

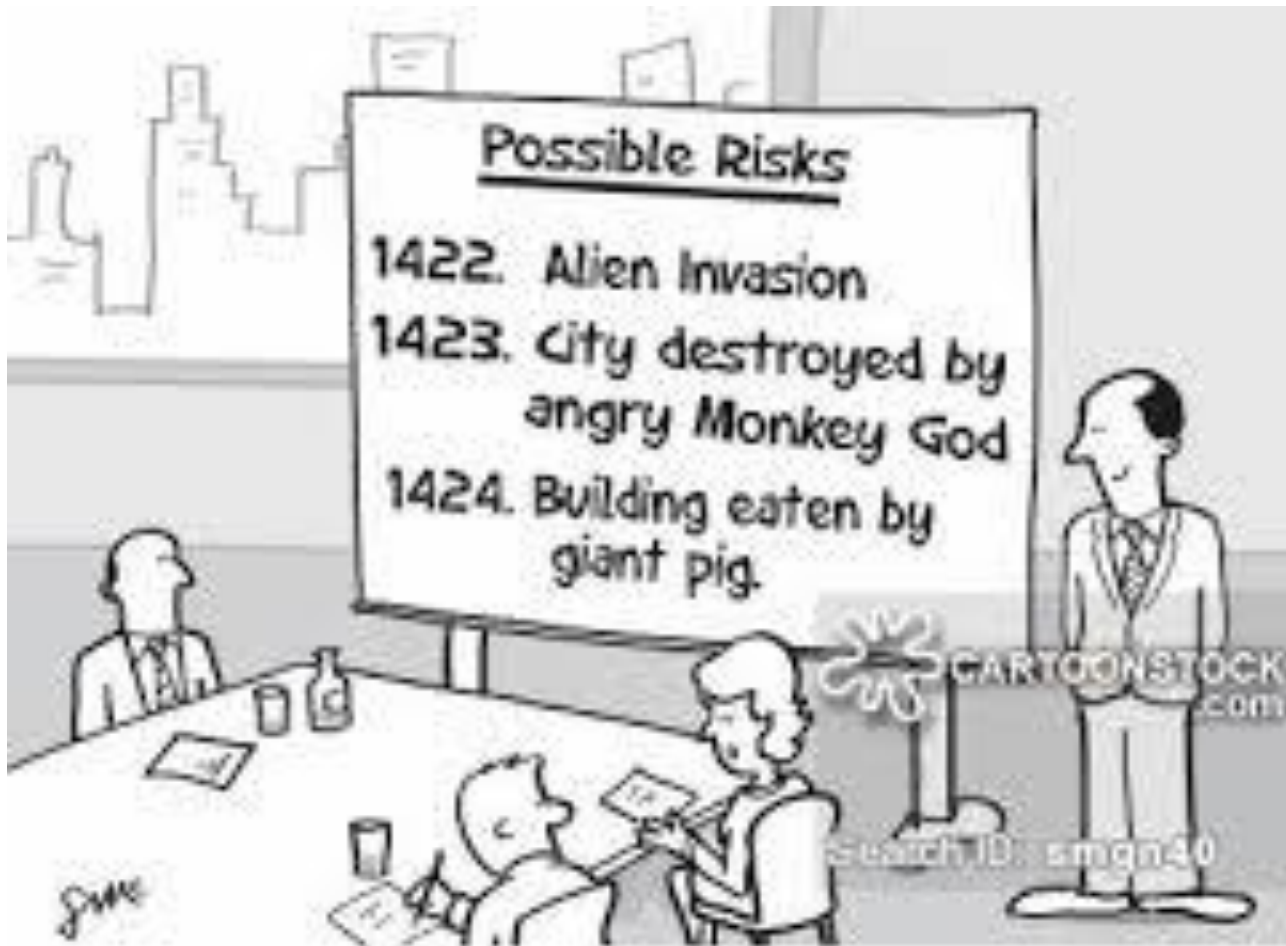
Welcome

Understanding and Managing Municipal Risk
Friday September 21st, 2018

Agenda

1. Municipal Risk
2. Today's Claim Environment
3. Today's Risk Environment
4. Managing Risk
5. Takeaway

Municipal Risk



"Well he certainly does a very thorough risk analysis."





Today's Claim Environment

Question

- Why damage awards so much higher than used to be?
 1. The injuries are worse than they used to be
 2. They are increasing by inflation
 3. Future care costs are significantly higher than they used to be

- Increased Damage Awards
- Class Action Lawsuits
- Joint & Several Liability
- Apportionment of Liability
- Litigation & the Long Tail Effect

Recent Decisions

- Schnarr v. Blue Mountain
- Labanowicz v. Town of Fort Erie
- Debra Barbeau v. City of Kitchener
- Maglio Installations Ltd. v. Castlegar (City) and Mega Reporting Inc. v. Yukon

Today's Risk Environment

Climate Change

2016

- NASA NOAA – Surface temperatures have never been higher (3rd Year in a row)
- West Virginia & Texas Floods – Extreme Rain events
- California & Fort McMurray Wildfires – Contributed by Severe Drought Conditions - \$4B in insured losses
- Southern Ontario – Drought Conditions – No Rain – Water Restrictions
- Hurricane Mathew – Thanksgiving Atlantic Canada – Severe, Rain, Hail and Wind
- Prairie Storms – exceeded 30 year averages for Hail, Rain and Wind Storms – Warm Pacific Temperatures were a contributory factor
- Windsor Essex County September Rain Event – 200 mm of Rain - \$108M estimated insured losses

