

## Schedule "1"

### Claim Handling Agreement

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This agreement is by and between Frank Cowan Company Limited ("Cowan") and The Corporation of the City of London (the "Insured")

#### PURPOSE

- To formally set the basis upon which the Insured is permitted to handle claims that normally would be handled by Cowan
- To ensure all claims are handled effectively and appropriately
- To reduce the cost of claims handling
- To ensure all arms-length expenses incurred on internally handled claims matters are tracked accurately and completely
- To provide an early warning system for claims that may exceed the policy deductible

#### BACKGROUND

Whereas reporting conditions and requirements are present in and form part of the policies of insurance issued to the Insured by Cowan; and

whereas the Insured desires to handle certain claims internally; and

whereas Cowan authorizes the Insured to handle certain claims internally subject to the terms of this agreement; and

whereas this agreement is intended to remain in force until all claims handled by the Insured and covered by the policies of insurance issued by Cowan are resolved,

therefore, the Insured agrees to the following terms and conditions.

#### REPORTING REQUIREMENT:

If at any time during the handling of a claim it becomes apparent that the claim:

- has reached or is expected to reach a total incurred value in excess of 75% of the policy deductible or,
- is the type of claim set out below, or
- triggers coverage under a Claims Made wording. (Claims of this nature must be reported before the end of the policy term in which they are received by the Insured.)

the Insured shall **immediately** report the claim, despite the insured not bearing any liability, to Cowan who may elect to assume handling of the claim.

Type of Claim That Must Be Reported Immediately:

- Fatalities
- Brain damage resulting in mental or physical impairment
- Injuries resulting in total or partial paralysis
- Third degree burns (10% of body) or second degree burns (30% of body)
- Impairment of vision or hearing (50% or more)
- Massive internal injuries affecting internal body organ(s)
- Multiple fractures involving more than one member or significant shortening of limbs
- Fracture of both heel bones
- Any injuries requiring surgical intervention
- Total disability in excess of 6month, regardless of injury
- Multiple cases of drug or vaccine reaction
- Class action suits
- Pollution, environmental or contamination
- Any claims assigned to external defence counsel (exception: Small Claims Actions)

If at any time a claim is not reported to Cowan that otherwise should have been as per the above criteria or Cowan requests a claim be reported which subsequently is not, Cowan reserves the right to deny cover.

When claims are reported to Cowan, any commitments made by the Insured are subject to ratification by Cowan. Cowan may exercise its right to engage alternative service providers than those the Insured has assigned.

#### TRACKING

The Insured must maintain a claims reporting and tracking system on which all claims will be entered. The system must be acceptable to Cowan. An up to date claims loss bordereaux of all claims handled by the insured must be forwarded to Cowan every six (6) months or as requested by Cowan.

Cowan has the right to use the data for analytical and Underwriting purposes.

#### EXPENSES

Arms-length expenses will not include salaries for Insured personnel, administrative or overhead expenses.

Arms-length expenses will include the following paid to third party vendors:

- Defence legal
- Adjusting
- Investigation
- Experts

#### AUDIT

The Frank Cowan Company Limited will have the right to audit claims handled by the Insured having provided reasonable notice. The results of all audits will be shared with the Insured.

The audit will address proper documentation to support coverage, liability and quantum, claim handling quality, reserve timeliness, settlement level appropriateness, quality of defense and adherence to this agreement.

#### TERMINATION

If at anytime the terms of this agreement are not being met, Cowan reserves the right to terminate this agreement immediately and assume carriage of all or some of the insured's claims at the sole discretion of Cowan.

We the undersigned have the authority to execute this agreement.

