
- Organizational design/job description development
- Senior administrative officer/management recruitment
- Staff hiring/interviewing
- Orientation programs
- Performance evaluations
- Employee relations/corrective action
- Human resource policy development

Call Allan at 867-873-5444 or email [allan@nwtac.com](mailto:allan@nwtac.com)



### Governance

### Procedural & Governance Advice

Following proper procedures in the administration of community government business is complex and demanding.

Advice is now available on navigating the precise requirement of governance in areas ranging from elections and Council business to by-laws and interpreting legislation. The NWTAC has retained David Kravitz to provide advice to community leaders and administrators.

Call 867 688 9415 or email [david@nwtac.com](mailto:david@nwtac.com)

## What we believe

The municipal operating environment is becoming more and more complex. Staff and Councils in small NWT communities often need expert advice to administer their operations.

The NWTAC is helping meet those challenges with three programs providing professional advice to communities in major fields of municipal management.

The services are confidential, with no reporting back to the NWTAC or NCIP other than general statistics.



NWT Association of Communities  
Northern Communities Insurance Program  
Suite #200, 5105 – 50<sup>th</sup> Street  
Yellowknife, NT X1A 1S1

## Members Advisory Services

Phone: (867) 873-8359 Fax: (867) 873-3042  
[www.nwtac.com](http://www.nwtac.com) 1-866-973-8359

MY COMMUNITY  
MATTERS



**Ron Dennill**

Manager, Insurance Program  
ron@nwtac.com



**nwtac**

*NWT Association of Communities*



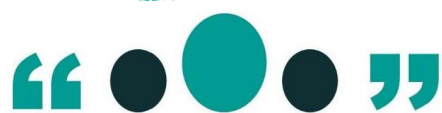
**Cynthia Horton**

Consultant, Insurance Services  
cynthia@nwtac.com



**Karen Kuronen**

Technical Advisor  
karen@nwtac.com



**nwtac**

*Northern Communities Insurance Program*

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**nwtac**

*NWT Association of Communities*

## ANNUAL REPORT 2017

*Northern Communities Insurance Program (NCIP)*

*Northern Communities Insurance Exchange (NORCIX)*



[www.nwtac.com](http://www.nwtac.com)

Fort McPherson 85 km  
Tsiigehtchic 142 km  
Inuvik 270 km

EMERGENCY  
1-867-952-1111  
FORT MCPHERSON RCMP



# 2017 FINANCIAL RESULTS

NORCIX is in the business of paying claims. This past year we are back to our normal average in number of losses and amounts paid in losses across the board with only minor losses in both property and liability. We normally budget a total of 1.3 to 1.5 million dollars annually for expected losses in all areas that we self-insure. We were well over these numbers for the fiscal years of 2014 and 2015 but are now back on track of beating the projection numbers our actuary provides us each year.

Premiums collected continue to be stable with fluctuations only happening due to increases in property values or the number of vehicles and population figures. Money returned to the communities in the form of premium credits and loss prevention inspections is down slightly from last year. This was due to most communities not taking advantage of the funds that are available to them for inspecting their buildings on an annual basis. Money is available so please inspect your buildings and send us the inspection forms.

The greatest change with our finances for this year is related to our investment income. Two years ago we moved more of our foreign equities into the US market with the expectation that the US stock market would soon outperform other markets in the near future. This certainly turned out to be the case especially in the last half of the 2016 and the first couple of months in 2017. NORCIX had a record return on investment income of almost 1.3 million dollars this past year. This certainly made up for the loss in the previous year of \$115,000. Considering that two thirds of our investments are held in fixed income accounts, which average 1.5 to 2 percent annually, we made up a lot of ground with our equities that gave us a return of 15 percent this year. Most of our gains will continue to come from the stock market as interest rates will most likely continue to remain low.

With a relatively good year in losses along with a good return on our investments NORCIX finished the year in very good shape. Claims paid and claims reserves to date are just over 10 million dollars since we started NORCIX in 2003.

