

	Term	Definition	Example
1	Additional Insured	An additional insured is a person added to an insurance policy who isn't the policyholder or someone directly related to the policyholder.	Haldimand County is required to be listed as an additional insured on a contractors / vendors liability policy. A certificate of insurance is required to show proof of additional insured status.
2	Aggregate	From an insurance perspective, aggregate means total or maximum.	Some insurance policies with have a maximum limit of \$5,000,000 - liability.
3	All Risk Property Insurance	Property insurance in an amount equal to the full replacement cost of the property of every description and kind owned by the County.	Each year a list of properties with corresponding values is submitted to the insurance provider.
4	Builder's Risk	A type of insurance meant to insure property in the course of construction. Coverage is usually written on a Broad Form Basis and will cover the property at the construction site, offsite storage locations and in transit.	This type of policy would be required from a contractor if the County was build a new building or add an addition to a current building.
5	Capacity	This is the maximum amount of insurance or reinsurance available from an insurance company.	In a hard market, the capacity is capped.
6	Catastrophic losses	Floods, tornadoes, hurricanes, wildfires and other disasters. These are increasingly common and devastating.	Years of costly disasters like these have compounded losses for insurers, driving up the cost of coverage overall.
7	Claimant	A person or group who makes a claim against the County. This person or group feels that their injuries have been caused by the County.	The County will receive a Notice of Intent or a Property damage form or a Statement of Claim.
8	Claims Costs	The costs associated with managing a claim or a matter in litigation. Examples include: adjusting fees, legal fees, disbursements.	The frequency and severity of claim cost increase over time and in accordance with population and municipal service growth. Settlement and verdicts for bodily injury claims are steadily rising. This extends to litigation and significantly raises costs to defend a claim. Additionally, advances in health care have made treatment more effective, and people are living long, fuller lives after a serious accident. While life expectancy is a positive trend, it has had an impact on compensatory damages and benefits.
9	Claims-Made Policy Form - Wordings	A claims-made policy is triggered when the claim is first made. Coverage can be extended by purchasing an extended reporting endorsement.	A third party suffers an injury in 2014. Notice was served to the County in 2016. The 2016 policy would be triggered and would be the responding policy. If the policy was not renewed in 2016, there is no coverage for the claim. This is why it is recommended that either an extended reporting period is purchased or the policy continues to be renewed for so many years after contract termination. Policies - Medical Malpractice, Errors & Omissions, Environmental Impairment Liability
10	Climate Change	Refers to long term shifts in temperatures and weather patterns. These shifts may be natural or man made. Stronger and more frequent natural disaster are destroying homes and business which have an impact on insurance rates.	The impacts of climate change are reflect in the insurance premiums.

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11	Compensatory Damages	Insurance policies provide compensatory damages to injured persons.	If a person is successful in a lawsuit, they would receive a sum of money also known as compensatory damages.
12	Deductible	A deductible is the amount of money that you are responsible for paying toward an insured loss.	The Commercial Liability Policy has a deductible of \$250,000. This is the portion of a liability loss that the County pays.
13	Defendant	An individual, company, municipality sued or accused in a court of law.	Typically, municipalities are named as defendants on Statements of Claim.
14	Earthquake Coverage	<p>Earthquake coverage shall constitute a single claim provided that more than one earthquake shock occurring within any 168 hours during the term is considered a single occurrence.</p> <p>Earthquake shock means any earth movement including landslides, mine subsidence, earth sinking, rising, shifting, tsunami, volcanic eruption, explosion, effusion or sinkhole.</p>	Currently, Haldimand has earthquake coverage with a limit of \$100,000,000 and a deductible of 10% of a total loss or \$100,000 whichever is greater, per occurrence.
15	Extended Reporting Period or Tail Coverage	<p>Claims-made policies usually allow a period for the reporting of incidents that could give rise to a claim.</p> <p>Some claims made policies allow for a short reporting period. This reporting period can be extended. The extended reporting period is purchased upon policy termination and extends the policy period for a specific amount of time.</p> <p>The period of time varies and usually an additional premium applies.</p>	If the Errors & Omissions policy was cancelled, the County would purchase this type of endorsement which would Extend the time to report an incident.
16	First Party	In an insurance contract, the first party refers to the person who buys the insurance. Also known as the policyholder or the Insured.	Corporation of Haldimand County is the named insured on all of the insurance policies
17	Flood Coverage	Flood means the breaking out or overflow of any natural or artificial body of water and includes surface water, waves, tides, tidal waves and tsunamis.	Currently, Haldimand has flood coverage with a limit of \$100,000,000 and a deductible of \$250,000 per occurrence.
18	Hard Market	<p>This is when insurance companies take action to respond to challenging regulatory and environmental pressures that affect their profitability.</p> <p>Hard markets are characterized as having increased insurance premiums, reduced capacity for insurers to take on business, more stringent underwriting criteria, reduced coverage, and less competition as some insurance companies withdraw from certain industries.</p>	<p>The insurance industry has experienced a hard market for the past number of years.</p> <p>For example, the County's Cyber Policy increased by 79% in 2022.</p> <p>Some municipalities did not have their Cyber policies renewed.</p>
19	Insurance Broker	This is a regulated financial advisor who specializes in insurance.	Currently, the insurance broker for Haldimand County is Arthur J. Gallagher Insurance
20	Insurance Provider - Insurer	<p>A company that creates insurance products and takes on risk in return for the payment of premiums.</p> <p>Most insurance companies are stock companies.</p>	The insurance provider is Marsh Canada along with Certain Underwriters at Lloyds and Aviva Insurance Company