Dated at \_\_\_\_\_ the \_\_\_\_ day of \_\_\_\_\_, 201\_\_

\_\_\_\_\_  
(The Insured)

\_\_\_\_\_  
Name and Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

**Frank Cowan Company Limited**

*JOSIE PACHIS, V.P. CLAIMS*

\_\_\_\_\_  
Name and Title of Authorized Representative

*Josie Pachis*  
\_\_\_\_\_  
Signature of Authorized Representative

## Schedule "2"

### Indemnity Agreement

by and between

**The Guarantee Company of North America**  
Toronto, Ontario, Canada

(hereinafter called the "Insurer")

and

**CORPORATION OF THE CITY OF LONDON**  
PO BOX 5035,  
CITY HALL, 300 DUFFERIN AVE.  
LONDON, ON N6A 4L9

(hereinafter collectively called the "Client")

### WITNESSETH:

WHEREAS, the Insurer has issued a policy of automobile insurance bearing policy number (A199016) covering certain liabilities and risks arising out of the operations of the Client as described in the policy of insurance; and

WHEREAS, the Insurer requires delivery of this Indemnity Agreement as part of the consideration for the issuance of the aforementioned policy of insurance;

NOW, THEREFORE in consideration of the premium charged and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, it is agreed as follows:

#### **1. Term**

This Agreement is effective at 12:01 a.m. Eastern Standard Time on the 1st day of January, 2016 and shall remain in force and effect until terminated as provided in Section 14.

#### **2. Insurance Policy**

The Insurer has issued a policy of automobile insurance bearing policy number (A199016), which, together with all renewals and riders will be governed by this Agreement.

It is expressly understood and agreed that the policy may be amended or renewed from time to time upon agreement between the Insurer and the Client. The Client agrees that this Agreement and the indemnity and/or reimbursements contained or provided for herein shall remain enforceable against it notwithstanding any such amendment or renewal.

#### **3. Retention Amount**

The aggregate amount not exceeding \$ 250,000 (Cdn.) for policy (A199016), paid or payable by the Insurer under or in connection with the policy with respect to Section 3 - Liability, for any one occurrence, including all losses, claim payments, costs, claims, damages, charges, expenses, liabilities and legal obligations, howsoever arising, which the Insurer or its successors or assigns may sustain or incur, is hereinafter referred to as the "Retention Amount".

#### **4. Indemnification**

The Client shall reimburse, indemnify and hold harmless the Insurer, its successors and assigns against the amount not exceeding the applicable Retention Amount for each occurrence in respect of which a claim is made under the Policy.

In the event that any other insurance carrier has a duty to pay any obligation to the Client hereunder, such obligation shall not diminish the Client's obligation to indemnify hereunder unless and until payment is received by the Insurer.

Losses payable by the Insurer as a result of the Direct Compensation Agreement in the provinces of Ontario, Quebec, New Brunswick and Nova Scotia are subject to reimbursement under this Agreement.

This agreement will also apply to losses payable by the Insurer where coverage provided by the policy is excess of the Government administered Automobile Insurance plans in the provinces of Manitoba, Saskatchewan or British Columbia.

#### **5. Certain Rights and Obligations**

The Insurer and its duly authorized representatives shall investigate and settle all claims, suits and proceedings against the policy. Any representative must have all appropriate licenses to act in this capacity and, in regard to claims handling within the Retention Amount, the name of any such representative shall be submitted to the Client.

The Client shall notify the Insurer directly and promptly of any potential or incurred claim, third party claim, accident benefit claim or uninsured motorist claim.

The Client shall have the right and opportunity to associate with the Insurer, at the Client's sole expense, in the defense of any claim which the parties determine, acting reasonably, should not exceed the Retention Amount, in which event, the Client and the Insurer shall cooperate fully. In no event will the Insurer be required to contribute to the costs and expenses incurred by the Client for obligations assumed under this Agreement. The Insurer shall have the right to settle any claim, suit or proceeding brought under the policy.

The Client agrees that the Insurer shall not be required to make any payment or contribute to any costs or expenses arising out of obligations under the Retention Amount, without the Insurer being reimbursed or being satisfied that it will be reimbursed by the Client in the full amount of the payment, including applicable costs and disbursements.

