



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Financial Services
Division: Finance
Report Number: 2019-07-Financial Services
Prepared By: Tracey Bailey, General Manager
Meeting Date: October 15, 2019
Subject: **AMO Board Report on Liability and Insurance Costs Reforms**

Purpose

To provide Council with the Association of Municipalities of Ontario (AMO) Board report entitled "Towards A Reasonable Balance: Addressing growing municipal liability and insurance costs".

Recommendation

That Council support the AMO Board request to endorse the report entitled "Towards A Reasonable Balance: Addressing growing municipal liability and insurance costs"; and forward a Resolution of Council to the Ministry of the Attorney General.

Financial Implications

Joint and several liability has a profound effect on municipal claim settlements. Joint and several liability is when multiple parties can be held liable for the same event or act and be responsible for all restitution required. The liable parties would be required to pay the entire damage award, which could be split among multiple parties or could come from just one party.

Background / Discussion

On September 27, the AMO Board approved a submission on joint and several liability entitled "Towards A Reasonable Balance: Addressing growing municipal



liability and insurance costs (report attached). AMO President Jamie McGarvey forwarded the report to the Attorney General, The Honourable Doug Downey for consideration.

The report includes seven key recommendations to address these issues:

1. The provincial government adopt a model of full proportionate liability to replace joint and several liability.
2. Implement enhancements to the existing limitations period including the continued applicability of the existing 10-day rule on slip and fall cases given recent judicial interpretations, and whether a 1-year limitation period may be beneficial.
3. Implement a cap for economic loss awards.
4. Increase the catastrophic impairment default benefit limit to \$2 million and increase the third-party liability coverage to \$2 million in government regulated automobile insurance plans.
5. Assess and implement additional measures which would support lower premiums or alternatives to the provision of insurance services by other entities such as non-profit insurance reciprocals.
6. Compel the insurance industry to supply all necessary financial evidence including premiums, claims, and deductible limit changes which support its, and municipal arguments as to the fiscal impact of joint and several liability.
7. Establish a provincial and municipal working group to consider the above and put forward recommendations to the Attorney General.

The AMO paper illustrates that options to find a balance to the issues and challenges of municipal liability and insurance costs exists and can be successfully implemented as other jurisdictions have done.

Municipal councils are encouraged to endorse the report and its recommendations. The Ministry of the Attorney General has agreed to accept municipal resolutions up until November 1, 2019.