



Representing the Districts of Kenora, Rainy River and Thunder Bay
P.O. Box 10308, Thunder Bay, ON P7B 6T8
www.noma.on.ca
p. 807.683.6662 e. admin@noma.on.ca

February 23, 2022

Resolution 2022-02: Joint and Several Liability

Background:

Municipalities across Ontario are experiencing surging insurance costs. Northwestern Ontario municipalities have seen an average increase of 21.5% for 2021 over 2020 costs. This is unsustainable and has the potential to bankrupt some municipalities if left unbridled. Many communities in Northwestern Ontario are small and experience greater difficulty managing such increases. They are unable to cover additional costs and their only option is to make sacrifices in other areas by reduce services or increase municipal property taxes.

The higher rates, more restrictive coverage terms, and increased deductibles are largely due to a hardening of the insurance market from a shrinking pool of insurers, post-pandemic uncertainty, climate change, and cyberattacks. Climate change and cyberattacks have forced insurance companies to recalculate their rates in the face of a more uncertain future and further examination of these factors is needed to better calculate their actual risk. Additionally, low prime-interest rates and bond yields are diminishing investment returns for insurance companies, leading to premium hikes to meet shareholder demand. The legal requirement for municipalities to have joint and several liability is a factor in the increases, as these types of claims have intensified in recent years. The unfortunate reality is if one defendant is unable to pay, the other can be held wholly responsible for a particular incident and municipalities are often targeted deliberately as they have the deepest pockets.

Recommendation:

WHEREAS municipal governments provide essential services to their communities and their ability to provide those services is negatively impacted by the exorbitant rise in insurance costs;

AND WHEREAS one of the drivers of rising insurance costs is joint and several liability, which assigns disproportionate liability to the municipality for an incident relative to their responsibility for it;

AND WHEREAS the Government of Ontario has the authority and the responsibility for the legal framework of joint and several liability;

AND WHEREAS the Premier of Ontario committed to review the issue in 2018 with the view of helping municipal governments manage their risks and costs;

AND WHEREAS the Association of Municipalities of Ontario on behalf of municipal governments has provided seven recommendations in its report titled “Towards a Reasonable: Addressing growing municipal liability Page 9 of 19 Council Minutes January 26, 2022 and insurance costs” dated October 1, 2019 to align municipal liability with the proportionate responsibility for incidents and capping awards;

THEREFORE BE IT RESOLVED THAT the Northwestern Ontario Municipal Association hereby supports AMO’s recommendations;

FURTHER BE IT RESOLVED THAT the Northwestern Ontario Municipal Association does hereby call on the Attorney General of Ontario to work with municipal governments to put forward a plan of action to address joint and several liability before the end of the government's current term to that municipalities can continue to offer high quality services to their communities.

FURTHER BE IT RESOLVED THAT a copy of this resolution be forwarded to Attorney General, the Honourable Doug Downey at attorneygeneral@ontario.ca, Minister of Municipal Affairs and Housing, the Honourable Steve Clark at minister.mah@ontario.ca, AMO President, Jamie McGarvey, at amopresident@amo.on.ca, MPP Michael Gravelle, Thunder Bay – Superior North, MPP Judith Monteith-Farrell Thunder Bay-Atikokan, and all clerks and CAO's.

Moved By:

Seconded By:

CARRIED



President