

# Report to Council



**Date:** May 28, 2018  
**File:** 00-500  
**To:** City Manager  
**From:** Lance Kayfish, Risk Manager  
**Subject:** Municipal Insurance Association of BC Associate Membership Insurance Coverage

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## **Recommendation:**

THAT council approves delegating to the Director of Human Resources the authority to authorize and execute the attached agreement, as amended from time to time, on behalf of Mayor and Council for the purpose of providing select service providers liability insurance protection through the Municipal Insurance Association of British Columbia (MIABC) as an Associate Member under the City of Kelowna's liability insurance membership account.

## **Purpose:**

To streamline the process of allowing the City to take advantage of the Municipal Insurance Association of British Columbia (MIABC) Associate Member Program to provide liability insurance in circumstances where it is difficult or unreasonable to appropriately insure a service provider for the protection of the City and the service provider alike. To accomplish this staff are requesting council delegate authority to the Divisional Director of Human Resources to execute the MIABC's Service Provider Agreement on behalf of the City as needed.

## **Background:**

From time to time the City hires service providers and consultants to perform work under contract. The City's contractual requirements for service providers and consultants requires that they carry liability insurance among other conditions.

Generally, if a consultant or vendor does not have the appropriate insurance for some reason they are required to obtain the requirements of the City's minimum standard before they are able to enter into a contract to perform work for the City. On occasion is difficult for a service provider to obtain the required insurance because of timeliness of the need, due to the specialization of the work or it is cost prohibitive to them. If they are considering performing a small amount of work for the City that we are seeking them out to perform due to specialized knowledge or experience it may not be worthwhile for

them to go through the insurance underwriting process and pay a premium that may be in the thousands of dollars. In the past the City has elected to pay those third-party insurance costs as disbursements under the associated contract, on occasion.

In 2015 the MIABC developed the Associate Member Program that allows their local government members to add insurance coverage under the member's insurance account with the MIABC with the same coverage and conditions that protect MIABC members up to a limit of insurance of \$5,000,000. The member's deductible also applies, in Kelowna's case we currently carry a \$100,000 deductible and would be obliged to pay the deductible costs arising from a claim against an Associate Member. By bringing on an Associate Member we are agreeing to extend our insurance to cover them and treat them as protected party under the City's policy of insurance.

It is not expected the City will assign Associate Memberships regularly. This mechanism will be reserved for special circumstances. The most recent example of this circumstance is the use of retired City staff to support and fill positions in the Emergency Operations Centre (EOC) that the City manages on behalf of the Regional District of Central Okanagan (RDCO). These service providers can be invaluable in responding to emergencies due to local knowledge and familiarity with various systems, including the Incident Command System. Having their assistance in the EOC greatly reduces the strain on other corporate functions but reliving other staff from the EOC when possible. These service providers are not always set up as a business or corporate entity so do not carry general liability insurance and it's not practical to obtain in on an urgent basis when they are called in to assist during an emergency.

Currently there are three service providers assisting in the EOC for the 2018 Freshet event that the City will designate as Associate Members and provide insurance coverage for, pending council approval. It should be noted, the City and RDCO have hired several service providers, contractors and consultants in through the EOC that provide insurance for themselves like other third-parties hired by the City. The use of Associate MIABC Memberships will be used in instances such as the EOC and when it is not practical or timely for a service provider to obtain insurance independently. It is not intended to replace or change standard procurement practices or insurance requirements.

**Considerations not applicable to this report:**

**Internal Circulation:**

**Legal/Statutory Authority:**

**Legal/Statutory Procedural Requirements:**

**Existing Policy:**

**Financial/Budgetary Considerations:**

**Personnel Implications:**

**External Agency/Public Comments:**

**Communications Comments:**

**Alternate Recommendation:**

Submitted by:

L. Kayfish, Risk Manager

**Approved for inclusion:**



cc:

Divisional Director, Human Resources  
Divisional Director, Corporate and Protective Services  
Chief, Kelowna Fire Department  
Manager, Purchasing Services