



Hastings Highlands

Beautiful By Nature

The Municipality of Hastings Highlands
P.O. Box 130, 33011 Hwy 62, Maynooth, ON K0L 2S0
613 338-2811 Ext 277 Phone
1-877-338-2818 Toll Free

December 9, 2019

VIA EMAIL

Ministry of the Attorney General
McMurtry-Scott Building
720 Bay St., 11th Floor
Toronto, ON
M7A 2S9
attorneygeneral@ontario.ca

Re: Joint and Several Liability Consultation – Town of Springwater Support

At its meeting on December 4, 2019 the Council of the Municipality of Hastings Highlands supported the Township of Springwater with the following resolution:

Resolution 774-2019

THAT Council supports the Township of Springwater in its concern for joint and several liability consultation.

cc:
Doug Ford, Premier of Ontario
Association of Ontario Municipalities (AMO)
Ontario Municipalities
Daryl Kramp, MPP, Hastings-Lennox and Addington
Derek Sloan, MP, Hastings-Lennox and Addington
Jeff Schmidt, Township of Springwater

Encl: Correspondence – Joint and Several Liability Consultation – Township of Springwater

Regards,

Suzanne Huschilt

Municipal Clerk
shuschilt@hastingshighlands.ca

September 26, 2019

Ministry of the Attorney General
McMurtry-Scott Building
720 Bay Street, 11th Floor
Toronto ON, M7A 2S9

Re: Joint and Several Liability Consultation

Please be advised that in response to your letter dated July 12, 2019, the Township of Springwater provides the following comments in regards to Joint and Several Liability.

1. Please describe the nature of the problem as you see it?

In response to the Province's request for consultation, the Township has a significant issue with Joint and Several Liability (JSL) and the impact it has on the municipality.

a. No Requirement of Proof

JSL is a tool that is used by the legal industry without any discretion to the point that this municipality feels that its use is negligent and in fact unethical. Most law suits that municipalities see are frivolous and vexatious as lawyers cast their nets wide and attempt to use shotgun justice for their clients that are more than often the sole cause of a claim. A statement of claim does not require any proof that there is fault. A plaintiff only has to state who they think is involved and a significant amount of court time is spent determining who should be a party to the legal claim.

b. No Consequence for Being Wrongly Identified in a Statement of Claim

To add to this, there is no consequence that lawyers and their clients face for submitting a claim against a municipality when it is clear that a municipality is not involved. Municipalities incur significant administrative costs in managing these claims and the municipalities and their insurers pay significant costs to go through a lengthy process to prove that a claim was made in error (intentionally) only to find that a judge sees no reason to compensate a municipality for cost for incorrectly being named in a lawsuit by a plaintiff. Municipalities are seen as having deep pockets by the legal industry as well as the judicial system that makes decisions on these claims. Proof of innocence is often furnished to the plaintiff and lawyer by a municipality immediately upon notification of a pending legal action of statement of claim. This information is ignored by the plaintiff's lawyer. A plaintiff and their lawyer should have to reimburse a municipality for

all administrative and legal costs when the municipality is cleared of liability. Judges rarely compensate municipalities for being wrongly named in a legal action.

A recent example from 2019 occurred when a statement of claim was made against the Township of Springwater for an accident on a County Road (not the jurisdiction of Springwater). After legal and administrative costs totaling more than \$5,000, Springwater was dismissed from the claim. Unfortunately no costs were assigned to the plaintiff for wrongly naming Springwater in the statement of claim. The current system is broken and Springwater tax payers are left paying the bill.

2. What are the problems that you need addressed to benefit your community?

a. Ethical Standard of Due Diligence Required Before Submitting a Legal Action

Lawyer's representing plaintiff's should be required to submit documentation that provides significant research into why a claim is being made and a municipality is being named in a law suit. The claim should clearly prove authority and responsibility. The current practice of naming every party under the sun in a legal claim is negligent and unethical.

b. Frivolous and Vexatious Suits are Costing Taxpayers

The Township of Springwater is seeing a significant waste of administrative time and cost in managing legal claims against the municipality that are predominantly frivolous and vexatious due to JSL. Over the last seven years, the municipality has had 55 claims made against the municipality. These claims range from trips/falls resulting in broken eyeglasses to cases that unfortunately involve loss of life. The Township has no problem dealing with claims that the municipality is responsible for; however the Township does have a problem dealing with claims it does not have any responsibility for. Of the 55 claims against the municipality, 42 of these claims are frivolous and vexatious. Claims that the municipality has no responsibility for. Over the past 7 years, Springwater has paid more than \$100,000 on these frivolous and vexatious claims as they work themselves through the legal process. Many of these files are still open. This does not include additional costs paid by Springwater's insurance company that are beyond the municipality's deductible.

