Agenda - Executive Policy Committee -June 5, 2002

5. From the Chief Administative Officer
Report 2002/05/30

2002 North American Indigenous Games Reduction in Public Liability Insurance

File GC-8 (Vol. 6)

Recommending:

I. That Council approve an amendment to Clause 27.6 of the January 21, 2002 Funding Agreement reducing the insurance amount from $50 Million to $25 Million dollars.

II. That the appropriate officers make the necessary arrangements in respect of the Multi-Party Agreement approved by Council, November 2001

Re: **2002 North American Indigenous Games**
Reduction in Public Liability Insurance

For submission to: **Executive Policy Committee**

Original report signed by: **Chief Administrative Officer**

Report date: **May 30, 2002**

In camera item: **No**

Recommendation(s):

That City Council approve an amendment to Clause 27.6 of the January 21, 2002 Funding Agreement reducing the insurance amount from $50 Million to $25 Million dollars.

That the appropriate officers make the necessary arrangements in respect of the Multi-Party Agreement approved by Council, November 2001.

Report Summary

Key Issues:

- Concurrence for a reduction in the insurance amount must be received from all Funding Partners.
- The cost of insurance has increased significantly over the past few months, maintaining a requirement of $50 Million will cause cost overruns to the 2002 NAIG budget.
- The 2002 NAIG Risk Management Committee reviewed the current insurance carried and recommended that the public liability insurance limit be $25 Million.

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Implications of the Recommendation(s):

General Implications

	None
	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment:

Policy implications

X	No
	Yes

Comment:

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment:

Report

Recommendation(s):

That Council approve an amendment to Clause 27.6 of the January 21, 2002 Funding Agreement reducing the insurance amount from $50 Million to $25 Million dollars.

That the appropriate officers make the necessary arrangements in respect of the Multi-Party Agreement approved by Council, November 2001.

Reason for the report:

Any amendment to Clause 27.6 of the Multi-Party Agreement must be approved by Council.

In February 2002 a letter was received from 2002 North American Indigenous Games Host Society (Winnipeg) Inc. requesting that the public liability insurance be reduced to $25 Million, noting that the original amount of $50 Million was based on other events such as the Pan Am Games. (Appendix A)

History:

In 1999, Winnipeg was awarded the 2002 North American Indigenous Games by the NAIG Council. This award was based on a presentation made in December of 1997 by

Manitoba Aboriginal Sports & Recreation Council, the 3 levels of government, Tourism Winnipeg, Manitoba Metis Federation, and the Assembly of Manitoba Chiefs.

Council approved a Multi-Party and Venue Agreement – 2002 North American Indigenous Games on November 21, 2001. Clause 27.6 states that the Host Society shall obtain and maintain all appropriate insurance coverage. The extent of the coverage is to be commensurate with the risks involved with public liability insurance of Fifty Million ($50,000,00) Dollars or such amount as may be otherwise agreed by the Funding Partners for each occurrence during the Games themselves.

Discussion:

Since September 11, 2001, the cost of insurance has substantially increased and the premiums required for $50 Million general liability coverage would cause the 2002 NAIG to have cost overruns to the budget by some $15,000.

The Risk Management Committee of 2002 NAIG reviewed at length the insurance programs and level of coverage currently carried. The Committee advised the 2002 NAIG that the limits of public liability insurance be in keeping with the complexity and magnitude of the Games.

Both the Federal, Provincial Governments and the Risk Management Division of the City of Winnipeg's Corporate Finance Department concur with the recommendation that the general liability insurance be changed from $50 Million to $25 Million. (Appendix B)

Financial Impact Statement:

Project Name:

Date: First Year of Program

	0	1	2	3	4
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Manager of Finance & Administration

In preparing the report, there was consultation with and concurrence by:

Department : CAO Secretariat
Prepared by: Gerald Mirecki, City of Winnipeg Representative to the 2002 American Indigenous Games (986-5091)
File No:

