

The Corporation of the Township of Whitewater Region

By-law Number 18-08-1092

A by-law to award RFP2018-25 for Municipal Insurance to Aon Reed Stenhouse Inc. for a three-year term commencing January 1, 2019

Whereas, Section 5 of the *Municipal Act, 2001 S.O. 2001, c.25* as amended states that the powers of a municipality shall be exercised by its Council and generally through by-law; and

Whereas, Section 9 of the Act states that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act; and

Whereas, Council deems it expedient and necessary to enter into a contract for municipal insurance with Aon Reed Stenhouse Inc.;

Now therefore Council of the Corporation of the Township of Whitewater Region enacts as follows:

1. That RFP2018-25 for Municipal Insurance is hereby awarded to Aon Reed Stenhouse Inc. for a three-year term commencing January 1, 2019.
2. That the Mayor and CAO/Clerk-Treasurer and are authorized to execute the agreement between the Corporation of the Township of Whitewater Region and Aon Reed Stenhouse Inc., attached as Schedule A and forming part of this by-law.
3. That this by-law shall come into force and take effect upon being passed by Council.

Read a first, second and third time and finally passed this 1st day of August, 2018.



Hal Johnson, Mayor



Robert H.A. Tremblay, Clerk

Service Fee Agreement

THIS SERVICE FEE AGREEMENT (the "Agreement") is made this 1st day of September, 2018 (the "Effective Date") by and between Aon Reed Stenhouse Inc., a corporation established under the laws of Canada, with its principal place of business at 20 Bay Street, Toronto, Ontario M5J 2N9, ("Aon") and The Township of Whitewater Region, a corporation established under the laws of Ontario, with its principal place of business at 44 Main Street, Cobden, Ontario, K0J 1K0 (the "Client").

Client has appointed Aon as its Broker of Record for placement of the insurance policies, coverages and programs listed in Schedule A and any other policy/policies placed during the Service Period (the "Policies"), and related services.

Aon discloses its potential conflicts of interest and additional forms of compensation it may receive from insurers in accordance with Aon's Disclosure Statement.

The following confirms the terms and conditions under which Aon will be providing to Client insurance and/or risk management support services (the "Services") during the service period set out in Schedule C (the "Service Period") in respect of the Policies with an effective date during the Service Period.

1. Services

- 1.1 This Agreement covers only those Services listed in Schedule B in respect of the Policies with an effective date during the Service Period. Such Services may be provided prior to, or during, the Service Period. Compensation for additional services required by Client and compensation for services to be performed after the end of the Service Period shall be negotiated separately.
- 1.2 With respect to any claims services and/or risk control services provided, Aon offers no warranty, either express or implied, that Client will receive either a specific claim payment or monetary savings.
- 1.3 In addition, Client acknowledges that Aon cannot detect, foresee or include every loss, potential hazard, or statutory or code violation in the Services provided.

2. Term and Termination

- 2.1 This Agreement and Aon's obligation to render any and all Services or any further services under this Agreement will terminate at the earlier of: (i) the end of the Service Period, or (ii) thirty (30) days after Aon or Client has tendered written notice of termination either through the Canada Post Corporation, or otherwise.

3. Fee and Payment of Invoices

- 3.1 In consideration of the Services to be provided by Aon to Client in respect of Policies listed in Schedule A with an effective date during the Service Period, Client agrees to pay Aon a fee as set out in Schedule C (the "Fee") and full payment of such Fee is due prior to the commencement of the Service Period. At the conclusion of the Service Period, Aon shall, for the following Service Period, be entitled to a minimum 3% increase in the Fee then in effect.



- 3.2** Aon will be deemed to have fully earned its Fee at the inception of the Service Period even if Client is granted any payment schedule or fee adjustment. Notwithstanding the foregoing, if this Agreement is terminated prior to the end of the Service Period, Client may be entitled to a maximum reduction in the Fee as follows:
- a. 40% reduction if termination is effective within the first three (3) months of the Service Period.
 - b. 10% reduction if termination is effective between the fourth (4th) and the ninth (9th) month of the Service Period.
 - c. 0% reduction if termination is effective more than nine (9) months into the Service Period.
- 3.3** The reduction in Fee described in Section 3.2 above shall not apply:
- a. if at any time during the Service Period, this Agreement is terminated by the Client because controlling ownership in the Client has changed.
 - b. to fees charged for Services that have been completed as at the date of termination.
- 3.4** Unless otherwise agreed to in writing by the parties prior to binding, additional or new policies during the Service Period will be placed at standard commission rates. An increase in the Fee, as a result of such additional or new policies, shall be part of the negotiations at the next renewal of this Agreement.
- 3.5** In the event that Aon re-markets any of the Policies mid-term, for any reason, Client and Aon will negotiate in good faith to revise the Fee as appropriate.
- 3.6** Reasonable travel expenses necessary to complete the Services listed in Schedule B are included in the Fee. Any other travel expenses will be in addition to the Fee, and subject to prior approval by Client.
- 3.7** This Agreement is in lieu of commissions which may normally be paid to Aon by the insurer on the placement of the Policies. All efforts will be made to negotiate placements on a net-of-commission basis; however, it may not always be possible or advisable to do so. In such instances, these commissions received by Aon shall be credited against the Fee where permitted by law.
- 3.8** If Aon is required to return any commissions to the insurer which were credited against the Fee, Client shall immediately reimburse Aon any such amounts due to the insurer.