## NORTHERN COMMUNITIES INSURANCE EXCHANGE

### STATEMENT OF FINANCIAL POSITION (Unaudited)

March 31, 2017

#### ASSETS

	2017	2016
<b>CURRENT</b>		
Cash on hand	\$ 97,985	\$ 194,423
Interest receivable on GICs	\$ 37,057	\$ 37,057
Investments in Canadian dollars	\$ 16,341,203	\$ 14,266,172
Prepaid expenses	\$ 8,500	\$ 8,500
Accounts receivable	\$ 67,205	
	<b>\$ 16,551,950</b>	<b>\$ 14,506,152</b>

#### LIABILITIES

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 27,000	\$ 28,000
Claims reserves	\$ 663,053	\$ 538,884
Incur. but not yet reported - prop, liab, auto	\$ 722,015	\$ 722,015
Unallocated loss adjustment expenses	\$ 53,099	\$ 53,099
	<b>\$ 1,465,167</b>	<b>\$ 1,341,998</b>

#### NET ASSETS

Loss Prevention Incentive Program	\$ 3,131,586	\$ 3,492,926
Accumulated surplus	\$ 10,032,569	\$ 9,402,798
Current earnings	\$ 1,922,628	\$ 268,430
<b>CLOSING ACCUMULATED SURPLUS</b>	<b>\$ 15,086,783</b>	<b>\$ 13,164,154</b>
<b>TOTAL LIAB. AND ACCUM. SURPLUS</b>	<b>\$ 16,551,950</b>	<b>\$ 14,506,152</b>

## FINANCIAL INFORMATION

### NORTHERN COMMUNITIES INSURANCE EXCHANGE

Statement of Operations (Unaudited)

March 31, 2017

	2017	2016
<b>REVENUES</b>		
Premium - Property	\$ 1,142,181	\$ 1,015,200
Premium - General Liability	\$ 763,000	\$ 716,800
Premium - Auto Liability	\$ 100,000	\$ 69,600
Premium - Auto Physical	\$ 103,293	\$ 129,920
	<b>\$ 2,108,474</b>	<b>\$ 1,931,520</b>
<b>DIRECT COSTS</b>		
Incurred losses and expenses	\$ 481,992	\$ 338,666
Changes in unpaid claims and adjustment expenses	\$ 124,169	\$ 323,801
Premium taxes to Territorial Government	\$ 69,659	\$ 63,081
	<b>\$ 675,820</b>	<b>\$ 725,548</b>
<b>GROSS MARGIN</b>	<b>\$ 1,432,654</b>	<b>\$ 1,205,972</b>
<b>EXPENSES</b>		
<b>STABILIZATION FUND EXPENSES (from reserves)</b>		
Claims experience credits	\$ 167,235	\$ 167,235
Community loss prevention credits	\$ 194,105	\$ 240,964
Premium stabilization credits	\$ 56,976	\$ 16,174
Loss prevention expenses and position	\$ 150,000	\$ 180,000
Appraisal and asset management program	\$ 35,857	\$ 35,858
NWTAC insurance program cost recovery fee	\$ 72,753	\$ 69,472
	<b>\$ 676,926</b>	<b>\$ 709,703</b>
<b>OPERATING EXPENSES</b>		
Actuary fees	\$ 19,530	\$ 20,000
Board insurance	\$ 52,000	\$ 52,000
Banking fees	\$ 180	\$ 129
General office expenses	\$ 405	\$ 394
Professional fees (auditor and legal)	\$ 22,667	\$ 13,245
Board expenses	\$ 13,349	\$ 26,652
	<b>\$ 108,131</b>	<b>\$ 112,420</b>
<b>TOTAL EXPENSES (stabilization and operating)</b>	<b>\$ 785,057</b>	<b>\$ 822,123</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>\$ 647,597</b>	<b>\$ 383,849</b>
<b>INVESTMENT INCOME</b>	<b>\$ 1,275,031</b>	<b>\$ (115,419)</b>
<b>TOTAL EXCESS REVENUES OVER EXPENSES</b>	<b>\$ 1,922,628</b>	<b>\$ 268,430</b>

## LOSS PREVENTION INCENTIVE PROGRAM



Buildings that are well-maintained with good housekeeping are less likely to sustain a loss. This is the main reason for starting the **Incentive Program** for communities that are part of NORCIX.

We have just completed our seventh year of the **Loss Prevention Incentive Program**. Some Communities have taken advantage of the monies available to them through the program; however, **more than \$1.5 million of funds are still available**. As each year passes, we are seeing progressively fewer communities taking advantage of the program. Even today, there are still communities that have not completed inspections and received the cash available to them.

