School Insurance Program

2022 Annual Report

Nova Scotia School Insurance Exchange

PROGRESS. NOT PROFITS.

2022 Annual Report

Nova Scotia School Insurance Exchange

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SIP OVERVIEW

The Nova Scotia School Insurance Program (SIP) is a reciprocal insurance exchange, licenced by the Superintendent of Insurance for the Province of Nova Scotia. The official name of SIP is the Nova Scotia School Insurance Exchange.

SIP is a not-for-profit organization owned and operated by the seven Regional Centres for Education of Nova Scotia, the Conseil scolaire acadien provincial, and the Nova Scotia Community College. SIP secures Subscribers with the ability to efficiently retain appropriate levels of risk and economically transfer non-retained risk to the insurance market through leveraging economies of scale. Stabilizing Subscriber premiums year over year and leveling out the highs and lows of the traditional insurance hard market/soft market cycles remains a key focus.

The mandate of SIP is to provide education-specific insurance solutions, claims administration/settlement, and risk management services to the Regional Centres for Education, CSAP and the NSCC.

SIP's scope of operations include:

- Claims investigation, management, and settlement
- Risk management
- Loss control
- Insurance procurement (excess policies)
- Insurance market watch/intelligence
- Incident reports management
- School inspections
- Student accident insurance
- Volunteer accident insurance
- Subscriber advocacy on all risk and claims-related matters

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Nova Scotia School Insurance Exchange

MISSION STATEMENT

SIP is a non-profit Insurance exchange, committed to providing quality insurance services to the Nova Scotia Centres for Education, the Conseil scolaire acadien provincial, and the Nova Scotia Community College system.

SIP – THE INSURANCE RECIPROCOL ADVANTAGE

- Direct access to risk management and claims management expert advice

- Personalized service delivered to the Nova Scotia public education sector

- Pooling of Nova Scotia education risk profiles to leverage economies of scale, efficiently retain appropriate levels of risk and transfer unwanted risk to the insurance market in the most cost-effective manner

- Input and governance through representation at the Board of Directors level

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Nova Scotia School Insurance Exchange

SIP BOARD OF DIRECTORS

A nine-member Board of Directors is responsible for the governance of the School Insurance Program. A representative from each Centre for Education/CSAP/and the NSCC is appointed by each of the Subscribers. SIP's Board of Directors for 2021-2022 year were:

Subscriber	Appointee	Board	Position
Annapolis Valley Regional Centre for Education	Pat Murphy B.Ed., M.Ed.	Director	Director of Programs and Student Services
Cape Breton-Victoria Regional Centre for Education	Wendy King B.Sc., B.Ed., M.Ed.,	Director	Director of Human Resources
Chignecto-Central Regional Centre for Education	Herb Steeves B.Sc., P.Eng., MBA	Director	Director of Operational Services
Conseil scolaire acadien provincial	Janine Saulnier B.Sc., MBA	Chair	Director of Finance & Treasurer
Halifax Regional Centre for Education	Meaghen Powell CPA	Director	Director, Financial Services
Nova Scotia Community College	Bill Strubank B.Sc.	Vice-Chair	Manager of Health Safety Environmental Services
South Shore Regional Centre for Education	Tiffany Joudrey CPA, CGA	Director	Director of Finance
Strait Regional Centre for Education	Chris Grover CPA, CGA	Director	Director of Finance
Tri-County Regional Centre for Education	Craig Crosby	Director	Director of Operations

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Nova Scotia School Insurance Exchange

MESSAGE FROM THE CHAIR AND THE CHIEF EXECUTIVE OFFICER

J M Saulnier
Janine Saulnier, Board Chair

Bruce Macdonald, CEO

We are pleased to present SIP's 2022 Annual Report.

SIP operated within the uncertainty of the COVID-19 pandemic for the second full year in a row. Although how long the pandemic will last cannot be predicted, we do see some return to normality as 2022 continues to roll along. Throughout the pandemic SIP has demonstrated the ability to continue regular operations and proactively meet the risk management, claims and insurance needs of our Subscribers.

As the province opened and schools returned to more normal levels of in person learning and community use, SIP's **Commercial General Liability Insurance Program** experienced an expected slight increase to the number of open claims. Overall, liability claims continue to follow historic trending and do not pose any areas of concern.