4. Confidentiality and Privacy

- 4.1** In order to provide service, Aon gathers information about Client and Client's insurance placements, including, but not limited to, names, industry codes, policy types, policy expiration dates, and claims information, as well as information about insurers that provide coverage to Client or compete for Client's insurance placements. This information may be shared among Aon's affiliated businesses, as well as third party service providers acting on Aon's behalf. Aon may use the information for additional purposes such as business administration, business reporting, statistical analysis, development and marketing of Aon products or services and providing consulting or other products and services to insurance companies, clients, and other customers (for example, via Aon's Global Risk Insight Platform) for which Aon or its affiliates may receive compensation. Due to the global nature of services

provided by Aon, Client's information may be transmitted, used, stored and otherwise processed outside the country where Client submitted that information.

- 4.2 Aon will take all reasonable steps to protect any confidential information with the same degree of care that it uses to protect its own confidential and proprietary information of like kind. In exercising rights or performing obligations under this Agreement, Aon, Client and their respective affiliates shall comply with all applicable laws respecting the protection of personal information, including, without limitation, the Personal Information Protection and Electronic Documents Act (Canada). Aon's Privacy Statement can be found at the following webpage: <http://www.aon.com/canada/about-aon/privacy.jsp>.
- 4.3 Aon shall have the right to use Client's logo, pictures, and other publicly available information about Client, for the purpose of marketing Client's insurance programs.
- 4.4 If Client receives any Aon confidential information, Client agrees to keep it confidential and not disclose it to any third party without Aon's prior written consent, unless required by law.
- 4.5 The provisions of this section shall survive the Termination of this Agreement.

5. Intermediaries/Managing General Agents (MGAs)

- 5.1 When it is necessary or appropriate, Aon will utilize the services of other intermediaries (such as co-brokers or sub-brokers) and/or MGAs to assist Aon in accessing insurance coverages for Client. Such intermediaries or MGAs may or may not be affiliates or divisions of Aon. Any compensation earned by the intermediaries or MGAs in connection with the Policies shall be in addition to the compensation earned by Aon. Aon will not be responsible for any actual or alleged act, error or omission by any intermediary or MGA; however, this does not affect the responsibility of Aon for its own acts, errors or omissions.

6. Premium Financing

- 6.1 Aon may offer Client assistance in procuring premium financing and may receive a fee from the premium financing company in connection with such service.

7. Premium Taxes, Other Taxes and/or Fees

- 7.1 Insurance placements made and Services provided by Aon on behalf of Client may require the payment of retail sales taxes, premium taxes, other taxes and/or fees in addition to the premium and/or Fee itself. Aon will make reasonable efforts to identify such taxes and/or fees applicable in Canada, but in all instances the allocation of premiums for taxation purposes and assessment and payment of taxes, fees, interest and/or penalties are the sole responsibility of Client.
- 7.2 With respect to insurance placements covering risks in jurisdictions outside of Canada, Client is solely responsible for determining whether taxes are payable and must self-assess and pay any taxes and/or fees that may be payable in these jurisdictions, as required.
- 7.3 Tax rules are subject to interpretation and, notwithstanding anything to the contrary contained herein, Client is solely responsible for seeking independent tax advice from duly qualified tax advisors.

8. General Duties and Responsibilities of the Client

- 8.1 Premiums are due and payable by Client in full upon placement of the Policies and to be received by Aon no later than the effective date of insurance coverage. Policies must be returned and/or cancellation notices must be provided to Aon immediately if coverage is to be terminated. In accordance with applicable laws, Aon will temporarily deposit into Aon's fiduciary accounts any premiums Client pays to Aon as well as any refunds received from insurers that may be owed to Client until such time as these funds are appropriately delivered.
- 8.2 Client is responsible to report in writing to Aon any changes in exposures, loss-related data and other material changes during the Service Period.
- 8.3 Aon will deliver the Services based upon the information that the Client and its representatives provide. The Client is responsible for the accuracy and completeness of the information and Aon assumes no responsibility arising from the Client's failure to provide such information to Aon.
- 8.4 Aon assumes no duty or responsibility with respect to notifications or monitoring the Client's obligation to place insurers on notice of any circumstance, occurrence, claim, suit, demand or loss.
- 8.5 The Client is responsible for the final determination of coverage limits and deductibles.