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21	Joint and Several Liability	<p>This is a provision within the Negligence Act and is commonly referred to as the 1% Rule. Under Joint and Several Liability, a municipality is only required to be found 1% liable for the cause of loss which contributed to the plaintiff's injuries, in order to be held jointly and severally liable - potentially having to pay 100% of the amount awarded, despite contributory negligence by the other parties.</p> <p>Example - current legislation directs that a person injured by two or more negligent parties may collect full damages from any one of the negligent parties even if that party was only 1% responsible for a claim.</p>	As Society become increasingly litigious, municipalities are perceived with having "deep pockets" or high insurance limits.
22	Liability Limitation Period	<p>The Limitations Act sets out a basic limitation period of two years. This means that a lawsuit must be commenced in respect of a claim within two years of the day on which the claim was discovered.</p> <p>Injured have another 6 months to serve the defendant (s).</p>	The County will receive Statements of Claim 2 plus years after an incident has occurred. This has an impact on the Self Insurance Reserve.
23	Litigation	<p>The act, process or practice of settling a dispute in a court of law.</p> <p>The Ontario Rules of Civil Procedure given civil litigation.</p>	If a claimant is not satisfied with a claims resolution or wants to proceed to court, a Statement of Claim issued. The Statement of Claim starts the litigation process.
24	Loss Ratio	<p>A loss ratio is a mathematical calculation that takes the total claims that have been reported plus any handling costs (adjuster fees, legal fees) divided by the total premiums earned. In general, an acceptable loss ratio would be in the range of 40% - 60%.</p> <p>If the loss ratio was above 60%, insurance company would be applying high double digits increases.</p>	At this point in time, the County's loss is acceptable and below the industry standard.
25	Negotiated Request for Proposal - NRFP	Enables a municipality to seek creative solutions from the marketplace and then select the most innovative proposal.	Similar to an RFP, however, the municipality has an option to negotiate terms resulting in the best value or premium to meet the County's needs.
26	Occurrence Policy Form - Wordings	<p>These wordings provide coverage for claims arising out of incidents that occurred during the policy period.</p> <p>The response trigger is the date the event occurred that gave rise to the claim. The policy does not have to be in effect when the claim is made. The policy that was in effect when the claim occurred is the responding policy.</p> <p>Occurrence policies never end.</p>	<p>A third party suffers bodily injury in 2014. Notice is served upon the County in 2016.</p> <p>The 2014 policy would be triggered and would be the responding policy not the current 2016 policy.</p> <p>Policies - Commercial General Liability, Automobile Policy</p>
27	Plaintiff	<p>A person or group who issued a Statement of Claim naming the Corporation of Haldimand County.</p> <p>This person or group feels that their injuries have been caused by the County.</p>	A Statement of Claim is issued by a Plaintiff.