The NORCIX Board did not want the communities that take advantage of this offer and are completing their inspections to miss out on future incentives; therefore, **the NWTAC Board of Directors have approved extending this program for another three years**. Performing inspections on your buildings is a very easy way to gain extra cash for your community. It also helps to reduce the likelihood of a loss to your property. **Please take advantage of the funds that are available before the opportunity is gone!**

In order to access the funds, communities are required to take the workshop and then perform **annual building inspections** on the property they own and that are insured with the Northern Communities Insurance Program. Most communities have taken the **Loss Prevention Workshop**, which we deliver in each community; however, communities may still receive their inspection money by simply completing the inspections. Inspection forms are available from the NCIP office in Yellowknife.

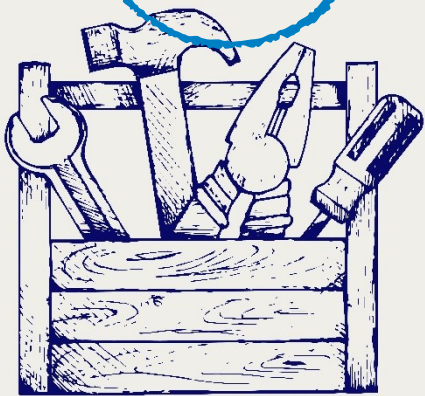
We will continue to offer the Loss Prevention Workshop, with an increased focus on assisting communities in completing their inspections each year.

We pay communities for:

- Taking the loss prevention workshop, delivered in your community
- Inspecting your buildings annually for hazards
- Taking action with any hazards that are identified through the building inspection

**Please contact the Northern Communities Insurance Program office to inquire about funds available to you!**

## TOOLKIT DEVELOPMENT



### Human Resources

(For Mayors and Councils and also for SAO's and Band Managers)

- Hiring 101 Checklist
- Staff Management 101 Checklist
- Staff Departures 101 Checklist
- Policies for General Admin, HR, Leave management, Compensation Management, Occupational Health and Safety
- Smart Management Practices
- Orientation

### Policies

- Importance of having policies
- Checklists
- Governance
- Administration
- Finance
- Public Works
- Recreation
- Community Services

We are working on preparing a comprehensive toolkit to have available for communities to be able to easily locate helpful information on items such as:

### Insurance

- Program Overview
- Orientation
- Forms
- Brochures
- Smart Management Practices

### Asset Management

- Orientation
- Importance Of AM
- Smart Management Practices
- Inspection Forms
- Inspection Schedules
- Sample By-laws
- Sample Policies

### Tenders and RFP's

- Checklists
- Should I use a tender or RFP?
- Templates
- Sample Contracts
- Smart Management Practices

### By-Laws

- Checklists
- Mandatory
- Recommended
- Discretionary

## 2017 RENEWAL NEGOTIATIONS



The insurance industry continues to consolidate with one merger after the next. That can be good or bad depending on your loss experience, the type of business you are and what each insurance company has an appetite for. Our insurance program is not immune to these mergers and with one of our own insurers going through such a merger recently we were faced with this dilemma. Our current insurer was very comfortable participating at the upper levels of our property where most insurers are not. So when they purchased a much smaller company we were not concerned about the renewal. This past fall we met with the manager and were concerned to hear that they had lost most of their underwriting crew during the merger and they no longer had the expertise to offer renewal terms. As a result we had to look elsewhere for a significant portion of our excess property insurance. In February we met with three potential underwriters who are interested in municipal business at these upper layers. They liked what they heard and saw with our past loss experience and the amount of energy we spend on loss prevention activities. The pricing from our former insurer was quite good at this level so we were expecting an increase in premium but were surprised with a slight reduction. Our new insurer underwrites municipal business in eastern Canada and wants to expand in the west. They have been writing personal and commercial business in the NWT for decades and know the area well. This seems to be a good fit for us and will help stabilize our underwriters for many years to come.

For the balance of our other policies the news was also good. All underwriters renewed as is for this year with two of our underwriters giving us guaranteed renewal premiums for the next three years.

Good loss experience is the key to our success. Most losses are completely preventable so our focus will continue to be on loss prevention activities through the Loss Prevention Incentive Program and the development of more tools for communities. The Loss Prevention Incentive Program provides communities with considerable dollars for simply inspecting buildings and dealing with the identified hazards that cause losses. Inspection forms are available through our office and if you want to know what your community can receive this year in loss prevention money please give us a call.