2017

- Third hottest year on record in the USA behind 2006 & 2012
- Hurricanes – Harvey(Texas) Irma & Maria (Caribbean & S/E USA)
- Flooding in India, Pakistan
- Heat Wave in Europe
- Wildfires in California (15 Million Acres)
- Spring Floods in Quebec & Montreal (April Rains 156.2 mm)
- Lake Ontario Flooding (Highest Levels since 1870's)
- September Heat – 1,000's of heat records fell across Canada

Cyber

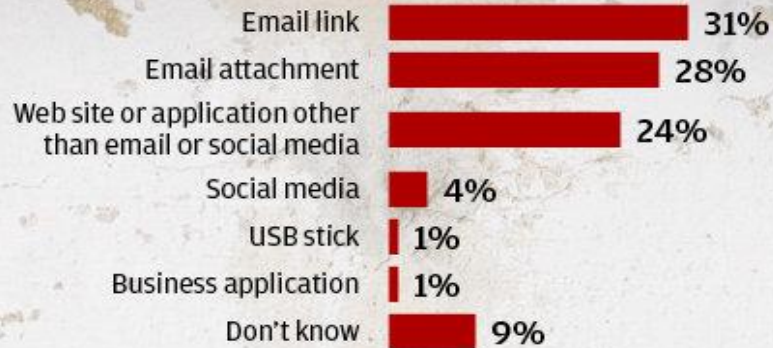
- Cybersecurity incidents in Canada have increased by 160% year over year according to PwC Canada's 2016 Global State of Information Security Survey
- Atlanta
- Nova Scotia
- Wasaga Beach

Question

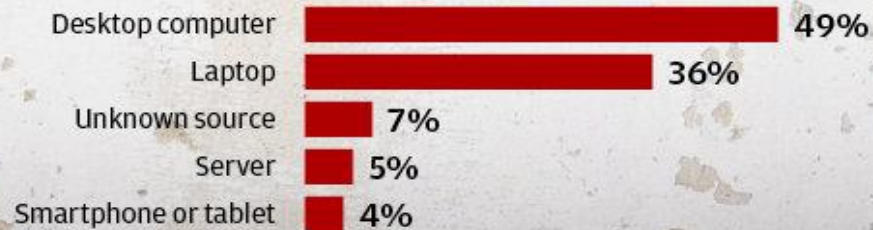
- What is the most common way Ransomware enters an organization?
 1. Social media
 2. Email link
 3. Sketchy websites

HOW RANSOMWARE ENTERS AN ORGANIZATION

By application...



By physical location...



SOURCE: OSTERMAN RESEARCH

Officials say an electronic road sign in Aurora, Ont., was "hacked" to display obscene language.



Fraudulently Induced Transfer (F.I.T.)

- Fraud today has become much more sophisticated and complex with F.I.T. (otherwise known as Social Engineering) trending in today's marketplace

New Legislation

Cannabis Act October 17th – are you ready?

- Will make it legal for adults to possess and access regulated, quality-controlled, legal cannabis.
- Consumption of cannabis in locations authorized by local jurisdictions will be allowed.

Concerns for municipalities include:

1. Zoning – permitting locations for retailers, producers, consumption, etc. (residents may not want them near their homes, schools, etc.)
2. Home cultivation – licensing? In dwellings?
Amendments to building codes
3. Increased costs of enforcement due to nuisance complaints
4. Increased costs related to staff and training
5. Business licensing

Bill 68 – The *Modernizing Ontario's Municipal Legislation Act, 2017*.

- The amendments to the Municipal Act concerning codes of conduct and integrity commissioners take effect March 1, 2019.

Bill 175 - *Safer Ontario Act*

- Under the new *Police Services Act*, the definition of the term “official” is defined as police officers, special constables, **auxiliary members** of a police service and any other person who may be prescribed by the regulations. **Auxiliary members were not previously subject to the *Police Services Act***

Construction Act

- Mandatory 50% performance and 50% Labour & Material Bond on contracts above \$500,000 with a municipality
- Prompt Payment – new rules to give contractors and subs certainty around when to expect payment

Question

- What new legislation is of most concern to your municipality?
 1. Cannabis Act
 2. Construction Act
 3. Other

Managing Risk

Why?

Without good risk management practices, government cannot manage its resources effectively. Risk management means more than preparing for the worst. It also means taking advantage of opportunities to improve services or lower costs.

Sheila Fraser, Former Auditor General of Canada

How?

- Build a Risk Management Culture
 - Understanding your Duty of Care
 - Knowing the Governing Legislation
 - Risk Transfer
 - Incorporating Best Practices
 - Documentation
 - Training
- Share your experience and learn from others – don't re-invent the wheel!

Takeaway

- Risk management is the practice of being prepared: understanding your environment and your exposure to existing or emerging risk factors.
- The right risk management strategy helps reduce your costs, which goes beyond the insurance premiums you pay.

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