APPENDIX A

Winnipeg
07/25/02~08/04/02

2002
North American Indigenous Games

Jeux autochtones de l'Amérique du Nord 2002

HEAD OFFICE/
BUREAU CENTRAL
Brokenhead Ojibway Nation
Scanterbury, Manitoba
R0E 1W0

SUB-OFFICE/
BUREAU SECONDAIRE
1760 Main Street/
1760, rue Main

Winnipeg, MB.,
Canada

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(204) 927-2099

1-877-682-2002

www.2002naig.com

"A Celebration of Sport & Culture"

Une célébration du sport et de la culture

February 11, 2002

Mr. Roger Ouellette
Sport Canada
8th Floor
15 Eddy Street
Hull, Québec
K1A 0M5

This letter is a follow-up to the discussions at the last Government/NAIG coordinating committee meeting regarding insurance coverage.

The Multi-Party Agreement, clause 27.6 states that the Host Society shall obtain and maintain all appropriate insurance coverage. The extent of the coverage is to be commensurate with the risks involved with public liability insurance of Fifty Million ($50,000,000.00) Dollars or such amount as may be otherwise agreed by the Funding Partners (coordinating committee) for each occurrence during the Games themselves. The attached schedule gives the details of the insurance, which we currently carry.

We have a volunteer Risk Management Committee who assists us in evaluating risks and determining insurance and other needs. The committee participants are:
Tino Brambilla, Manager Insurance Services, Manitoba Hydro
Andrew Clarke, Clarke Financial Planning and Insurance Services
Jean Mulaire, Property and Equipment Administrator, James Richardson International,
Allan Smeal, Corporate Risk Manager, City of Winnipeg,
Jim Swanson, Insurance & Risk Manager, Manitoba Government.

The Risk Management committee of 2002 NAIG has reviewed at length the insurance programs we currently carry and the levels of coverage, which we have. It is their advice to 2002 NAIG management that the limits of our public liability insurance be in keeping with the complexity and magnitude of our games.

APPENDIX A

Winnipeg
07/25/02~08/04/02

2002
North American Indigenous Games

Jeux autochtones de l'Amérique du Nord 2002

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Given their review and advice, we recommend that the public liability insurance limit be Twenty-five Million ($25,000,000.00) Dollars.

We believe this to be a sufficient limit given the nature and extent of the 2002 NAIG games. The participants in these games are not of the caliber known in other events such as Pan Am or similar games. The highest public liability insurance requirement from venues has been Red River College at Ten Million ($10,000,000.00) Dollars, while all other venues have been at a low of One Million ($1,000,000.00) Dollars to a high of Five Million ($5,000,000.00) Dollars.

The cost of insurance has been rising significantly in the last few months, as a result of recent development in the insurance industry. Our budgets will cover the insurance premiums at the reduced level but a requirement of $50 million will cause cost overruns.

We need the three funding partners to formally agree in writing from each level of Government to the public liability insurance limit of Twenty-five Million ($25,000,000.00) Dollars as required by the Multi-Party Agreement. Should you require any further information, please do not hesitate to contact me at 927-2005.

Yours truly,

Ron Desrochers
Finance Manager
2002 North American Indigenous Games Host Society (Winnipeg) Inc.

Cc.
Mr. Doug Kerfoot, Mr. Gerald Mirecki, Mr. Joe Morrisseau,
Mr. Christian Sinclair, Mr. Yvon Dumont, Mr. Phil Fontaine

APPENDIX B

Canadian Heritage | Patrimoine canadien

Sport Canada
15 Eddy Street
8th Floor
Hull, Quebec
K1A 0M5

February 21, 2002

Ron Desrochers
Finance Manager
2002 North American Indigenous Games Host Society (Winnipeg) Inc.
Brokenhead Ojibway Nation
Scanterbury, Manitoba
R0E 1W0

I wish to acknowledge receipt of your February 11, 2002 letter requesting our written approval regarding the North American Indegenous Games Host Society (Winnipeg) Inc.'s proposal that the level of public liability insurance be changed from $ 50 million dollars to $ 25 million dollars.