#### **6. Errors and Omissions**

This Agreement having been made in good faith, the interests of the parties hereto shall not be prejudiced by any inadvertent error or omission which may occur in the application or implementation of this Agreement; and upon discovery of any error or omission, prompt rectification will be made to correct any such error or omission and any payments made as a result of such error or omission shall be promptly refunded.

#### **7. Inspection and Audit**

The books and records of each party hereto and their representatives, insofar as they concern this Agreement or the Retention Amount of the policy, shall be open to inspection by an authorized representative of the other party at any and all reasonable times ten (10) business days after submitting a written request to initiate said inspection until such time as all obligations and liabilities of the Insurer and Client under this Agreement have terminated and been discharged.

#### **8. Invalidity and Severability**

If any provision of this Agreement shall be found by a competent court to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The parties hereby agree to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

#### **9. Changes to this Agreement**

The terms of this Agreement shall not be waived or changed except by Addendum, issued to form a part hereof, executed by a duly authorized representative of the Client and the Insurer.

#### **10. Arbitration**

If a dispute arises which the parties cannot mutually resolve, the matter in dispute shall be submitted to arbitration by a single arbitrator selected by mutual agreement of the parties. Except as expressly provided herein, the provisions of the

Arbitration Act, 1991 of Ontario shall apply to any such arbitration. The costs of the arbitration and the award shall be in the discretion of the arbitrator who may direct to and by whom, and in what manner, the costs or any part of them shall be paid. Any decision of the arbitrator shall be final and binding on each party thereto and each party shall not appeal from any such decision.

#### **11. Non-waiver of Rights**

Forbearance, neglect or failure by any party to this Agreement to enforce any provision of this Agreement shall not be construed as a waiver of any rights or privileges hereunder. Notwithstanding the fact that past behaviour did not elicit strict adherence to the terms and conditions of this Agreement, the terms and conditions of this Agreement may be strictly enforced at any time.

#### **12. Successors and Assigns**

All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns, whether so expressed or not; however, no party hereto shall assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other party hereto.

#### **13. Termination**

This is a continuing Agreement which remains in full force and effect until such time as all obligations and liabilities of the Insurer and Client have terminated and been discharged. This Agreement may only be terminated by the Insurer; however, the Insurer hereby agrees to terminate the Agreement upon satisfying itself and the Client that all its outstanding and potential obligations under the policy have been discharged.

#### **14. Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### **15. Notice**

All notices, demands, letters or other communications to the respective parties shall be in writing and sent by courier or mailed by registered mail, addressed as follows:

If to the Client:

Mail: **CORPORATION OF THE CITY OF LONDON**  
PO BOX 5035,  
CITY HALL, 300 DUFFERIN AVE.  
LONDON, ON N6A 4L9

Attention:

Telephone:

If to the Insurer:

Mail: **The Guarantee Company of North America**  
4950 Yonge Street, Suite 1400  
Toronto, Ontario, Canada  
M2N 6K1

Attention: Randy Musselman, Chief Risk Officer and Corporate Secretary

Telephone: 416-223-9580

Any notice, demand, letter or other communication shall be deemed to have been received on the fifth business day after mailing, or if delivered by courier, shall be deemed to have been received at the time it is delivered.

**16. References to "Client" and "Insurer"**

A reference to "Client" shall mean, as the context may require, a reference to any order of the entities defined as "Client" on page 1 hereof, and a reference to "Insurer" shall mean, as the context may require, The Guarantee Company of North America who issues a policy of insurance hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

The Guarantee Company of North America

CORPORATION OF THE CITY OF LONDON



By: \_\_\_\_\_

By: \_\_\_\_\_

Title: CHIEF EXECUTIVE OFFICER

Title: \_\_\_\_\_

Dated: November 18, 2015

Dated: \_\_\_\_\_



By: \_\_\_\_\_

Title: CHIEF RISK OFFICER AND CORPORATE SECRETARY

Dated: November 18, 2015