

BYLAW NO. 1/86

A BYLAW OF THE RURAL MUNICIPALITY OF LOREBURN NO. 254
IN THE PROVINCE OF SASKATCHEWAN REQUESTING THE APPROVAL OF THE
LOCAL GOVERNMENT BOARD FOR AN AGREEMENT ENTERED INTO BETWEEN
THE RURAL MUNICIPALITY OF LOREBURN NO. 254
AND THE SASKATCHEWAN ASSOCIATION OF RURAL MUNICIPALITIES

WHEREAS the Council of the Rural Municipality of LOREBURN No. 254
has by resolution, entered into an agreement with the Saskatchewan Association of
Rural Municipalities dated October 20th, 1986, for the purpose of providing
liability insurance coverage for the municipality, and whereas the agreement is
conditional upon the Rural Municipality of LOREBURN No. 254
obtaining Local Government Board approval as to its terms and conditions:

THEREFORE the Council of the Rural Municipality of LOREBURN No. 254
in the Province of Saskatchewan, enacts as follows:

1. The agreement hereto attached and identified as Schedule "A" to this Bylaw
and executed by the Reeve and Administrator shall be submitted to the Local
Government Board for approval.

2. The said agreement shall on approval of the Local Government Board and upon
final passage of this bylaw, become binding on the parties thereto.

Bruce Book
Reeve

SEAL

J. A. Jensen
Administrator

Certified a true copy of
Bylaw No. 1/86 adopted
by Resolution of Council
on the 20th day of
October, 1986.

J. A. Jensen
Reeve/Administrator

THIS IS SCHEDULE "A" AS ATTACHED TO AND
FORMING PART OF BYLAW NO. 1/86

SELF-INSURANCE PLAN AGREEMENT

Between:

Saskatchewan Association of Rural Municipalities
("S.A.R.M.")

and

Rural Municipality of LOREBURN, No. 254,
a member of S.A.R.M. ("the Member")

WHEREAS:

- a) S.A.R.M. wishes to offer to its members an insurance plan providing comprehensive general liability coverage and errors and omissions coverage;
- b) The Member wishes to participate in such a plan as an insured and as an insurer;

NOW THEREFORE, in consideration of the terms and conditions of this agreement, the parties agree as follows:

1. The Plan

S.A.R.M. shall operate a plan on behalf of its members to provide comprehensive general liability and errors and omissions liability insurance benefits to participating municipalities. The plan shall be called the Saskatchewan Association of Rural Municipalities Self-Insurance Plan ("the Plan").

2. Initial Application

- a) Only municipalities which are members of S.A.R.M. are eligible to apply to participate.
- b) A municipality wishing to participate at any time during the 1987 calendar year policy period (January 1, 1987 to January 1, 1988) shall deliver two executed copies of this agreement to S.A.R.M. no later than November 30, 1986.
- c) A municipality participating during the 1987 calendar year policy period will be assessed for the annual premium in proportion to the number of days it requires insurance coverage.

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DATE INSURANCE COVERAGE IS TO BEGIN: January 1, 1987.

- d) A municipality wishing to apply to participate in any year or part thereof after 1987 shall deliver two executed copies of this agreement to S.A.R.M. no later

5. Establishment of Reserve Fund

- a) A reserve fund will be established by contributions from each participating municipality in each of the first three years after its application is accepted.
- b) The Member agrees to pay a contribution equal to three times the premium assessed against it for that year, in each of the first three years after its application is accepted, even if the Member subsequently terminates its insurance or withdraws from the plan.
- c) S.A.R.M. shall send to each applicant municipality an invoice for any contribution required to be paid for the following year
 - i) in the initial year, after receipt of the executed copies of this agreement or
 - ii) in any subsequent year, on or before November 30.
- d) The Member agrees to pay the contribution on or before February 15 in each of the first three years after its application is accepted, unless paragraph 2(d) applies to the first year's contribution.