SIP's **Educational Errors and Omissions Insurance Program** experienced a reduction in open claims.

Two overarching themes negatively impacted SIP's financial results for the year -

1) Claims incurred under the **Property Insurance Program**. Severity of fire claims as well as freezing/water escape claims, both in frequency and severity, challenged SIP far beyond expectations. Simply put, it was an unprecedented year from a property claims perspective.

2) The commercial insurance market continued to exhibit very challenging conditions again this year, evidenced by continued rate and premium escalations. These conditions significantly and negatively impacted large insurance consumers such as SIP.

SIP staff and Board of Directors continue the vital work needed to proactively position SIP to effectively navigate through the following headwinds -

- Property claims experience
- Significant increases to Property Insurance Program self-insured retentions
- Inflation and its potential to drive increased property claim costs
- Continued significant growth of Subscriber insured property values
- Hostile commercial insurance market

Due to the ongoing challenges presented by COVID-19 upon SIP's Subscribers, the development of SIP's five-year strategic plan continued to be held on a status of indefinite postponement. The status is reviewed frequently, and the initiative will be undertaken once Subscribers are more positively positioned to take part.

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The Board of Directors successfully concluded several matters during the year including the following:

- Public Request for Proposal and Appointment of Property and Liability Insurance and Loss Control Inspection Survey Services Provider
- SIP's year-end received an unqualified opinion from its actuary JSCP
- Audited Financial Statements (Annual)
- SIP's year-end received an unqualified opinion from its auditor KPMG
- As of March 31, 2022, the value of total open claims was $3,029,719
- 2022 claims liabilities were $4,617,000, an increase of $1,086,000 from 2021
- Year-end Rate Stabilization Reserves were $2,626,701; $973,299 below the actuary's recommended level of $3,600,000.
- For the second year in a row, the Board of Directors made the decision to utilize the Rate Stabilization Reserve to reduce premiums required of Subscribers. This, combined with claims activity well beyond expectations, resulted in a reduction to the Rate Stabilization Reserve to a level significantly below the actuary recommended level. The Board of Directors will undertake strategic considerations to return the Rate Stabilization Reserve to the recommended level.
- SIP's Annual General Meeting was held June 2022

The SIP Board was pleased to welcome Meaghen Powell as its newest Director in 2021/2022. Meaghen comes to us from the Halifax Regional Centre for Education. Tiffany Joudrey resumed her duties on the SIP Board in 2021/2022 representing the South Shore Regional Center for Education.

The SIP Board had two Directors leave in the past year: Genna LeBlanc and Terri Thompson. We wish Genna and Terri all the best in their future endeavors.

Sincere thanks to our Subscribers for their continued support of the reciprocal program and thanks to our staff for their continued dedication to our Subscribers.

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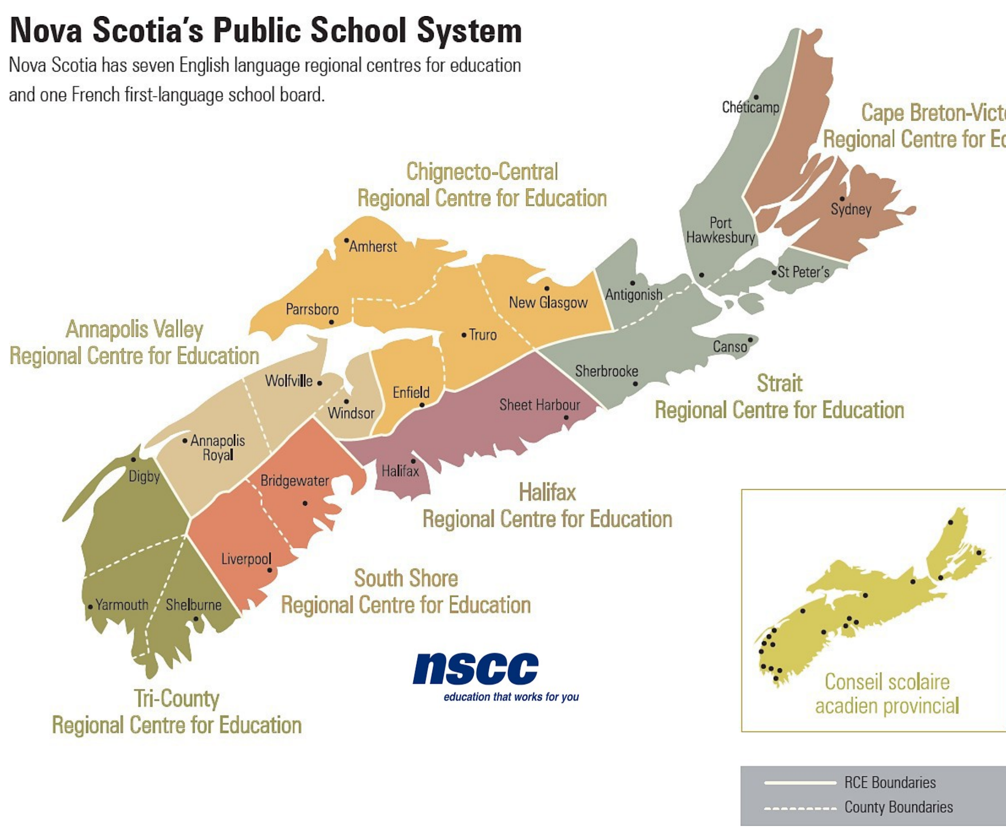
Nova Scotia School Insurance Exchange