## WRONGFUL DISMISSAL LIABILITY

It is never a pleasant experience to dismiss an employee. However, the experience can be made even worse if you are later informed that the employee is seeking compensation for what he or she felt was a wrongful dismissal.

Fortunately **NORCIX does provide liability coverage** for communities that follow proper procedures laid out in the insurance policy. Wrongful dismissal insurance coverage is not common in the insurance industry; most policies that provide coverage will have conditions that must be complied with in order to be covered. **The NORCIX policy covers civil suits for alleged wrongful dismissal of an employee** including failure to appoint, reappoint or derogation of employee's position.

In order to be covered by NORCIX, communities **must** comply with the following warranties contained in the insurance policy.

- The Community Government **must receive in writing** a legal opinion from an independent lawyer who specializes in employment law or a lawyer chosen by NORCIX. The legal opinion needs to set out how the change or changes desired should be carried out by the Community Government; and
- The Community Government **must implement the approved change or changes** in employment conditions in a manner prescribed by the independent lawyer.
- Both these conditions also apply to all employment contracts and fixed-term contracts in excess of five (5) years or a series of consecutive employment fixed-term contracts with the combined total being in excess of five (5) years.

There are other conditions and exclusions within the policy, but **these three warranties absolutely must be met** before liability is assumed by NORCIX or our excess insurers.

It is essential that the lawyer providing the opinion be independent from the community government, and specialize in employment law. **Having a lawyer who does not specialize in this field is not acceptable**; it is best to contact the NCIP office to be connected with an approved lawyer.

We have certainly witnessed **substantial growth in claims coming from this area**, and we are actively working to mitigate future losses by providing **more tools and advice to communities** in dealing with human resource issues.



## NCIP MEMBER SERVICES

The municipal environment has become more complex, **with communities having fewer resources to assist them with the operation of the community**. Staff and Councils in NWT communities often need expert advice in the administration of their operations. Some of these operational areas are starting to generate more claims than we have ever seen in the past, and are contributing to a direct impact on the loss experience for NORCIX.

In order to assist communities and reduce losses, NORCIX has added additional Member Advisory Services in the following three areas:

### Legal Support Services

- Member communities will have **access to legal advice** from an NWT-licensed lawyer through our partnership with Brownlee LLP for **informal verbal advice by phone** on the municipal hotline
- We also include **3 hours of prepaid formal legal advice** per year for each community

### Human Resources Advisory Services

- Enhanced human resource advisory services for the SAO, Band Manager, Mayor and Chief, or their designated alternate, from a professional human resource management company including:
  - **Unlimited one-on-one telephone access** to veteran HR Professional Al Twissel
  - Access to database documents, including job descriptions, policies, manuals, best practices guides, templates, presentations, calculators and more

### Procedural and Governance Advice

- Governance and procedural advice is available to assist communities in navigating the precise requirement of governance in areas ranging from **elections and council business to by-laws and interpreting legislation**. Experienced northern and community governance expert David Kravitz is only a phone call away!

**These services are confidential, with no reporting back to the NWTAC or NCIP other than general statistics.**

### Safety Videos

We continue to provide online safety videos to each community for the purpose of staff training. There are about 80 short videos covering a variety of safety topics. These are very good videos and well worth looking at!

### Posters

Anti-vandalism posters were created and distributed last year to all the communities to be posted around the community, with the goal of reducing vandalism.

**These posters are available by e-mail, and can be printed on any size of paper**

# MEMBER SERVICES

## Contract Review

NCIP has been assisting communities in **reviewing both new and existing contracts**. The review is undertaken from a risk management perspective to help **prevent or reduce the possibility of a liability claim**.

By providing a review, we can add, delete or amend language in the contract that **eliminates or reduces the risks** for the community government.



## Tenders, RFPs and Contracts

With the assistance of legal counsel, NCIP developed Tender and RFP documents **for use by all NWT communities**. In addition, we have created contracts for services communities regularly contract out such as water, sewer and garbage, consulting engineering, construction and, as & when contracts. Additional contracts will be developed as the need requires.



## Potholes

Each spring in most communities in Canada and particularly the north, potholes are an issue. NCIP continues to take out advertisements in News/North and the Yellowknifer to remind the public that it is pothole season, and to be careful while driving around town.

