

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by   
Mike Labrecque, Acting Chief Administrative Officer

Original Signed by Director

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Marian Tyson, Q.C. Director of Legal, Insurance & Risk Management

**DATE:** February 6, 2012

**SUBJECT:** Adoption of Administrative Order 49

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### **ORIGIN**

Upon review of the existing policy staff noted that clarity is required for settlement of insurance matters where HRM is receiving funds.

### **LEGISLATIVE AUTHORITY**

The Halifax Regional Municipality Charter, s. 35(2) “The Chief Administrative Officer may” (f) “where the Council so provides by policy, settle a legal action or proceeding in accordance with the policy.”

### **RECOMMENDATIONS**

It is recommended that Halifax Regional Council provide delegated settlement authority as follows:

- 1) Claims where a Proof of Loss/Final Release is required and the total recoverable is less than or equal to \$25,000.00 require the signature of the Senior Claims Officer.
- 2) Claims where a Proof of Loss/Final Release is required and the total recoverable loss is between \$25,000.00 and less than or equal to \$50,000.00 require the signature of the Manager of Risk and Insurance Services.
- 3) Claims where a Proof of Loss/Final Release is required in excess of \$50,000.00 signatures are required from the Manager of Risk and Insurance and from the Business Unit’s Director.

**RECOMMENDATIONS CONTINUED ON PAGE 2**

- 4) Claims settled directly by HRM's Insurer, signature of the Manager of Risk and Insurance will be required to reimburse Insurer for amounts up to the applicable policy deductible.

It is further recommended that Halifax Regional Council replace the Settlement Policy for Legal Actions or Proceedings with Administrative Order 49, as set out in Attachment A.

### **BACKGROUND**

On September 13, 2011, Regional Council enacted the Settlement Policy for Legal Actions or Proceedings.

At this time HRM's policy deductibles per occurrence are as follows:

- 1) Automobile - \$250,000.00
- 2) Property/Boiler & Machinery/Crime - \$100,000.00
- 3) General Liability - \$100,000.00
- 4) Professional Errors and Omissions - \$100,000.00

### **DISCUSSION**

At this time the Settlement Policy for Legal Actions or Proceedings does not provide clear directions to staff where monies are received from the settlement of a claim from a Third Party, where HRM is receiving monies from our insurance company due to a covered loss, or where a claim against HRM is settled directly by our Insurer. At this time staff is seeking delegated authority to facilitate the resolution of these claims issues.

Currently, Risk and Insurance staff work with the affected Department's staff to quantify any loss or damage associated with the negligence of a Third Party. Once sufficient documentation is received to quantify the loss Risk and Insurance staff pursue recovery from the "at fault" Party. Under the current Settlement Authority it is unclear as to whether or not staff has been provided the ability to execute the required release documents for resolution of these claims. In the absence of delegated authority all claims settled where money is to be received by HRM require Council approval.

Through the recommended delegations the claims process will become of efficient and effective. This will enhance the ability of staff to resolve recovery claims and facility the return of funds to the affected Departments.

Staff is recommending that:

- the above new authority be delegated to staff by Administrative Order 49;
- the current delegated authority in the Settlement Policy for Legal Actions or Proceedings passed by Regional Council on September 13, 2011 form part of Administrative Order 49; and
- the Settlement Policy for Legal Actions or Proceedings be repealed as the provisions of the Policy will form part of Administrative Order 49.

### **FINANCIAL IMPLICATIONS**

None

**COMMUNITY ENGAGEMENT**

None

**ENVIRONMENTAL IMPLICATIONS**

None

**ALTERNATIVES**

All claim settlements that entail money being received by HRM will be required to be approved through Council. This is not a recommend course of action as it will greatly increase the timeframe for costs being recovered and returned to the appropriate Department.

**ATTACHMENT**

Attachment A – Halifax Regional Municipality Administrative Order 49

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Joel Plater, Manager Risk and Insurance Services

Financial Approval by: \_\_\_\_\_  
Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308

Report Approved by: \_\_\_\_\_  
Marian Tyson, Q.C. Director of Legal, Insurance and Risk Management Services

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## Appendix A

### **HALIFAX REGIONAL MUNICIPALITY ADMINISTRATIVE ORDER 49 RESPECTING THE SETTLEMENT OF ACTIONS, PROCEEDINGS AND CLAIMS**

**BE IT RESOLVED AS AN ADMINISTRATIVE ORDER** of the Council of the Halifax Regional Municipality as follows:

#### **Short Title**

1. This Administrative Order may be cited as Administrative Order 49, the Settlement of Claims Administrative Order.

#### **Application**

2. This Administrative Order applies to the settlement of legal actions and proceedings which have been commenced, and to all settlements where it would be anticipated that a legal action or proceeding would be commenced but for the settlement.

#### **Settlements of \$25,000 or less**

3. A settlement of a legal action or proceeding for \$25,000 or less may be made on the recommendation of staff with the approval of the Manager of Risk and Insurance Services or the Director of Legal, Insurance & Risk Management Services.

#### **Settlements greater than \$25,000 and up to and including \$100,000**

4. A settlement of a legal action or proceeding greater than \$25,000 and up to and including \$100,000 may be made with the approval of the Chief Administrative Officer ("CAO") on the recommendation of a staff solicitor, the Director of Legal, Insurance & Risk Management Services, or Manager of Risk and Insurance Services.

#### **Settlements greater than \$100,000**

5. A settlement of a legal action or proceeding over \$100,000 shall be submitted to Regional Council for approval on the recommendation of the Director of Legal, Insurance & Risk Management.

#### **Employee Settlement/Severance**

6. The CAO shall have the authority to settle employment issues for an amount which does not exceed 18 months' salary.

#### **Reports to Regional Council**

7. The CAO shall provide a written report to Regional Council annually on all settlements made pursuant to sections 3, and 4 of this Administrative Order.

#### **ICSA Agreement**

8. Any portion of a settlement done pursuant to the ICSA agreement only requires

approval of the Director of Legal Services & Risk Management or the Manager of Risk and Insurance Services.

**Proof of Loss**

9. A proof of loss for an insured claim may be signed on behalf of the municipality, if the monetary amount of the loss is:

- a) \$25,000 or less, by the Senior Claims Officer;
- b) greater than \$25,000 and up to and including \$50,000, by the Manager of Risk and Insurance Services; or
- c) greater than \$50,000, by the Manager of Risk and Insurance Services and either the Director of the applicable department of the municipality or the CAO.

**Releases**

10. A release for an insured claim, or part of an insured claim, may be signed on behalf of the municipality, if the monetary amount of the release is:

- a) \$25,000 or less, by the Senior Claims Officer;
- b) greater than \$25,000 and up to and including \$50,000, by the Manager of Risk and Insurance Services; and
- c) greater than \$50,000, by the Manager of Risk and Insurance Services and either the Director of the applicable department of the municipality or the CAO.

**Settlement of Claims by Insurer**

11. A proof of loss for an insured claim, in any amount, that is settled by an insurer of the municipality may be signed on behalf of the municipality by either the Manager of Risk and Insurance Services or the CAO.

**Repeal**

12. The Settlement Policy for Legal Actions and Proceedings enacted by Regional Council on September 13, 2011 is repealed.