9. Market Security

- 9.1 Aon makes no representation, warranty or guarantee as to the solvency of any insurer with which it places insurance. Aon encourages Client to review any publicly available information concerning proposed insurers. Client is solely responsible for the decision to accept or reject an insurer.

10. Material Increase

- 10.1 In the event that Client's operations change substantially, for any reason, including but not limited to by merger, acquisition, expansion or other material increase in scope and nature of exposures, losses and/or insurance program, Client and Aon will negotiate in good faith to revise the Fee as appropriate.

11. Limitation of Liability

- 11.1 To the fullest extent permitted by law, and except for damages resulting solely and directly from fraud or intentional misconduct by Aon, Aon's liability (including that of its parent(s), affiliates, subsidiaries, and their respective officers, directors, employees and agents) for all time to Client (including Client's parent(s), affiliates, subsidiaries, and their respective directors, officers, employees and agents) for any and all losses, damages, costs, and expenses (including but not limited to lawyer's fees), whether based on contract, tort, or otherwise, in connection with or related to Aon's services (including a failure to provide a service) shall be limited to a total aggregate amount of \$2,500,000. To the fullest extent permitted by law, in no event will Aon be liable to Client for any indirect, incidental, special, consequential, exemplary or reliance damages (including, without limitation, lost or anticipated revenues, lost business opportunities or lost sales or profits).
- 11.2 The provisions of this section shall survive the Termination of this Agreement.

12. Work Product

- 12.1** Client has all right, title and interest in any product or material that Aon creates specifically for the Client, except for Aon's proprietary work product. Aon reserves all right, title and interest in and to Aon's proprietary work product, including any of Aon's proprietary knowledge, manuscript wording, software, ideas, concepts, methodologies and processes which Aon may use in the course of providing Services to Client. Client cannot distribute or use Aon's proprietary work product outside of Client's organization without Aon's prior written consent.

13. Trade Restrictions

- 13.1** The Services and Policies provided to you pursuant to this Agreement may be subject to laws and regulations enforced by governmental authorities related to interaction with parties on such governmental authorities' restricted trade lists and Aon's and the insurer(s)' trade restrictions policies relating thereto, which may be subject to change. Please note that such trade restrictions may affect coverage and the ability of an insurer to pay a claim.

14. Foreign Account Tax Compliance Act (FATCA)

- 14.1** Foreign Account Tax Compliance Act (FATCA) applies to any insurance placements that contain United States of America (U.S.) risk.
- 14.2** Aon and its licensed affiliates are required to act as withholding agents on any premium payment in-scope under FATCA to non-U.S. insurers where premium payment is remitted by Aon. In such instances, Aon will be responsible for gathering and validating the appropriate U.S. withholding tax certificates, and associated statements and other documentation, from insurers and intermediaries.
- 14.3** Aon is not required under FATCA to act, and will not act, as withholding agent on any premium payment remitted by Client directly to any other party unrelated to Aon, including where premiums are directly paid to insurers and to intermediaries. Where Client makes these direct payments to parties unrelated to Aon, Client will be responsible for all aspects of FATCA compliance.
- 14.4** If Client directs use of an insurer or intermediary that is unable or unwilling to provide its requisite U.S. withholding certificate, and/or any associated statements and other documentation that may be required, to Aon in instances where Aon is to remit premium to that insurer or intermediary, Client will be responsible for paying any additional sums so that the mandated FATCA withholdings can be made while concurrently fulfilling Client's obligation to remit the full premium amounts necessary to effect coverage. Aon will not be responsible for any claims arising from the withholding of, or obligation to withhold, premium payments in connection with its FATCA obligations.
- 14.5** Aon shall provide a withholding tax certificate to Client via Aon.com as set out on Aon's invoices. Client hereby agrees with and accepts delivery of such form via Aon.com. Client hereby also agrees to work with Aon to provide information required to meet Aon's FATCA obligations.

15. Entire Agreement

- 15.1** This Agreement and its Schedules contain the entire agreement between Client and Aon and supersede all other oral and written representations, understandings or agreements concerning the provision of the Services which are the subject hereof. It may be amended only by an agreement in writing signed by both Client and Aon.