This has proven to be an effective legal defense in other parts of the country if the community government is sued for damages to vehicles as a result of pot holes.

# ASSET MANAGEMENT UPDATE

As you are aware, in 2015 and 2016, Technical Advisor Karen Kuronen and Insurance Manager Ron Dennill, along with a number of community government employees from across the territory, participated in the **Asset Management Working Group** organized by Department of Municipal and Community Affairs (MACA).

After a number of meetings, MACA issued a request for proposal for an Asset Management Software Program that community governments could use to manage their physical assets. They have now signed the contract with the top-rated proponent and project initiation is underway.

Implementation of the Asset Management Strategy will be phased in over a number of years. Communities will need to make time commitments for staff training and implementation, as well as some cost commitments for annual licensing fees and any additional training that communities might want in addition to what is included in the contract.

**NORCIX continues to assist in the process** by developing **inspection forms for mobile equipment, vehicles and buildings**. In addition to inspection forms, we have plans for the production of instructional videos that will also help with the inspection process.

The appraisal program and the asset maintenance funding reports contained in the appraisals will continue to be provided by NORCIX in the future. These reports are very helpful in budgeting the life cycle maintenance costs on all of your buildings for the next 25 years.



## Employee Bonding Warranty

All of your employees are automatically bonded when they start working for the community government. There is no application to complete or notice to be provided when you hire new employees. However there is a warranty within the employee bond that will void the bond coverage for any employees who have committed fraud or a dishonest act during their employment with you or prior to their employment with you. The coverage for that particular employee is automatically terminated as soon as you, the employer, becomes aware of a past or present infidelity.

This clause is key to your employees being bonded. As individual bond applications are not required for employees when they are hired, your bonding company relies heavily on the community government, to perform proper back ground checks on the people they hire. This clause acts as protection for the bonding company because they would not normally bond an employee who has committed fraud or a dishonest act. The same is true and applies to employees who have had their bonding cancelled by a previous insurer where the bond was never reinstated.

If you have an employee who would not qualify for bonding because of the above conditions, we may still be able to obtain bonding for them. We can complete and individual application for that particular employee and submit it to the bond company for consideration. In some cases bonding may be granted under certain conditions and a lower limit of coverage

**Employee Dishonesty and theft of money: \$1,000,000**

**Covering:** *All employees of the community government, plus Money and Securities on the premises, or on the way to the bank, or at the bank for theft, disappearance destruction, robbery or safe burglary.*

200-5105 50th Street  
Yellowknife, NT  
X1A 1S1



T: 867.873.8359  
Toll Free: 1.866.973.8359  
F: 867.873.3042

[www.nwtac.com](http://www.nwtac.com)

## NORTHERN COMMUNITIES INSURANCE PROGRAM

FINANCE  
SMART MANAGEMENT  
PRACTICES

# PREVENTING INTERNAL CRIME

Protecting Your Organization



Organizations spend much effort on preventing crime from **outside**; yet the biggest risk is actually **from within**.

**Risks you can prepare for and help reduce losses include:**

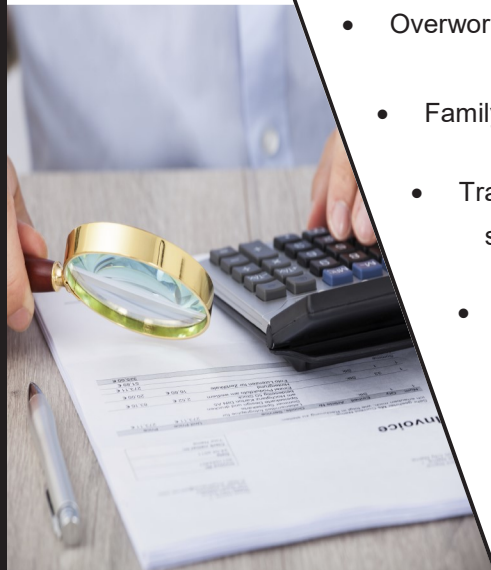
- Disappearing cash payments
- Overtime abuse
- Acting pay abuse
- Payment of fictitious claims



# Controlling the Risk

## Employee Dishonesty: Why does it happen?

- Certain acts are no longer regarded as being wrong or illegal by employees.
- Overworked and underpaid employees.
- Family income has remained static or has been reduced.
- Transfer of funds electronically depend on fewer people with specialized skills who know the vulnerable areas of banking
- Management changes and restructuring leave more opportunities for crime to remain undetected.
- An Employee sees a vulnerable area and takes advantage of it.
- Gambling, Drug and Alcohol Dependency, On-line shopping



