

THE Reciprocal

MEARIE Environmental Management System Workshops a Hit

MEARIE wishes to thank those utilities that attended MEARIE's EMS Workshops, which wrapped up February 22. We are confident that the time and effort spent in implementing an Environmental Management Systems (EMS) program will be well rewarded in future business plans for the new energy industry.

The EMS Workshops provided a solid foundation for those utilities seeking registration to the ISO 14001 standard. They will also help assure that a system is in place to become and remain compliant with environmental legislation. Compliance requires a management system, as does due diligence.

All participants who completed the EMS workshops received a certificate from Greenbridge Management Inc., entitled "*Implementing Environmental Management Systems at Municipal Utilities*".

Necessary Tools Provided

Overall, participants were very impressed with the workshops and said they would recommend them to other utilities. The information presented at the workshops provided participants with the necessary tools to implement

Attention MEARIE Subscribers:

NEW! Garage Auto Liability Coverage Available

MEARIE is pleased to announce the immediate availability of Garage Auto Liability coverage.

The coverage is for protection for those customers operating a garage facility that services owned vehicles.

MEARIE has received many requests from customers for Garage Auto Liability protection where members conduct emissions testing services for their owned automobiles. The need for this protection has arisen due to the government's requirement that all Drive Clean Accreditation facilities carry Garage Auto Liability insurance coverage.

The terms of the Garage Auto Liability policy include the following:

Limit: \$3,000,000 (the minimum MOE requirement)

Deductible: \$1,000 (per claim)

Premium: \$5,500 (not including the stipulated tax amount)

This protection will allow your organization to meet the Ministry of Environment's (MOE) requirement for those utility members who conduct Clean Air Accreditation testing, including in-house garage repair services to its owned vehicles.

MEARIE customers interested in purchasing the Garage Auto Liability coverage should contact Magdalena Nagy at (416) 474-5355 or 1-800-668-9979.

a simple EMS Program into existing policies and procedures at their respective utilities. The guidance and support from the certified environmental auditors of Greenbridge Management Inc. was also seen as an asset by workshop participants.

Going Forward

Developing an EMS program is not an easy task, but there are many benefits to your utility by having an environmental program in place.

When an EMS program is implemented, it can reduce your insurance, clean-up and remediation costs. At the same time, it can improve your customer and community profile.

continued on page 2

In this Issue...

MEARIE Actuarial Services

Coverage for the Municipal
or Township Corporation

Q&A: Vehicle Insurance

How to Use This Publication

The Reciprocal is for information purposes only, intended for the benefit of MEARIE members. Any information provided by *The Reciprocal* shall not represent confirmation of coverage for specific circumstances, incidents and claims. Individual cases of coverage interpretation are dealt with external to this publication and shall be solely determined by MEARIE policy wordings. Members wishing assistance on specific matters are invited to consult with MEARIE staff directly.

(E. & O.E.)

EMS Workshops

continued from page 1

An EMS program can also improve internal culture, at the Commission, management and employee level. Concerns of effective governance and discharge of public policy obligations can be connected with environmental issues and concerns.

If you are interested in attending EMS Workshops and would like some background information, please do not hesitate to contact Magdalena Nagy, MEARIE's Risk Management Analyst. For those customers who have already participated in the MEARIE EMS Workshops, a follow-up program that offers environmental management audits has been established.

These audits can be used prior to certification to ISO 14001; for those utilities not registering for ISO 14001, the audit can serve to determine whether the EMS follows the principles of ISO 14001 and of due diligence. Please call Magdalena for more information at (416) 484-5355 or 1-800-668-9979.

A visit to the Greenbridge web site, at www.greenbridge.com can also provide valuable information on environmental management systems.

Thank you again to the following customers who participated in the MEARIE EMS Workshops:

Burlington Hydro
Cambridge & North Dumfries Hydro
Sarnia Hydro
Brampton Hydro
Gloucester Hydro
Midland PUC
Parry Sound PUC
Port Hope Hydro
Shelburne Hydro
Whitby Hydro
St. Thomas PUC
Stratford PUC
Veridian Corporation
Innisfil Hydro
Oshawa PUC
Peterborough UC
Richmond Hill Hydro
Sudbury Hydro

MEARIE Actuarial Services

In March, 1999, the Canadian Institute of Chartered Accountants (CICA) issued Section 3461, concluding that retiree life and health plans are a form of deferred compensation and that the costs of these plans should be recognized during an employee's working lifetime.

CICA's primary objective of Section 3461 is to improve employers' financial reporting for these types of benefits for fiscal years beginning after January 1, 2000. The objectives of Section 3461 are met by:

- Introducing accrual accounting as opposed to a pay-as-you-go approach;
- Including a portion of the cost of these future benefits on balance sheets;
- Disclosing in footnotes employers' financial statements; and
- Requiring a uniform method of calculating financial results.