16. Severability

- 16.1** If any provision of this Agreement is held to be in violation of any applicable law, statute, regulation or judicial or administrative order, such provision shall be deemed to be amended to conform to such applicable law, statute, regulation or judicial or administrative order, to the maximum extent permitted by law, and where not so permitted by law, such offending provision shall be deemed to be of no force and effect.

17. Language Laws (Québec)

- 17.1** Client and Aon have requested and agreed that this Agreement be drafted in the English language only. Client acknowledges and agrees that all insurance policies and all other necessary and/or ancillary documents that may be issued to Client be drafted in the English language unless otherwise agreed to by the parties. *Les parties aux présentes ont demandé que le présent contrat soit rédigé dans la langue anglaise. Le client reconnaît et accepte que toutes les polices d'assurance et tous les autres documents connexes et/ou nécessaires qui pourraient être émis au client soient rédigés dans la langue anglaise, sauf accord contraire entre les parties.*

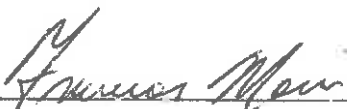
18. Governing Law

- 18.1** This Agreement will be governed and construed in accordance with the laws of the province of the Aon office from which the Client principally receives the Services, as well as the applicable federal laws of Canada.

[Signature page follows.]


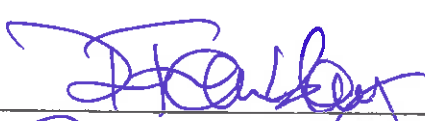
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

Aon Reed Stenhouse Inc.

By: 
Printed Name: FRANCOIS MORIN
Title: SVP - BRANCH MANAGER

I/we have authority to bind the Corporation.

The Township of Whitewater Region

By:  
Printed Name: HAL JOHNSON ROBERT TREMBLAY
Title: MAYOR CAO/CLERK-TREASURER

I/we have authority to bind the Corporation.

Schedule A: List of Policies

Coverage	Details (if applicable)
Municipal Liability	\$25,000,000 per occurrence (Annual Aggregate applies only to Products & Completed Operations; otherwise, none applies)
Errors & Omissions Liability	\$25,000,000 per occurrence/Annual Aggregate
Non-Owned Auto Liability	\$25,000,000 per occurrence, no Annual Aggregate
Environmental Liability	\$3,000,000 per occurrence/\$6,000,000 Annual Aggregate
Property Insurance	\$39,290,377 Total Insured Value
Equipment Breakdown Insurance	\$39,290,377 Total Insured Value
Comprehensive Crime	\$1,000,000 Commercial Blanket Bond
Automobile Fleet Insurance	\$25,000,000 Third Party Liability per occurrence
Conflict of Interest	\$250,000 per claim
Legal Expense	\$250,000 per claim/annual aggregate
Councillors Accident	\$250,000 Principal Sum
Volunteers Accident	\$75,000 Principal Sum/\$1,000,000 per accident aggregate
Critical Illness	\$5,000 Principal Sum
Emergency Out-Of-Province Medical	\$1,000,000 Principal Sum
Facility Users Insurance	\$5,000,000 Third Party Liability/\$10,000,000 annual aggregate

Schedule B: Service Plan

Account Management Services

The Service Plan for Client will define the following services to be performed by Aon during the Service Period in respect of arranging for the placement of the Policies with an effective date during the Service Period. Unless otherwise stated, all services performed pursuant to this Service Plan shall form part of this Agreement.

All time periods are targets which Aon will attempt to achieve; however, circumstances beyond the control of either party may prevent such targets from being met.

Insurance Procurement

- **Renewal Planning and Preparation** – Aon will supply a Renewal Request package within 90 to 120 days prior to renewal to assist Client in the gathering and preparation of the underwriting information and will provide guidance to complete the insurance applications. Aon and Client will agree on renewal strategy, including specific market review.
- **Submissions** – Provided that Client has submitted complete renewal information at least 75 days prior to renewal, Aon will create underwriting submissions to insurers 60 days prior to renewal.
- **Communication** – Aon will inform Client of insurance renewal developments and the desirability of insurer meetings.
- **Risk Analysis** – Aon will review with Client the appropriateness of coverages, limits and retentions/deductibles at renewal of the program. Any actuarial analysis or risk assessment services, including an analysis that includes all risks, insurable or otherwise is not included in the Fee unless otherwise agreed to in writing by the parties and will therefore be subject to additional fees which will be based upon an agreed amount.
- **Negotiations** – Aon will employ appropriate resources and personnel in the negotiation process.
- **Premium Cost Management** – Aon will seek competitive premium costs for policies through insurers agreed upon with Client.
- **Insurer Quality** – Aon will market Client's program to insurance companies reviewed by Aon in accordance with Section 9 (Market Security) of the Service Fee Agreement. If insurance companies that do not meet Aon's standards must be used, prior Client approval will be obtained.
- **Renewal Terms** – Aon will use best efforts to provide renewal terms to Client prior to the expiry date of the current coverages.
- **Analysis of Quotations** – Aon will review insurer quotations and compare to coverage specifications set with Client.
- **Implementation** – Aon will effect insurance coverage with insurers in accordance with Client's instructions.