## Where does Employee Dishonesty happen?

- ✓ Accounting
- ✓ Purchasing
- ✓ Payroll
- ✓ Computer
- ✓ Cashier
- ✓ Warehousing / supplies
- ✓ Equipment Use

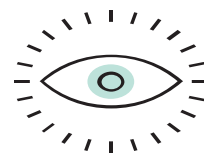
## INDIVIDUAL WARNING SIGNS

- Individuals that seem to be living beyond their means, have high personal debts or you suspect they have some kind of addiction
- Employees who work long hours or refuse to take vacation
- A senior manager that seems to have a secretive management style that frequently over rides systems and controls in regards to spending.
- An unexplained close relationship with a supplier or customer



## WARNING SIGNS

*What to look for in an individual and in the work environment if you suspect criminal activity*



## CORPORATE WARNING SIGNS

- A work environment where employees feel they are owed for: unpaid overtime, an increase in wages, or more time off
- A sudden increase in accounts receivable
- Lax enforcement of internal controls
- High rates of turn over and absenteeism
- Lack of formal controls and accountability

## SEPARATION OF RESPONSIBILITIES

Most fraudulent activities are carried out by **one person**. Internal controls should separate responsibilities in to **four key areas**:



1. Authorizing transactions
2. Preparing transactions
3. Collecting or paying cash
4. Maintaining records of accountability

## INTERNAL CONTROLS

- Perform **internal and external** audits
- Make sure staff take their vacation for at least **one full week** at a time
- Passwords for computers should be **changed regularly**, and the person in charge of your computer system should not be allowed to have access to other employees' day to day activities
- Policies for the purchase of goods should be carefully drafted and strictly adhered to. Check that the vender addresses match the invoices and phone directories
- Procedures should **separate tasks** - payment authorization, preparation of cheques, signatures on cheques
- Procedures should include **electronic transfers**
- Electronic transfers also require **separation of duties** and should have **two signatures**
- Take care in hiring honest people with a known work history. Perform criminal background and reference checks on all potential employees.
- If the individual has worked in the North, you can usually find out from superintendents in other regions. Make the call.
- Avoid hiring relatives and spouses, especially in the same department or in a manager-subordinate position.
- If at all possible, rotate employees in positions of trust fairly frequently.
- Review employee empowerment- Are employees given too much control and authority or are controls lacking?
- Minimize the use of Corporate Credit Cards: Expense accounts should be submitted to justify the transactions on the card. Have policies and procedures regarding expense accounts and travel.
- Create an ethical environment for your staff. Have a code of conduct in place.
- Follow your Policies and Procedures.

*If you suspect someone in your organization is engaging in criminal activity, or you have any questions about internal crime, please contact the NWTAC.*



## What Should You Do If A Slip and Fall Claim Arises?

- If someone is injured, administer first aid or call an ambulance
- Never admit you are at fault
- Never offer to compensate an injured person
- As soon as possible, complete an incident report providing as much detail as possible on the injured person – include name, witnesses names, addresses, telephone numbers, complaints of pain, etc.
- Also include weather conditions, lighting, warning signs, foreign material on the floor, distractions, etc.
- Detail any mitigation circumstances i.e. absence of snow or ice on walkways, when sidewalks were last cleared, type of shoes and clothing injured party was wearing, note use of walking aides or prescription glasses, note the part of the body where injuries occurred, etc.
- Take digital photographs of the location where incident occurred – note skid marks in the area of the alleged slip and fall - use a ruler or pen to show relative size. Take from every angle and at an increasing distance from the scene. Show the general area, including lighting and signage, and taken from the direction the person was walking and from the opposite direction as well
- If you receive any correspondence from the injured party, forward it directly to NWTAC

### NWTAC can help you by...

- Providing sample bylaws, policies, and procedures
- Using your loss prevention funds for School of Community Government Training
- Legal Services Advice Line
- Governance Advice Line
- Human resources advice services
- Job descriptions
- Loss prevention workshops

200-5105 50th Street  
Yellowknife, NT  
X1A 1S1



T:867.873.8359  
Toll Free: 1.866.973.8359  
F: 867.873.3042

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## NORTHERN COMMUNITIES INSURANCE PROGRAM

### RISK MANAGEMENT SMART MANAGEMENT PRACTICES

Protecting Your Organization

## REDUCING WINTER SLIP AND FALL HAZARDS



Slips and falls can cause serious injuries to visitors on community properties. In the winter, snow covered parking lots, icy sidewalks and slippery floors dramatically increase the chance of slip and fall incidents. A little extra care and prompt attention to outside and inside slippery surfaces, can easily and quickly prevent slips and falls and thereby reduce claims. Here are a few tips for making your premises safer this winter by managing slippery conditions and snow removal activities.