We have reviewed your request and the coverage summary provided as an attachment to your above stated letter. We would like to inform you that, in light of the circumstances, we consider the proposed coverage to be satisfactory and hereby agree that the $ 50 million dollars coverage required in 27.6 be changed to $ 25 million dollars. However, pursuant to section 27.6 of the North American Indegenous Games Multi-Party Agreement, you may want to ensure that all other Funding Partners are also satisfied and accept the proposed changes to the level of public liability insurance coverage that must maintain the Host Society, since the section 27.6 states that the Host Society must have a coverage of " Fifty Million ($50,000,000.00) dollars or such amount as may be otherwise agreed by the Funding partners for each occurence during the Games themselves and for a reasonable period before and after." Therefore, approval of the other levels of Government involved in the Multi-Party Agreement will also be required.

Yours truly,

Roger Ouellette
Director, Sport Programs

cc: Doug Kerfoot, Mr. Gerald Mirecki, Mr. Joe Morrisseau, Mr. Christian Sinclair
Mr. Yvon Dumont, Mr. Phil Fontaine, Ms. Glynis Peters

Canada

APPENDIX B

Manitoba

Deputy Minister of
Culture, Heritage and Tourism

Room 112
Legislative Building
Winnipeg, Manitoba R3C 0V8

FEB 25 2002

Mr. Christian Sinclair
General Manager
2002 North American Indigenous Games
1760 Main Street
Winnipeg MB R2V 1Z7

Dear Mr. Sinclair:

This is in response to the letter of February 11, 2002 (Desrochers to Ouellette) indicating the amount of public liability insurance required for the NAIG 2002.

We are in agreement with this amount.

Sincerely,

Tom Carson

c: Joe Morrisseau

APPENDIX B

Winnipeg

CORPORATE FINANCE DEPARTMENT • SERVICE DES FINANCES GÉNÉRALES

RISK MANAGEMENT DIVISION • DIVISION DE LA GESTION DES RISQUES

INTER-OFFICE MEMORANDUM

TO:	**Mr. L.E. Strijack** Corporate Services	FROM:	**Mr. A.C. Smeall** Risk Management Division
FILE:	N.A.I.G.	DATE:	February 22, 2002

RE: Insurance Coverage

In reference to your memo dated February 20, 2002, please note herein my comments and advice as requested. The issue on hand is the amount of public liability insurance that the North American Indigenous Games (N.A.I.G.) should purchase to satisfy the requirements of the Funding Partners (Canada, Manitoba, and Winnipeg) as outlined in clause 27.6 of the N.A.I.G. Multi-Party Agreement. The amount specifically mentioned in the above clause is:

" $50 Million or such amount as may be otherwise agreed ".

Such insurance generally protects the insured(s) in case of damage to third parties. In this case, for the most part, it would likely contemplate the spectators. Primary exposures would take place when the sporting and cultural events are taking place. An example of a loss contemplated under this type of coverage would be bodily injury to a person or person(s) arising out of the actions of the "games" themselves.

It is my impression that the $50 Million amount may have been pulled from 1999 Pan Am Games documents. Deciding on a minimum insurance limit can be somewhat subjective, and ultimately is a matter of judgement. The coverage under clause 27.6 requires "for each occurrence" and "for a reasonable period before and after" the games themselves.

The purchase of the first $5 Million layer of insurance is by far the most costly in terms of price. Before the September 11-2001 terrorist tragedy in the USA, it was relatively cost efficient to purchase the next $45 Million of coverage. In comparison, the world insurance market has now hardened, and insurance premiums have increased substantially. It is not surprising that the purchase price of insurance beyond the first $25 Million layers has become too expensive for some insureds. This seems to be the case for N.A.I.G.

From my point of view, I do not think that reducing the insurance amount in clause 27.6 to read $25 Million (instead of $50 Million) would result in an unacceptable risk to the City of Winnipeg. Of course, City Council approval would be required, and common agreement between the other parties to the agreement would be essential.

Cc: Elaine Martin, Corporate Finance
Cc: Gerald Mirecki, Corporate Services