MEARIE's Actuarial Services, introduced in December 1999, is intended to assist all customers, province-wide, in meeting the obligations of Section 3461.

MEARIE has partnered with its actuaries, Dion Durrell + Associates Inc., to offer a competitively priced service that provides access to actuarial expertise to perform the necessary valuations required of Section 3461. The valuations inherent in the service will provide the financial status of utilities' benefit programs (non-pension) arising out of the new accounting standards.

MEARIE takes this opportunity to welcome those members who have already subscribed to its Actuarial Services. And remember – it's not too late to sign up. If you are interested in doing so, or would like more information, please contact Andrea Greto at (416) 484-5352 or 1-800-668-9979.

MEARIE Fleet Safety Courses Continue

A reminder to MEARIE members that the reciprocal continues to offer its Fleet Safety Courses.

These courses include a schedule of defensive driving courses, including a driver refresher, upgrade of a "DZ" license to an "AZ" license, new driver training and much more.

For more information, please contact Magdalena Nagy at (416) 484-5355 or 1-800-668-9979.

MEARIE – here to serve you!

MEARIE Announces Another New Venture...

A sincere thank you to everyone who took the time to complete and return the Property Insurance Survey.

MEARIE is now in the process of developing a program that will satisfy the unique interests of our clientele

in this changing industry.

If you would like more information, please contact MEARIE's Customer Service and Marketing Officer, Leigh Rumeo, at (416) 484-5348 or 1-800-668-9979.

Stay tuned for more information on this exciting new venture from MEARIE!

Claims Corner

**24-Hour Emergency
Telephone Number
for Reporting Claims**

(416) 719-6560

**MEARIE Claims Form
and General Claims
Inquiry**

Contact:

**Tony Rossi - Claims &
Insurance Services Officer**

E-mail: trossi@mea.on.ca
or via web site: www.mea.on.ca

Tel: **(800) 668-9979 ext. 5315**
or **(416) 484-5315**

Fax: **(416) 483-2841**

As our industry changes and our Subscribers evolve, we would like to ensure that the level of service provided meets your needs. Although we make every attempt to solicit your comments and suggestions through random surveys and questionnaires, please do not hesitate to contact us at anytime.

Limitation Period Bulletin

To all incorporated MEARIE Subscribers, as of your incorporation date you are no longer subject to the limitation period under Section 33 of the Public Utilities Act.

Under the Business Corporations Act, the limitation period is now extended to six years.

Coverage for the Municipal or Township Corporation under the MEARIE policy

From time to time the Municipal or Township Corporation will be presented with a claim whereby they contact MEARIE and request that they be covered as an Additional Insured under the MEARIE General Liability policy.

Each Subscriber is provided with a Certificate of Insurance, which contains a section entitled *Additional Insured*. In that section it states:

“The Municipal Corporation or Township Corporation, the electrical distribution and generating systems of which are under the control and management of the Named Insured, but only with respect to claims against of the liability of the Named Insured (the MEARIE Subscriber) arising out of Operations Covered. The policy limit is not increased by the addition of such insured.”

Put simply, when a claim is presented to the Municipal or Township Corporation and/or MEARIE Subscriber, the MEARIE General Liability policy may provide coverage on behalf of the Municipal or Township Corporation. The usual determining factor is the allegations made and whether those allegations fit the definition of Section 6.9, Operations Covered, in the MEARIE General Liability policy.

The following actual claim situations illustrate the difference:

1. The Subscriber is under contract to maintain the street lighting. In attempting to cross the street, a pedestrian is hit by a vehicle. The pedestrian begins a legal action against the driver as well as the City and Subscriber. The pedestrian alleges that the lighting was insufficient for the area. After a lengthy mediation, the City was let out with costs and the Subscriber agreed to accept a nominal portion of the driver's share of liability. Therefore, MEARIE did not agree to accept coverage on behalf of the Municipal or Township Corporation, as allegations were made to both the

City and Subscriber.

2. After paying her electricity bill, the Subscriber's customer proceeds to exit the City-owned building. In doing so, she slips and falls on the stairs leading to the building entrance. The City is responsible for the building maintenance. A legal action was initiated naming the City, who in turn notified MEARIE requesting that they be covered as an Additional Insured under the MEARIE General Liability policy. MEARIE did not agree to accept coverage on behalf of the City as the allegations made were directed to the negligent maintenance of the City-owned building.

