

# Municipal Risk Management

AMCTO Zone 1 Meeting

November 1, 2024



# LAS - Local Authority Services



## AMO Business Services

- Created by AMO in 1992 to develop products and services for municipalities
- Non profit, governed by a board of directors made up of municipal staff and council
- Our mission: Helping Municipalities Work Better





# What is Insurance?

Insurance is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured.

“The losses of the few are covered by the many.”

# Municipal Insurance Providers Today



- AON
- BFL Canada
- Intact Public Entities (Formerly Frank Cowan Company)
- Marsh Canada
- Waterloo Region Municipalities Insurance Pool
- Durham Municipal Insurance Pool



# Municipal Insurance Policies

- **General Liability**
- **Errors and Omissions**
- **Environmental Liability**
- **Automobile**
- **Non-Owned Automobile**
- **Transit**
- **Garage**
- **Property**
- **Boiler and Machinery**
- **Crime**
- **Cyber**
- **Councillors Accident**
- **Firefighters Accident**
- **Volunteers Accident**

# Forbes Predictions for 2024



1. Disruptive Hacktivism
2. Generative Artificial Intelligence (AI) and its impact on:
  - Phishing
  - Cyber Crime



## Artificial Intelligence (AI)

*noun*

the theory and development of computer systems able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.

-Oxford Dictionary





# Understanding Artificial Intelligence

What is Artificial Intelligence?

What is Generative Artificial Intelligence?

How does it work?

How can it impact cyber crime?





# Risk Considerations

Does your organization understand AI?

Is your organization using AI? If so, how?

Does your organization have an Acceptable Use policy for AI?

What is the overall state of your organization's cyber security program?



## Bill 194, Strengthening Cyber Security and Building Trust in the Public Sector Act, 2024

- On October 29, 2024 the bill passed the second reading and was referred to the Standing Committee on Justice Policy
- Municipalities not included in first phase
- Bill does not contain specific frameworks or additional funding
- Intended to cover cyber security and AI in the public sector

# Cyber Incident Management for Ontario Municipalities



# Cyber Insurance Market Challenges



Fewer insurers  
willing to take on  
municipal risk



Higher premiums



Higher  
deductibles/self  
insured retentions



Stringent  
underwriting



# Cyber Insurance



Main Component = Financial recovery

Critical Component = Assistance in the event of a breach



# Cyber Incidents

- City of Cold Lake, Alberta (July 2024) – Ransomware
- Province of BC (April 2024) – Email Access
- City of Hamilton (February 2024) – Ransomware
- Town of Ponoka, AB (February 2024) – Data Breach
- Town of Greater Napanee, ON (January 2024) - Ransomware
- Yukon, Prince Edward Island, Nunavut and Manitoba (September 2023) – DDoS Attack



# Cyber Insurance Procurement Considerations

Can your municipality procure and finance cyber risk?

If your municipality cannot procure cyber insurance, how will that impact your Incident Response Plan?

Cyber Incident Management for Ontario Municipalities program was created with an RFP issued mid 2022.

# The Program



## 3 Retainer Hour Tiers

Level 1 = 20 hours

Level 2 = 50 hours

Level 3 = 80 hours

Unused hours from Year 1 can be used for additional incident response work upon renewal

Adhoc Hours Available







# LAS and Municipal Risk Management

## Working Groups

- Municipal Risk Management Working Group
- Technical Working Group

## Cyber Risk Financing Feasibility Study

- Led by Technical Working Group
- Work underway to create a Protective Association for Municipal Cyber Risk





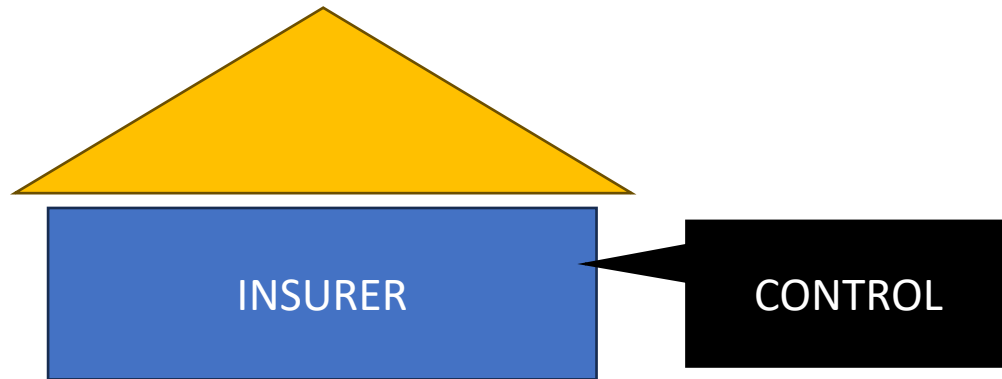
Who has the data  
has the power.