SUBSCRIBERS

- Annapolis Valley Regional Centre for Education
- Cape Breton-Victoria Regional Centre for Education
- Chignecto-Central Regional Centre for Education
- Conseil scolaire acadien provincial
- Halifax Regional Centre for Education
- Nova Scotia Community College
- South Shore Regional Centre for Education
- Strait Regional Centre for Education
- Tri-County Regional Centre for Education



SIP LEADERSHIP

The management of SIP is the responsibility of staff. The following staff members were in place in the 2021-2022 year.

Bruce Macdonald - Chief Executive Officer

BBA, CIP

Bruce plans, organizes, manages, and evaluates the operations of SIP in accordance with objectives established by the Board of Directors.

Lee-Anne Dauphinee - Risk Manager

CIP, CRM

Lee-Anne provides risk management, loss control, and insurance procurement service to Subscribers.

Cindy Norrad - Controller

CPA, CGA, CRM

Cindy manages the finances of SIP, reports to the Board of Directors, the Superintendent of Insurance, and is involved in procurement.

Dawn Graves – Executive Assistant

Dawn provides support to the CEO, works closely with the Board of Directors, and provides administrative support to staff.

Rebekah Tingley - Risk Management and Insurance Analyst

CIP, CRM

Rebekah assists the Risk Manager and answers inquiries about school trips and activities.

Meagan Spicer – Claims Administrator

Meagan handles claims, the student accident program, certificates of insurance requests, and provides administrative support to staff.

Valencia Forrest – Claims Administrator

Valencia handles claims, the student accident program, certificates of insurance requests, and provides administrative support to staff.

2022 Annual Report

Nova Scotia School Insurance Exchange

Appendix 1

2022 Audited Financial Statements

Combined Financial Statements of

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Year ended March 31, 2022

KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1000
Halifax NS B3J 3N2
Canada
Tel 902-492-6000
Fax 902-429-1307

INDEPENDENT AUDITORS' REPORT

To the Subscribers of Nova Scotia School Insurance Program

Opinion

We have audited the combined financial statements of Nova Scotia School Insurance Program (the Entity"), which comprise:

- the combined statement of financial position as at March 31, 2022
- the combined statement of loss for the year then ended
- the combined statement of comprehensive income (loss) for the year then ended
- the combined statement of changes in reserves for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at March 31, 2021, and its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financialstatements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Halifax, Canada

June 24, 2022

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Financial Position

As at March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 6,348,866	$ 5,441,987
Investments (note 4)	5,889,019	7,238,849
Excess insurance recoverable (note 8)	-	13,000
Prepaid premiums	2,161,878	814,097
Other assets	103,220	252,717
Right of use asset (note 5)	404,789	-
Property and equipment (note 6)	22,340	9,538
Total assets	$14,930,112	$13,770,188
Liabilities		
Accounts payable and accrued liabilities	$ 691,414	$ 222,811
Lease liability (note 7)	427,937	-
Premiums received in advance	6,255,788	4,480,818
Claims liabilities (note 9)	4,617,000	3,531,000
Total liabilities	11,992,139	8,234,629
Subscribers' reserves:		
Rate stabilization reserves (note 12)	2,626,701	4,984,031
Accumulated other comprehensive income	311,272	551,528
	2,937,973	5,535,559
Total liabilities and reserves	$14,930,112	$13,770,188

See accompanying notes to combined financial statements.