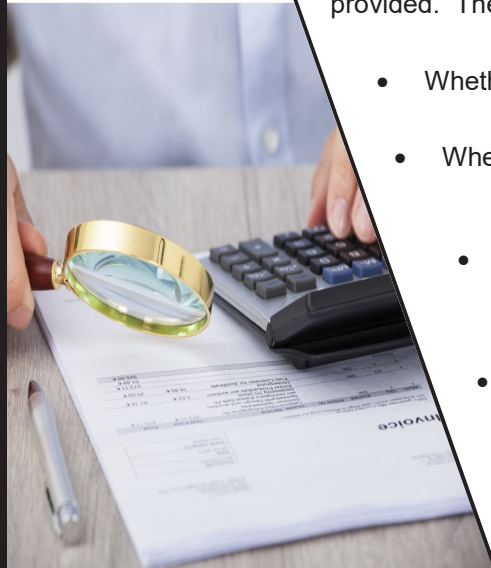


# Controlling the Risk

## The legal discussion

If someone is hurt in a slip and fall, you must be prepared to demonstrate to a judge that an appropriate standard of care was provided. The following criteria generally apply:

- Whether the danger was foreseeable
- Whether the communities' conduct was within acceptable standards
- Whether there was an adequate system of inspection in place and was it being carried out
- Whether the danger was allowed to exist for an unreasonable amount of time
- Whether the danger could have been easily prevented



## BYLAWS, POLICIES AND PROCEDURES

Set out what you will do, and follow through.



1. A snow and ice clearing program for roads, walkways, sidewalks, parking areas, and building entrances
2. Keep a written daily log of snow clearing activities and conditions
3. Keep a written log of any accidents reported and actions taken
4. Review and update your program from time to time

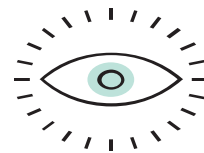
*If you need any help in setting up bylaws, policies or procedures with regard to managing your winter hazard risks, please contact the NWTAC.*

## KNOW THE SLIP AND FALL HAZARDS AND RISKS ASSOCIATED WITH WINTER WEATHER

- Slips or falls on slippery surfaces due to water, ice or snow including melted snow and ice at building entrances
- Roof collapse or property damage under weight of snow
- Injuries while shoveling snow OR falls from heights ifor example while cleaning the roof
- Freezing of water run-off from roof down spouts or melting snow from roofs OR storm surges causing flooding
- Wet floors inside buildings
- Icy sidewalks or roadways

## What can cause unsafe conditions?

- ✓ Snow or ice on the ground
- ✓ Snow or ice sliding off a roof
- ✓ Steel grates filled with snow
- ✓ Oil or water spills
- ✓ Slippery floor coverings
- ✓ Stairways without railings
- ✓ Trip hazards



## MONITOR!

*What to look for in your community government properties ...*

## SAFETY GOALS

- Ensure that all community roads remain passable for emergency vehicles throughout the snow removal period; allow traffic flow, both pedestrian and vehicular, to and from the site.
- Ensure that stairs, roadways, parking lots, sidewalks and entryways are kept free of snow, slush and ice, which may cause hazardous footing
- Keep all building entrances and exit doors free from ice and snow buildup—they must be useable all year long



## GOOD HOUSEKEEPING

- Mop wet floors to make dry
- Watch stairs for loose treads
- Use mats to catch snow at entrances
- Monitor weather conditions
- Train your staff appropriately
- Clear ice and snow from roofs over entrances
- Apply grit to slippery outside walking areas

