

MY COMMUNITY
MATTERS



Karen Kuronen
Manager, Insurance Program
karen@nwtac.com



Sue Wyman
Coordinator, Insurance Program
sue@nwtac.com



Tel: (867) 873-8359
Toll Free: (866) 973-8359
Fax: (867) 873-3042
insurance@nwtac.com



ANNUAL REPORT 2022

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



SCAVENGER HUNT
Question 1
What is the phone number for Brownlee LLP's
free informal verbal legal advice?

FINANCIAL RESULTS

FINANCIAL RESULTS

As always, the business of NORCIX is paying claims. This past year was a higher claims year, the first since the high claims year in 2018. 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 UP slightly from last year. Remember, communities can take 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. Markets were volatile globally with the uncertainty brought on by the pandemic. But, in spite of this, investments continue to be our backstop in uncertain times.

The overall condition of the program is still strong, and this year is shaping up to be better.

INSURANCE RENEWAL NEGOTIATIONS

We met virtually with our underwriters through the pandemic and we were thrilled to be able to meet again in person this year. The meetings went very well. Our program continues to be strong and attract underwriters even though insurance globally is in a state of flux. Global losses have affected all lines of business to some extent. However, we have great relationships with our brokers and underwriters and the value of these relationships cannot be underestimated, especially during times of change.

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.

NORTHERN COMMUNITIES INSURANCE EXCHANGE (NORCIX)

STATEMENT OF OPERATIONS For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Premiums (notes 5 and 9)	\$ 2,175,000	\$ 2,187,436	\$ 2,119,547
DIRECT COSTS			
Incurring claims losses and expenses (note 10)	1,250,000	939,263	1,315,531
Premium taxes	66,000	68,043	65,934
Claims expense recoveries	-	(1,415)	(1,256)
Changes in unpaid claims and adjustment expenses (notes 8 and 11)	500,000	(292,334)	236,010
	<u>1,816,000</u>	<u>713,557</u>	<u>1,616,219</u>
GROSS MARGIN	<u>359,000</u>	<u>1,473,879</u>	<u>503,328</u>
EXPENSES			
Premium Stabilization Fund			
Appraisal services	255,000	48,930	48,930
Bad debts	-	2,000	-
Claims and loss prevention incentive credits (note 6)	500,000	629,589	511,536
Loss prevention	150,000	102,830	118,719
NWTAC management fees (note 5)	76,000	87,334	83,937
Premium stabilization credits (note 5)	3,000	-	66,752
	<u>984,000</u>	<u>870,683</u>	<u>829,874</u>
Operational			
Actuarial fees	32,500	41,010	32,050
Board insurance	52,000	47,346	52,000
Cyber insurance	98,000	166,503	113,673
Environmental Impairment Liability Insurance	98,000	74,305	96,486
Interest and bank charges	140	108	106
Office	400	-	-
Professional fees	52,000	21,896	34,063
Travel and accommodation	30,000	1,224	10,341
	<u>363,040</u>	<u>352,392</u>	<u>338,719</u>
	<u>1,347,040</u>	<u>1,223,075</u>	<u>1,168,593</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	(988,040)	250,804	(665,265)
OTHER INCOME (EXPENSE)			
Investment income (note 7)	(20,000)	1,591,982	3,499,219
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (1,008,040)</u>	<u>\$ 1,842,786</u>	<u>\$ 2,833,954</u>

See accompanying notes

NORTHERN COMMUNITIES INSURANCE EXCHANGE (NORCIX)

STATEMENT OF FINANCIAL POSITION

March 31, 2022

ASSETS		2022	2021
CURRENT			
Cash	\$	123,407	\$ 228,516
Temporary investments(note 4)		8,188,530	10,045,033
Accounts receivable(note 5)		518,487	2,000
		<u>8,830,424</u>	<u>10,275,549</u>
INVESTMENTS (note 4)		<u>12,099,325</u>	<u>8,650,839</u>
		<u>\$ 20,929,749</u>	<u>\$ 18,926,388</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities(note 5)	\$	486,708	\$ 33,799
Unpaid claims and adjustment expenses (notes 8 and 10)		2,845,102	3,137,436
		<u>3,331,810</u>	<u>3,171,235</u>
NET ASSETS			
LOSS PREVENTION INCENTIVE PROGRAM per page 3		5,880,177	6,509,766
ACCUMULATED SURPLUS per page 3		<u>11,717,762</u>	<u>9,245,387</u>
		<u>17,597,939</u>	<u>15,755,153</u>
		<u>\$ 20,929,749</u>	<u>\$ 18,926,388</u>

Approved:

_____ Director

_____ Director

See accompanying notes

LOSS PREVENTION
INCENTIVE PROGRAMS

**STOP
LOSS**

\$

Building Inspection Program

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

We have completed more than ten years of this program. Some Communities have taken advantage of the monies available to them through the inspection portion of the program; however, many communities have not. Even today, there are still communities that have not completed inspections and received the cash available to them.

Bylaw Improvement Program

The bylaw program is still paying communities \$5,000 each one time only for implementing new Procurement bylaws and Water and Sewer bylaws. We will provide templates and review the new bylaws for compliance under the program.

Heater Inspection Program

The heater inspection program pays communities \$15,000 annually for inspecting their heating units. To access the heater service funds, communities are required to do the following: (a) Arrange for a certified heating contractor to attend the community and service all heating units listed on their NORCIX Property Schedule. (b) Secure sign-off forms from the certified heating contractor confirming completion. (c) Submit the sign-off forms and invoice to the NCIP Office for review and acceptance. Once received, \$15,000 will be issued back to the community! Please contact us for all the forms and information.

The NWTAC Board of Directors have approved extending these programs for another year. Please take advantage of the funds that are available before the opportunity is gone!

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

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 specifically 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.

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 1-800-661-9069
- We also include 3 hours of prepaid formal legal advice per year for each community
- This service is confidential, with no reporting back to the NWTAC or NCIP other than general statistics.

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.

Loss Prevention Incentive Program

- Well over \$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.

Municipal Grant Inventory Service

- Members now have access to the Municipal Grant Inventory Service (MGIS) through the Public Sector Digest. MGIS provides comprehensive information on all available grant opportunities for northern communities, and offers solutions on how to acquire additional funding.

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.