c. Negligent Legal Actions (Beyond Frivolous and Vexatious)

The Township of Springwater is currently named in 4 legal actions and an additional legal action (recently abandoned) for claims that occurred in another municipality (no where near Springwater). The Township is currently named in 3 claims that occurred in the Township of Clearview west of Stayner and one claim in the Township of Brock that have nothing to do with the Township. Springwater was named in a claim that occurred

in Wasaga Beach that was abandoned recently. All of these claims cost the Springwater taxpayer in administrative and legal costs as they work their way through the process.

d. Triage System for Claims

Before a claim makes it to a court date, the file should be triaged. It is at this stage that negligent of frivolous and vexatious claims will be filtered or thrown out. This process will trigger the reimbursement of costs to municipalities by unethical law firms.

e. Law Society of Ontario Charges

Lawyers that use JSL in an unethical way should be charged by the Law Society of Ontario. If a lawyer names a municipality in a legal action that should not be named, these lawyers should be suspended and potentially lose their license to practice law. There is a significant commonality when comparing frivolous and vexatious claims and the law firms/lawyers that submit them. The current code of ethics of the Law Society of Ontario should be updated by the Province to reprimand lawyers and law firms that negligently use JSL. The Province of Ontario should be involved in creating a new Code of Ethics for Ontario's legal industry.

3. Is it increased premiums? Rising deductibles?

A recent survey by CAO's in Simcoe County shows that insurance premiums are going up between 10% at the lowest to 59% being the highest in 2019. The Township of Springwater experienced a 10.8% increase in its 2019 insurance renewal. The area that typically sees an annual increase is related to the Municipal General Liability and Excess Liability lines of the business. The municipality was advised by its insurance broker that "over the past several years, insurance companies' appetite for Municipal Insurance has remained fairly stable. Insurance rates across all lines have seen only modest increases intended to simply keep pace with inflation and the rising cost of claims. Larger rate increases have been reserved for those accounts experiencing adverse claims development; either in frequency or severity (or both). However, starting in June 2018, the insurance market as a whole has shown clear signs of "hardening". Insurance companies for all sectors are putting stricter rules in place regarding the amount and breadth of coverage they will provide, and to which clients. Since the overall insurance supply is being reduced, the demand for insurer capacity is increasing, and as such, prices are elevating."

The table below provides at a high level (includes all lines of coverage) the Township's annual insurance premiums over the past five years.

2015	2016	2017	2018	2019
\$234,942	\$247,262	\$254,388	\$274,936	\$304,688

The Township continues to consult with its insurance broker in an effort to ensure that Springwater's constituents are receiving the best value for their tax dollar; however, the rising costs of insurance are not sustainable over the long run. Staff and its insurance broker have looked at increasing our deductibles in an effort to reduce the overall premium; however this has led to minimal reductions in the overall annual premium to the Township.

4. Being unfairly named in lawsuits?

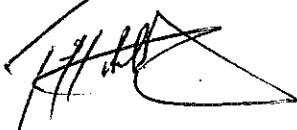
As detailed above, Springwater continues to be unfairly named in legal actions. Issues here range from a complete absence of research by legal firms on causality to the municipality being named in legal action in completely separate jurisdictions (other municipalities).

5. Feeling you cannot offer certain services because of liability risks?

More recently, with the advice of the Township's insurance broker, the Township has changed the way in which it delivers some of its recreational programs/services, especially as it relates to children's programs/activities. For example, the Township in partnership with its Community Recreation Associations will host a number of community based events throughout the year, which includes children's activities. In order to allow inflatable Bouncy castles at community events, the Township now requires the service provider to indemnify the Township and to also provide staff to monitor the safety of participants while in the inflatable Bouncy castle. Some vendors are reluctant to take on this risk.

Thank you for allowing the Township to participate in this consultation. We are open to further dialogue should you feel it necessary.

Yours truly,



Jeff Schmidt, CPA, CGA, B.A.S.
Chief Administrative Officer

Cc: Ontario Municipalities