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28	Products & Completed Operations	<p>This type of coverage is found on a commercial general liability policy.</p> <p>It includes liability arising out of the contractor's products or business operations conducted away from the contractor's premises once those operations have been completed.</p>	This is a required insurance coverage that contractors need to provide prior to undertaking any work on County premises.
29	Primary Liability	This type of policy provides protection for financial loss should the organization be liable for bodily injury or property damage caused by its business operations and / or employees.	Haldimand County carries a \$5,000,000 primary limit of liability.
30	Professional Liability	<p>If a professional is alleged to have made an error or omission or is negligent with services rendered or not rendered, the Errors & Omissions policy provides financial protection to meet the costs of defending legal actions and providing compensatory damages if the professional is found legally liable.</p> <p>This policy also responds to a Wrongful Act.</p>	Building and Bylaw
31	Reinsurance	Reinsurance is coverage for insurance companies.	The reinsurance market is subject to the same difficult market. Carriers often buy reinsurance for risks they can't or don't wish to retain fully. Lately, reinsurance is becoming more expensive to obtain which is causing carriers to increase their rates.
32	Request for Proposal - RFP	This is a business document that announces a project, describes it and solicits bids from qualified contractors / vendors to complete it.	Insurance Broker Services and Insurance Providers are subject to the RFP process.
33	Retroactive Date	<p>A date that is stipulated in all claims-made policies. It is the first date of incidents covered by the policy.</p> <p>The retroactive date provides coverage for incidents that have occurred prior to the current policy term.</p> <p>The retroactive date is usually the first date that the claims-made policy is purchased. The date is carried forward with each subsequent policy.</p>	<p>Policies that carry a retroactive date -</p> <ul style="list-style-type: none"> a. Medical Malpractice - November 15, 1993 b. Errors & Omissions - Unlimited c. Environmental Impairment Liability - Unlimited
34	Return on Investment	A simple ratio that divides the net profit of loss from an investment by its costs.	Almost all insurance companies are stock companies. Nearly every insurance carrier uses the funds it receives from premiums to invest in other markets. However, reduced interest rates have negatively impacted profitability and carriers have a reduced appetite for risk as a result.
35	Risk Mitigation	This is a strategy to prepare for and lessen the effects of threats faced by an organization.	This is a part of a Risk Management Strategy. An example is proper documentation.
36	Risk Transfer	This is a risk management and control strategy that involves the contractual shifting of a risk from one party to another.	The purchase of insurance policies is an example of risk transfer.
37	Second Party	In an insurance contract, the second party is the insurance company.	Aviva Insurance is the insurance company on some of the County's policies
38	Self Insured Reserve (SIR)	A reserve (monies) that is set aside to fund future losses.	The County has allocated a budget line for those claims that fall below our policy deductibles. This fund also pays up to the deductible amount for those matters in litigation.

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39	Soft Market	<p>This is a market where demand is decreasing or buyers are exiting the market.</p> <p>Soft markets are characterized by lower insurance premiums, broader coverage, relaxed underwriting criteria, increased capacity which means insurance carriers write more policies. There is also increased competition among insurance carriers.</p>	Haldimand County issued Request for Proposals (RFP) in 2007, 2012 and 2017. Each RFP was issued during soft market conditions which was reflected in the insurance premiums and coverages.
40	Statement of Claim	<p>Tells the story of a claim, the facts establishing a claim, the allegations against the defendant respecting liability to the plaintiff and the amounts being sought for damages being claimed.</p> <p>Once filed with the courts, the plaintiff has six (6) months to serve it on the defendant.</p>	A Statement of Claim is received if an informal claim has been denied. Statement of Claims can also be issued as the plaintiff feels that they have sustained substantial injuries and would like a Court to assess the compensation owed.
41	Subrogation	This refers to the right an insurance company holds under an insurance policy after the insurance company has paid a claim. This is known as the right to request reimbursement from the at-fault party.	The County uses this technique to seek reimbursement - example from vehicles that strike and damage County assets.
42	Third Party	<p>In an insurance contract, a third party is a person or group who feels that they have been injured because of the first party's negligence.</p> <p>These third parties are also known as claimants or plaintiffs.</p>	A person / individual or group who feels that the County has caused them harm. For example, a person trips and falls on a County sidewalk.
43	Underwriting Standards	Guidelines set by insurance companies for determining coverage and associated rates / premiums for each line of business.	Insurers are struggling to overcome underwriting losses, especially given how low interest rates have remained in recent time. This has made carriers more cautious, and many are restricting the classes of business and lines of insurance they are willing to underwrite.
44	Umbrella Policy	An Umbrella policy provides protection against large losses. This type of policy sits over a primary liability policy, an automobile policy and errors and omissions policy.	<p>Haldimand County has an Umbrella policy that consists for two excess policies with limits of \$20,000,000 and \$25,000,000 respectively.</p> <p>These policies are essential as municipalities are subject to Joint and Several Liability.</p>
45	Upset Limit	Maximum limit / cap	The County's property policy has a maximum limit of \$100M
46	Value Added - Enhancements	Value-added are services provided in conjunction with the insurance policy that go beyond the mere provision of insurance. The nature and quality of value-added services provided by an insurance broker or MGA are important factors when selecting an insurance provider.	<p>Examples of value-added services include, but not limited to: Risk Management Support, Claims Management Support, Training Sessions, Legislation Interpretation.</p> <p>These services help with Risk Management mitigation which should help resolve claims quicker with minimal cost.</p>
47	Wrongful Act	This means any actual or alleged errors or misstatement or misleading statement or act or omission or neglect or breach of duty by the employee in the discharge of their duties individually or collectively.	Building and Bylaw, Planning