On behalf of the Board of Directors:

Janine M Saulnier BSc MBA (Jun 28, 2022 09:51 ADT) Director

wE Strubank

wE Strubank (Jun 28, 2022 11:11 ADT) Director

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Loss

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Insurance activity		
Written Premiums		
Gross premiums	$ 9,058,061	$ 6,457,465
Underwriting premiums	(8,362,640)	(5,135,924)
Net premiums earned	695,421	1,321,541
Claims paid	1,267,498	873,280
Claims liabilities (note 9)	1,099,000	(63,525)
Net claims	2,366,498	809,755
Premiums in excess of claims (claims in excess of premiums)	(1,671,077)	511,786
Investment activity		
Investment income (note 4(b))	384,097	433,050
Investment management fees	(35,022)	(37,446)
Net investment income	349,075	395,604
Other expenses		
Insurance operating expenses	594	10,047
Operating expenses (note 14)	1,034,734	999,853
Total other expenses	1,035,328	1,009,900
Net loss	$ (2,357,330)	$ (102,510)

See accompanying notes to combined financial statements.

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Comprehensive Income (Loss)

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Net loss	$ (2,357,330)	$ (102,510)
Other comprehensive income (loss)		
Available-for-sale financial assets:		
Unrealized gain (loss) on available-for-sale financial assets	(31,751)	697,812
Reclassification adjustments:		
Realized gain on disposal of available-for-sale financial assets	(208,505)	(219,335)
Total other comprehensive income (loss)	(240,256)	478,477
Comprehensive income (loss)	$ (2,597,586)	$ 375,967

See accompanying notes to combined financial statements.

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Changes in Reserves

Year ended March 31, 2022, with comparative information for 2021

	Rate Stabilization Reserves	Accumulated Other Comprehensive Income	Total
Balance, March 31, 2020	$5,086,541	$ 73,051	$5,159,592
Net loss	(102,510)	-	(102,510)
Other comprehensive income	-	478,477	478,477
Balance, March 31, 2021	$4,984,031	$ 551,528	$5,535,559
Net loss	(2,357,330)	-	(2,357,330)
Other comprehensive loss	-	(240,256)	(240,256)
Balance, March 31, 2022	$2,626,701	$311,272	$2,937,973

See accompanying notes to combined financial statements.

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in)		
Operations:		
Net loss	$ (2,357,330)	$ (102,510)
Items not involving cash:		
Depreciation of property and equipment	9,158	9,232
Depreciation of premise lease	16,590	-
Accretion expense of premise lease	6,558	-
Gain on sale of property and equipment	(165)	(775)
Investment income	(384,097)	(433,050)
IBNR reserve change	50,376	(20,193)
Reserve adjustments	1,035,624	(66,101)
Change in non-cash working capital (note 16)	(716,681)	(775,255)
Proceeds from interest income	17,949	16,043
Proceeds from dividend income	151,130	178,929
Increase in premiums received in advance	1,774,970	364,472
	(395,918)	(829,208)
Investments:		
Bonds purchased	(586,320)	(853,657)
Equities purchased	(45,400)	(304,684)
Proceeds from sale of bonds	1,325,093	2,208,250
Proceeds from sale of equities	631,219	819,847
Proceeds from sale of property and equipment	165	775
Additions to property and equipment	(21,960)	(10,787)
	1,302,797	1,859,744
Increase in cash	906,879	1,030,536
Cash and cash equivalents, beginning of year	5,441,987	4,411,451
Cash and cash equivalents, end of year	$6,348,866	$5,441,987

See accompanying notes to the financial statements

The Nova Scotia School Insurance Program ("SIP") is the combination of the Nova Scotia School Insurance Exchange (the "NSSIE") and its Attorney-in-Fact, the Nova Scotia School Insurance Program Association (the "NSSIPA"). SIP underwrites property and casualty insurance for the seven Nova Scotia regional Centres for Education, one provincial school board and the Nova Scotia Community College (the "Subscribers").