6. Management of the Reserve Fund

- a) S.A.R.M. will invest the money in the reserve fund only in the investments permitted under section 81 of the Saskatchewan Insurance Act and according to guidelines set by the S.A.R.M. Board.
- b) S.A.R.M. will establish a "ledger account" for each participating member to record
 - i) its contributions to the reserve fund,
 - ii) its proportionate share of withdrawals from the reserve fund for payment of administration expenses and claims,
 - iii) its proportionate share of investment income earned, and
 - iv) its proportionate share of the operating surplus transferred to the reserve fund.
- c) The Member acknowledges that, notwithstanding paragraph 6(b), it has no property rights whatsoever in the reserve fund and that all of the reserve fund is available to S.A.R.M. for payment of administration expenses and claims. It has only a right, subject to the preceding sentence, to receive from S.A.R.M., under the circumstances outlined in this agreement, those amounts of money outlined in this agreement as

8. Special Levy

- a) If:
- i) the funds of the Plan become depleted in any year; or
 - ii) it becomes necessary to build up the reserve fund at a rate greater than that contemplated under paragraph 5(b) of this agreement,

the S.A.R.M. Board may direct that a special levy be made on each municipality

- i) which was insured under the Plan in the policy period or periods during which the expenses were incurred or the claim or claims which depleted the funds of the Plan arose, or
- ii) which is insured under the Plan in the policy period or periods in which it becomes necessary to increase the rate of build-up of the reserve fund.

b) In paragraph 8(a)(i) and elsewhere in this agreement the policy period in which the claim "arose" is deemed to be the calendar year in which an occurrence (as defined in the insurance policy) resulting in a claim took place, rather than the calendar year in which the claim was made.

c) A municipality is liable to be assessed for and to pay its proportion of a special levy made after it withdraws from the Plan as an insured, if the levy relates to expenses incurred or claims arising out of an occurrence during the policy period when the municipality was participating in the Plan. The municipality is liable only for that part of the levy attributable to expenses incurred and occurrences taking place during the policy period(s) in which the municipality was a member of the Plan. (For greater certainty, "policy period" refers to the full calendar year and not just that portion of the year when the member was insured under the Plan.)

d) In calculating a member's proportionate share of the special levy, S.A.R.M. shall take that proportion of the total levy required with respect to any given year which the member's premiums assessed for the year with respect to which the levy is made is to the total premiums assessed for all members in that year,

- ii) It confirms in writing its obligation to pay any contributions required under paragraph 5(b) as they come due and any levies made for which it is or becomes liable under paragraph 8.
 - iii) It discloses all claims or potential claims against it of which its council is aware.
 - iv) It gives written notice of its intent to withdraw to S.A.R.M., delivered at or sent by registered mail to S.A.R.M.'s head office.
- b) S.A.R.M. is entitled to retain all or a portion of the municipality's ledger account in the reserve fund
- i) to cover the municipality's share of claims and expenses outstanding as of the date of withdrawal, or
 - ii) to cover any contributions to come due in the future and any levies to be made in the future against it according to paragraph 8(c). At S.A.R.M.'s option, it may accept the municipality's written undertaking to pay such future obligations.

12. Changes to the Plan by S.A.R.M.

- a) The S.A.R.M. Board has the power to change the terms and conditions of the Plan, including this Agreement and the insurance policy from time to time as it considers necessary.
- b) S.A.R.M. shall notify participating municipalities of any such change on or before November 30 in any year. Upon notification, the change shall take effect January 1 of the following year and thereafter this agreement or the insurance policy shall be modified accordingly.
- c) Except as provided in paragraph 12(d), S.A.R.M. has no power to change the terms and conditions of this Agreement or the insurance policy within a policy period.
- d) S.A.R.M. shall comply with any applicable law, regulation or licensing requirement of the Superintendent of Insurance under the Saskatchewan Insurance Act and the municipality agrees that any provision of this agreement or the policy of insurance issued under the Plan may be changed by S.A.R.M. in order to comply therewith.

b) The S.A.R.M. Board may determine the amount of administration expense incurred by S.A.R.M. which is properly attributable to the operation of this Plan.

18. This agreement is subject to approval of the Local Government Board.

SIGNED on behalf of the Member, this 20th day of October

19 86, by:

Bruce Book
Reeve

(Seal)

J.A. Gansot
Administrator

ACCEPTED on behalf of S.A.R.M. this 17th day of December, 19 86, by:

J. Treasurer
President

(Seal)

Secretary
Secretary-Treasurer