Tim O'Reilly

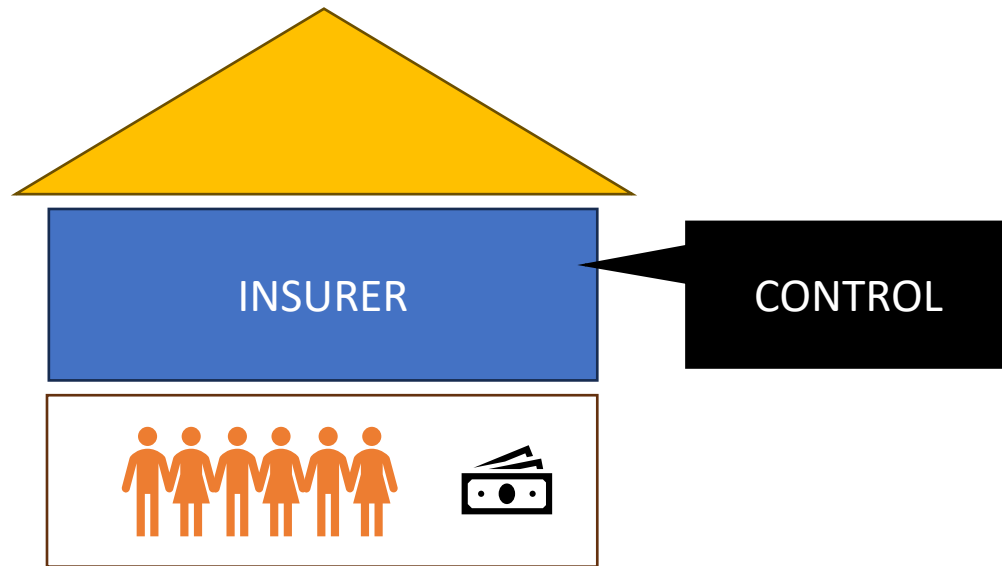
# INSURANCE



Insureds

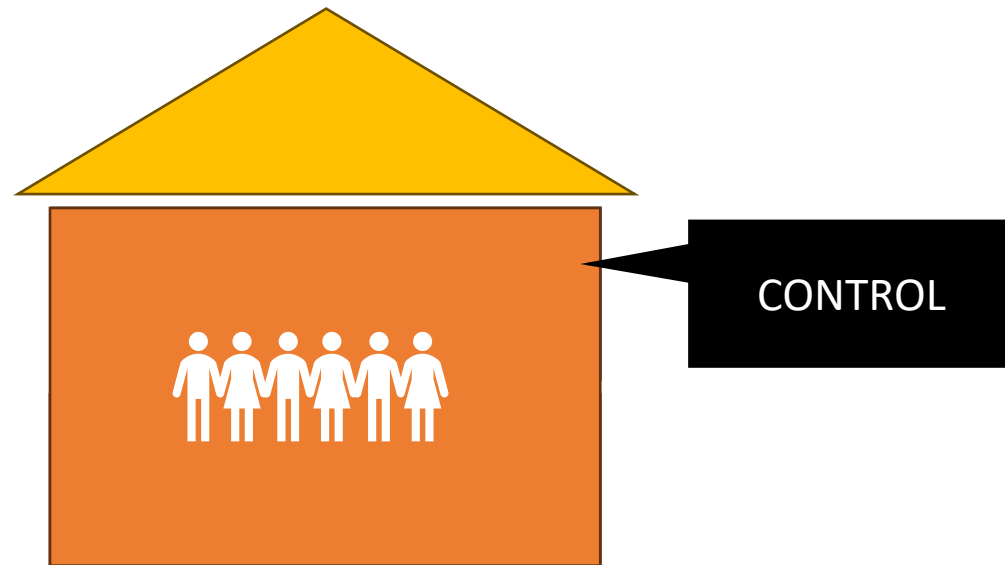


# POOLING

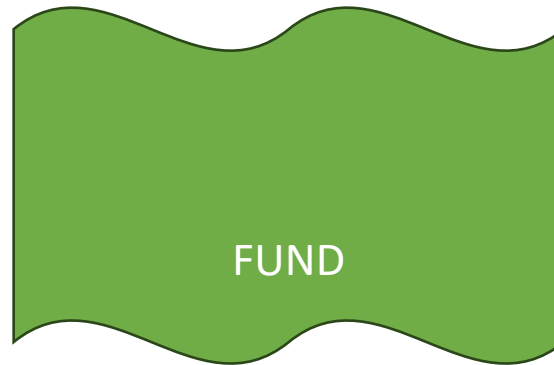
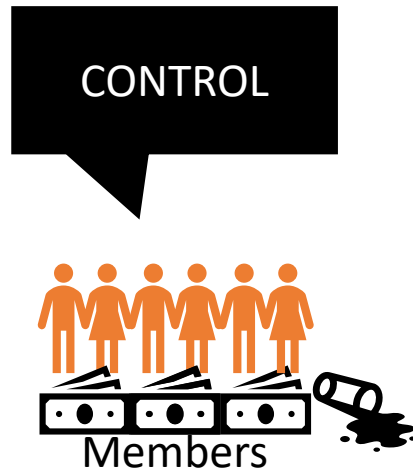




# RECIPROCAL & CAPTIVES

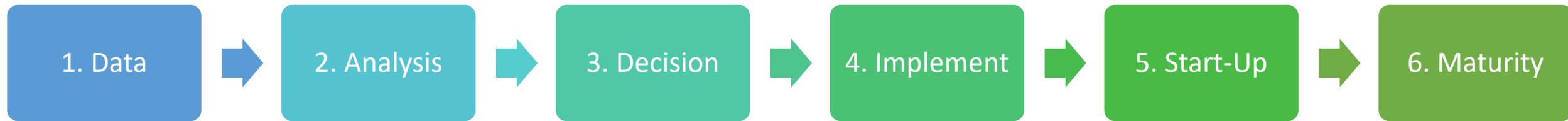


# PROTECTIVE ASSOCIATIONS



# THIS IS HOW WE DO IT ~ Montell Jordan

- What's the process of getting a structure put in place?



## Let's continue the conversation

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