## RISK CONTROL MEASURES FOR INSIDE WET FLOORS

- Place "wet floor" signs prominently at entrances – pylons are preferred over 'tent'-style signs
- Use door mats or rubber runners at entrances and exits to help keep water, snow and ice off the floor
- Mats or runners should extend at least 6-8 steps or 3 metres (10 feet) indoors
- Promptly mop up puddles where melting snow has saturated the mats or runners
- Clean up interior wet floors and spills immediately
- Use "slippery floor" warning pylons when surfaces are wet or obstructed
- Maintain a written activity log (sweep log) of all floor cleaning activities on site
- Test floors for slip resistance (wet and dry) and consider treatments to improve floors with unacceptable results





# WRONGFUL DISMISSAL LIABILITY

Terminating employment with one of your employees is never a pleasant experience. It can be more difficult when you are informed the employee is now seeking compensation by filing a civil action for what they feel was a wrongful termination. Fortunately NORCIX provides liability coverage for communities who follow the warranty conditions which are expressed in the insurance policy. Your insurance policy will pay on behalf of the community any sums which the community becomes legally obligated to pay for compensation as well as agreeing to defend the community for any civil action that is brought against the community arising out of an alleged wrongful dismissal.

Wrongful dismissal insurance coverage is not common in the insurance industry. While coverage is provided within our wording there are conditions that the community government must comply with in order to be covered. These conditions are:

1. The Community Government must receive *in writing* a legal opinion from an independent lawyer who specializes in employment law or a lawyer chosen by NORCIX. The legal opinion needs to set out how the change or changes desired should be carried out by the Community Government; and
2. The Community Government must implement the approved change or changes in employment conditions in the manner prescribed by the independent lawyer.
3. Both these conditions also apply to all employment contracts and fixed term contracts in excess of five (5) years or a series of consecutive employment fixed term contracts with the combined total being in excess of five (5) years.

There are other conditions and exclusions within the policy but these three conditions in particular must absolutely be met before your insurer will respond to any claim.

Using a lawyer who does not specialize in employment law is not acceptable. Once you have been provided advice and a written legal opinion, you must follow the advice and steps the lawyer has set out with respect to any changes in the employment conditions of the employee.

In most situations it would be best to contact our office so we can put you in touch with an approved lawyer who specializes in this field of law.

Your lawyer should also assist you with the termination letter being provided to the employee.



## WHAT SHOULD YOUR LEGAL OPINION CONTAIN?

All of the relevant facts should be set out in the opinion to ensure that the information upon which the lawyer is relying is consistent with the actual employment history of the employee. The letter should include:

- ✓ the position held by the employee
- ✓ the employee's age
- ✓ rate of pay
- ✓ history of employment
- ✓ the existence and relevant terms of an employment agreement
- ✓ the rationale being considered for termination
- ✓ disciplinary history
- ✓ whether the employee has had an absence from the workplace
- ✓ whether you are in a position to dismiss for cause or without cause
- ✓ a process that you must follow for the termination
- ✓ review of any potential Human Rights issues

### DISMISSAL FOR JUST CAUSE

Within Employment Law, the definition of Just Cause is very narrow.

The rationale for a just cause dismissal would require review of the Facts and a determination as to whether or not the Facts provide a basis for a just cause dismissal. When dismissing for cause it is intended that there would be no severance package. If the lawyer is in agreement, the opinion should provide the reasons for termination for cause. The lawyer should also be able to assist with the termination letter being provided to the employee. If a civil action is commenced by the employee after the dismissal, the deductible in this case will be the \$25,000 or the first two years of wages, whichever is the lesser. In most cases, the deductible is \$25,000.

### DISMISSAL WITHOUT CAUSE

If a determination is made that the circumstances do not provide a basis for a just cause dismissal, the opinion will provide a range of what would most likely be required to pay the employee as compensation in lieu of notice. The range of notice which may be required will depend upon whether an employment agreement or letter of offer has limited the range of notice to that of a contractual amount or if reliance may be placed upon statutory minimum payment. In the absence of an employment agreement, a range of would be provided by the lawyer. This is important because it has a bearing on the deductible that would be applicable in the event it becomes a civil action. If the employee ultimately does not accept the offered severance package and commences a civil action, the deductible will be the median of the range which was provided in the legal opinion prior to dismissal subject to a minimum of \$25,000.

In the event the employee files a civil action and a claim is opened with NORCIX, the deductible that would apply to the claim does not apply to adjusting or legal expense incurred by NORCIX to investigate or defend the community.