3. While attempting to cross the street, a pedestrian was struck by a falling street lighting pole. The pedestrian initiated a legal action against the Subscriber, City and Municipality. Upon investigation, it was found that the pole was owned and maintained by the Subscriber. The MEARIE policy assumed the defence of the City and Municipality as an Additional Insured under the MEARIE General Liability policy.

4. While gardening, a claimant was hit by a piece of a porcelain arrestor that exploded. An action was initiated against the Subscriber, City and Municipality. The MEARIE policy assumed the defense of the City and Municipality as an Additional Insured under the MEARIE General Liability policy.

In most cases, the allegations are not clear at the outset of a claim due to a lack of information. Therefore, it would be difficult to assume the defense of the Municipal or Township Corporation in the early stages. Moreover, it isn't uncommon for both parties to remain in a legal action until the action finally settles, with each paying their own defense costs.

For further clarification or if you receive a claim and would like to know MEARIE's position, please feel free to contact Tony Rossi at your convenience.

Mark Your Calendars!

Risk Management Conference Set For June 21 to 23

It's official!

MEARIE's Ninth Annual Insurance & Risk Management Conference has been scheduled for June 21st to June 23rd at the Deerhurst Resort in Huntsville.

This increasingly popular event has evolved into a much-anticipated MEARIE tradition.

A comprehensive preliminary program is in place that addresses all areas of MEARIE's operations, including insurance, employee benefits and risk management topics.

The program offers two and a half days of dynamic and interactive sessions, specifically geared to inform utility personnel of current industry-related issues, as well as update members on MEARIE's operations as a whole.

Delivered in a casual, relaxed and friendly atmosphere, the Insurance & Risk Management Conference also offers the opportunity to network and interact with peers, MEARIE staff and industry representatives.

If you have not yet attended the Insurance & Risk Management Conference, we hope this is the year that you will join us. For those members who have attended in the past, we hope to see you return this year for another exciting program.

In the Know: MEARIE Answers Your Questions

MEARIE Underwriting Group II – Vehicle Insurance Program

This question-and-answer column is intended to provide subscribers with the answers to commonly asked questions regarding risk management or coverage issues. The responses provided in this article are for information purposes only, and are not intended to represent MEARIE's insurance coverage position. MEARIE assumes no responsibility for claims incurred by any member utilities that arise out of their decisions to either apply or reject, in any form, the responses provided herein.

Q What insurance coverage responds to utility-owned trailers for public liability (i.e. property damage and bodily injury) when the trailers are NOT attached to utility-owned and insured automobiles?

A Any "licensed" (owned and non-owned) trailers are covered for liability exposures while attached to a towing vehicle insured under the Vehicle Insurance Program, regardless of whether or not they are reported as part of a utility's fleet. In addition, any trailer (attached or unattached) which is reported as part of the utility's fleet will be afforded identical coverage (including applicable physical damage coverage) to the motorized vehicles in the fleet.

For all other "unlicensed" vehicles (owned and non-owned) including trailers, coverage would normally be provided through the MEARIE

General Liability policy for liability exposure and/or property floater for physical damage coverage, as required.

Q Does the Vehicle Insurance Program respond when a utility vehicle damages property owned by the utility?

A Under the Ontario Automobile Insurance policy section 3.5; sub-section .1 - Property Not Covered, it states the following:

"Under this section, we won't cover claims for damage to property carried in or upon the automobile, or claims for damage to other property owned or rented by, or in the care, custody or control of you or other insured persons."

In this case, a claim for damages to owned property may be covered under the utility's Property Insurance policy.

Should you wish to see specific issues addressed in future Q&A columns, please contact Magdalena Nagy, MEARIE's Risk Management Analyst, at (416) 484-5355 or 1-800-668-9979. Magdalena can also be reached via fax at (416) 483-2841 or e-mail at: Mnagy@mea.on.ca.



Municipal Electric Association Reciprocal Insurance Exchange

Chair
Brian Hollywood

Vice-Chair
Pauline Storcks

CEO/Attorney-in-Fact
Charlie C. Macaluso

The Reciprocal is published by the Municipal Electric Association Reciprocal Insurance Exchange for its members – some 250 municipal electric utilities. MEARIE is a reciprocal insurance exchange for members of the Municipal Electric Association. The MEA is the utilities' voice to government, Ontario Hydro and others in the industry.

For further information or material submission, please contact the Executive Editor at 20 Eglinton Avenue West, P.O. Box 2004, Suite 500, Toronto, Ontario M4R 1K8. Telephone: (416) 483-7739; WATS: 1-800-668-9979; Fax: (416) 483-9039; E-mail: mearie@mea.on.ca.

Executive Editor
Andrea Greto

Editor
Sheree Bond