The NSSIE, established under a reciprocal insurance exchange agreement dated December 1, 2000, is licensed in the province of Nova Scotia by the Superintendent of Insurance ("NSSI") to provide property and liability insurance including educational errors and omissions in accordance with Part XII of the Insurance Act (Nova Scotia) R.S.N.S. 1989, c. 231, specifically Section 321.1.

SIP's registered office is located at Suite 100, Park Place II, 238A Brownlow Avenue, Dartmouth, Nova Scotia.

1. Basis of preparation:

(a) Statement of compliance:

These combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The combined financial statements were authorized for issue by the Board of Directors on June 24, 2022.

(b) Basis of combination

The combined financial statements reflect all the assets, liabilities, revenue, expenses, and cash flows of SIP, which includes 100% of NSSIE and NSSIPA. There are no other related or associated entities that have not been included that operate under the common name SIP. SIP is consolidated with the Nova Scotia Government Public Accounts.

The statements were prepared on a combined basis to reflect the underlying expenses incurred by the NSSIPA as Attorney-in-Fact on behalf of the NSSIE, which is funded by NSSIE contributions to NSSIPA. All inter-entity balances and transactions have been eliminated.

(c) Basis of measurement:

The combined financial statements have been prepared on the historical cost basis, except available-for-sale financial assets, which are measured at fair value, and the claims liabilities, which are measured on a discounted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy of fair value).

(d) Functional and presentation currency:

These combined financial statements are presented in Canadian dollars, which is SIP's functional and presentation currency.

1. Basis of preparation (continued):

(e) Combined statement of financial position:

SIP presents its combined statement of financial position in order of liquidity. Assets and liabilities that are expected to be recovered or settled in more than 12 months after the reporting date are summarized in notes 4 and 8.

2. Significant accounting policies:

(a) Premiums:

Subscriber premiums are earned over the term of the fiscal year. As SIP's fiscal year ends March 31, there are no unearned premiums at March 31. Premiums received in advance relate to premiums received in the current year for the fiscal year commencing April 1 of the following year. Exchange policies for Property, CGL and E&O run from July 1 to July 1.

(b) Financial assets and liabilities:

(i) Financial assets:

SIP accounts for all financial assets using trade date accounting. Transaction costs related to the purchase of financial instruments are recorded as part of the carrying value.

Cash comprises cash on account and demand deposits. Cash equivalents are short term highly liquid investments with an original maturity of less than three months that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

All investments are designated as available-for-sale (“AFS”) securities. AFS securities are carried at fair value whereby the unrealized gains and losses are included in accumulated other comprehensive income ("AOCI") until sale, or an impairment loss is recognized, at which point cumulative unrealized gains or losses are included in investment income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Loans and receivables, and other financial liabilities (liabilities other than insurance policy liabilities) are accounted for at amortized cost.

2. Significant accounting policies (continued):

(b) Financial assets and liabilities (continued):

(ii) Financial liabilities:

Financial liabilities are recognized initially on the trade date at which SIP becomes a party to the contractual provisions of the instrument. SIP derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. SIP has the following non-derivative financial liabilities: accounts payable and accrued liabilities.

(iii) Fair value measurement principles:

SIP's financial instruments recorded at fair value have been categorized based upon the following fair value hierarchy:

- Level 1 – quoted price (unadjusted) in an active market for an identical instrument.
- Level 2 – valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3 – valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the investments.

(iv) Investment income:

Dividends and interest income are included in investment income and are recorded as they accrue. Interest is recognized using the effective interest rate method. Income distributions from Canadian income trusts are recorded as income when received. Dividend income on equity investments is recorded on the ex-dividend date.

(v) General investment expenses:

General investment expenses are recognized as incurred.

2. Significant accounting policies (continued):

(c) Property and equipment:

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in profit or loss.

Amortization is provided using the straight-line basis over the following periods:

Asset	Rate
Leasehold improvements	10 years
Furniture and equipment	3 years
Computer hardware	2 years

(d) Claims liabilities:

Provision has been made for the estimated liability for all reported and outstanding claims using a case-basis evaluation plus an amount for adverse development and for claims incurred to March 31, which have not yet been reported to SIP. The computation of these provisions takes into account the time value of money using discount rates based on projected investment income from the assets supporting these provisions.