Initial Risk Control Services

- **Risk Register** – Aon Risk Control and Account Leader will meet with Township staff to develop a preliminary Risk Register to determine the Township's key risks and how to most effectively treat them

Documentation

- **Cover Notes / Evidence of Coverage** – Cover notes and / or other evidence of coverage placed are to be delivered to Client within 72 hours of coverage being bound with insurers. Written confirmation of the coverage placed will be provided in advance of the effective date of coverage if cover notes cannot be delivered on or before that date.
- **Insurance Summary and Team Chart** – Aon will deliver an Insurance Summary and Team Chart to Client within 60 days of effecting coverage.
- **Policy Wordings** – Aon will seek competitive policy wordings on all lines of coverage. All policy documents are to be delivered to Client as soon as possible after Aon receives them from the Insurer, together with Aon's discrepancies identified and communicated to the Insurer, if any.
- **Certificates of Insurance** – Unless otherwise requested, all Certificates of Insurance will normally be completed and issued within two (2) business days.

Post Implementation Services

- **Program Structure** – Aon will keep Client apprised of coverage changes and market conditions.
- **Contract Reviews** – Aon will assist Client in reviewing insurance obligations in contracts and advise Client relative to insurance obligations and the effects said insurance obligations will have on Client's risk and insurance program.
- **Ad Hoc Inquiry** – Aon will attend to reasonable ad hoc requests and inquiries regarding the Policies from Client in a timely manner.
- **Risk Control** – Aon can provide risk control services including underwriting reports required to facilitate market placement and other risk consulting services for the purpose of risk identification, assessment and mitigation. Unless otherwise agreed to in writing by the parties, these risk control and risk consulting services are not included in the Fee.

Claims Services

- **Claims Processing** – Aon will assist on the administration and handling of claims with respect to Policies. An Aon Claims representative will establish a claims reporting protocol so Client's claims are handled promptly and efficiently. For claims Aon reports on Client's behalf, Aon will determine with the insurer the appropriate policies and their applicable coverages where Aon has placed the policies and will notify the insurers accordingly.
- **Advocacy** – Aon can provide claims advocacy services including interpretation of coverage, negotiation with insurers, if required, and assistance in the preparation of Client's claim submission in order that the Client's policy responds appropriately. Unless otherwise agreed to in writing by the parties, these claims advocacy services are not included in the Fee.

Independent Service Providers

- Aon may recommend experts in various fields including engineering, legal, and accounting. Such experts will only be retained upon prior notice to, and approval by, Client. Aon will not be responsible for any actual or alleged act, error or omission of such experts. All fees and expenses incurred as a result of retaining such experts shall be borne by Client.

Schedule C: Service Period and Service Fee

The Service Period is **September 1, 2018 to December 31, 2021**.

The Fee payable to Aon by Client, pursuant to Section 3 (Fee and Payment of Invoices), for Services in respect of the Policies listed in Schedule A hereto, with an effective date during the Service Period shall be **\$45,000 (CDN) plus applicable taxes (\$15,000 per policy period plus applicable taxes)**.

During the Service Period, Aon may also provide services to Client to expedite the initial set-up of the account, or for new or existing policies which have an effective date after the Service Period expires ("Pre-work").

Any Pre-work services performed by Aon for Client will be payable by Client as follows:

- (1) Under the terms of a new Service Fee Agreement, if entered into between Aon and Client, following the expiration of the current Service Period; or
- (2) Immediately upon Client's receipt of Aon's invoice, if no new Service Fee Agreement is entered into between Aon and Client. The fee payable to Aon by Client will be:
 - a) For Pre-work done between September 1, 2018 and January 1, 2019 regarding the Policies included in Schedule A, the development of a preliminary Risk Register, and the establishment of a Claims Protocol, **\$5,000 (CDN) plus applicable taxes**. Accordingly, the fee payable for the 2019-2020 policy year will be reduced to \$10,000 for that year only
 - b) For Pre-work for policies not included in Schedule A, 30% of the standard commission that would have been earned on that policy had it been placed, unless otherwise negotiated.