

**Rural Municipality of Loreburn No. 254**

**Bylaw 03/2002**

**A BYLAW TO AUTHORIZE ENTERING INTO  
AN AGREEMENT WITH THE  
SASKATCHEWAN ASSOCIATION OF THE RURAL  
MUNICIPALITIES FOR THE PURPOSE OF PROVIDING  
PROPERTY INSURANCE COVERAGE**

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

1. The Rural Municipality of Loreburn No. 254 is hereby authorized to enter into an agreement, attached hereto and forming part of this bylaw, and identified as "Exhibit A", with the Saskatchewan Association of Rural Municipalities, for the purpose of providing property insurance coverage for the municipality.
2. The Reeve and Administrator are hereby authorized to sign and execute the attached agreement, identified as "Exhibit A".



  
Reeve

  
Administrator

Certified to be a true copy of Bylaw No. 03/2002  
adopted by the Rural Municipality of Loreburn No. 254  
on the 11th day of December, 2002.

  
Administrator



## PROPERTY SELF-INSURANCE PROGRAM AGREEMENT

Between,

Saskatchewan Association of Rural Municipalities  
("SARM");

and

RURAL MUNICIPALITY OF LOREBURN NO. 254

(“the Subscriber”).

Whereas SARM is empowered, by virtue of section 8 of *The Saskatchewan Association of Rural Municipalities Act*, S.S. 1986-87-88, c. 01, as amended (“the Act”), to establish and administer a property insurance program for SARM and those municipalities which agree to participate;

And whereas on September 16, 2002 the Board of Directors of SARM (“the Board”) resolved to establish a self-insured property insurance program pursuant to this authority;

And whereas the Subscriber is desirous of participating in the said program;

Now, therefore, in consideration of the foregoing and of the mutual covenants herein contained, the parties agree as follows:

### THE PROGRAM

1. SARM shall establish and administer a program to provide property insurance to SARM and those members of SARM which agree to participate. The program shall be known as the SARM Property Self-Insurance Program (“PSIP”).

## INITIAL APPLICATION

2. In order to participate in PSIP, the Subscriber shall provide two executed copies of this agreement to SARM and a completed PSIP application form.

## PREMIUM

3. The premium to be paid for participation in PSIP shall be based on (i) the value of the property insured, (ii) the duration of the policy period and (iii) the rate or rates set by SARM. SARM may set different rates for different classes of property. The rate or rates shall be set annually based on the estimated costs of operation of PSIP for the year.
4. SARM shall provide to the Subscriber an invoice for the premium as follows:
  - a) for the first year or portion thereof, as soon as possible following receipt of the completed PSIP application form; and
  - b) for all subsequent years, on or before December 31<sup>st</sup> of the year before the year for which the premium is to be paid.

## COVERAGE

5. In the first year in which the Subscriber participates in PSIP, coverage shall be effective from the later of (i) the date indicated on the PSIP application form or (ii) the date on which the PSIP application form is received by SARM. In all subsequent years, coverage shall be effective from January 1<sup>st</sup>.
6. The coverage provided under PSIP shall be as set out in the Property Self-Insurance Program Policy ("the Policy") and in the Declaration(s) which will accompany each invoice.

14. For each calendar year, SARM shall provide to the Subscriber an income statement for PSIP, identifying any profit or loss realized from operations and investments for that year.
15. A portion of the profit or loss from operations for each year shall be allocated to the Subscriber's ILA, according to the following formula:

$$\frac{SP}{TP} \times NI = x;$$

where:

SP is the Subscriber's premium for the year;

TP is the total premiums paid for the year;

NI is the net income for the year; and

x is the resulting allocation of profit or loss from operations to the Subscriber's ILA.

16. A portion of the profit or loss from investments for each year shall be allocated to the Subscriber's ILA, according to the following formula:

$$\frac{SB}{TB} \times II = y;$$

where:

SB is the balance in the Subscriber's ILA as at year end;

TB is the total of all subscribers' ILAs as at year end;

II is the total investment income earned in that year; and

y is the resulting allocation of investment income to the Subscriber's ILA.

- b) if the Subscriber's ILA is in a surplus position, SARM shall refund the balance once all claims and expenses attributable to the year or years in which the Subscriber participated in PSIP have been paid; and
- c) if the Subscriber's ILA is in a deficit position, the Subscriber shall pay to SARM the funds necessary to eliminate the same.

#### **DISTRIBUTION OF SURPLUS**

24. SARM may distribute to the Subscriber such sum as in the judgment of the Board is no longer required by PSIP and, for this purpose, may apply amounts credited to the Subscriber's ILA to the payment of the premiums due hereunder.

#### **REINSURANCE**

25. SARM may make arrangements with any insurer for the reinsurance of a risk or any portion thereof and may accept reinsurance of a risk or any portion thereof from any insurer on such conditions with respect to the rate and payment of premiums thereon as may be agreed upon.

#### **ACCOUNTING AND ADMINISTRATION**

26. SARM shall maintain accounting records for PSIP and a full accounting shall be made to the SARM Annual Convention each year, as part of SARM's consolidated audited financial statements.
27. The Board shall administer PSIP; provided, however, that it may delegate to the Executive Committee or Executive Director such duties with respect to the administration of PSIP as the Board may determine.

28. SARM will charge to PSIP a fee for the administration thereof, in an amount to be determined by the Board.

SIGNED on behalf of SARM, this 18 day of December, 2002.



[Signature]  
President  
[Signature]  
Executive Director

SIGNED on behalf of the Subscriber, this 11 day of December, 2002.



[Signature]  
Reeve  
[Signature]  
Administrator