Since the amounts are necessarily based on estimates of future trends in claim severity and other factors which could vary as the claims are settled, the ultimate liability may be more or less than the estimated amounts. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the unpaid claims amounts, and related adjustment expenses are adequate. The estimates are annually reviewed by an actuary and, as adjustments to these liabilities become necessary, they are reflected in current operations.

(e) Additional coverage and other primary insurance coverage:

SIP, on behalf of its Subscribers, obtains additional coverage and other primary insurance coverage. No amount has been recorded related to this other coverage as SIP is not an insurer in these contracts.

2. Significant accounting policies (continued):

(f) Salvage and subrogation recoverable:

In certain circumstances, SIP acquires the right to pursue third parties for losses paid to policyholders under insurance contracts or to dispose of the damaged goods. SIP has recognized and disclosed all identifiable and measurable amounts it expects to recover, and recoverable amounts are not recognized until paid or confirmed by SIP's solicitor or adjusters.

(g) Insurance contracts:

Insurance contracts are those contracts that have insurance risk throughout the term of the contract. Insurance risk arises when SIP agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. It is defined as the possibility of paying significantly more in a scenario where the insured event occurs than when it does not occur.

(h) Income taxes:

As an exchange under *The Insurance Act* of Nova Scotia, the NSSIE is not subject to income taxes and, accordingly, no provision for income taxes has been made in these combined financial statements.

As a not-for-profit organization under *The Societies Act* of Nova Scotia, the NSSIPA is not subject to income taxes and accordingly no provision for income taxes has been made in these combined financial statements.

(i) Leases

SIP recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to SIP by the end of the lease term, or the cost of the right-of-use asset reflects that SIP will exercise a purchase option. In that case, the right-of-use asset will be amortized over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, SIP's borrowing rate. Generally, SIP uses its incremental borrowing rate as the discount rate.

2. Significant accounting policies (continued):

(i) Leases (continued)

SIP determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- the exercise price under a purchase option that SIP is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless SIP is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate. If there is a change in SIP's estimate of the amount expected to be payable under a residual value guarantee, or if SIP changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease is remeasured in this was a corresponding adjustment is made to the carrying amount of the right-of use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leases with a term less than twelve months or of a low value are expensed as incurred.

(j) Impairment:

(i) Financial assets:

A financial asset carried at amortized cost is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired an include default or delinquency by a debtor, restructuring of an amount due to SIP on terms that SIP would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment,

2. Significant accounting policies (continued):

(j) Impairment (continued):

(i) Financial assets (continued):

Impairment losses on AFS investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income and presented in unrealized gains/losses on AFS financial assets, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired AFS debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired AFS equity security is recognized in other comprehensive income.

(ii) Non-financial assets:

The carrying amounts of SIP's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less expected selling costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in income in the period in which the impairment is determined.

(k) Foreign currency translation:

The Canadian dollar is the functional and presentation currency of SIP. Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Translation differences on AFS investments are classified as other changes in the carrying value of the investment and are recognized in other comprehensive income.

Monetary assets and liabilities are translated at current rates of exchange.

2. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted:

(i) IFRS 17, "Insurance Contracts":

On May 18, 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"). On June 25, 2020, the IASB issued amendments to IFRS 17 aimed at helping entities implement the standard and to defer the effective date. The new standard is effective for annual periods beginning on or after January 1, 2023. IFRS 17 will replace IFRS 4, Insurance Contracts. This standard introduces consistent accounting for all insurance contracts. The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Additionally, IFRS 17 requires an entity to recognize profits as it delivers insurance services, rather than when it receives premiums. SIP intends to adopt IFRS 17 in its financial statements for the annual period beginning on April 1, 2023. The extent of the impact of adoption of the standard has not yet been determined.

(ii) IFRS 9, Financial Instruments:

In July 2014, the IASB issued the complete amended IFRS 9, Financial Instruments ("IFRS 9"). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. The restatement of prior periods in not required and is only permitted if information is available without the use of hindsight.

IFRS 9 introduces new requirements for the classification and measurement of financial assets based on the business model in which they are held and the characteristics of their contractual cash flows. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment.

The standard also introduces additional changes relating to financial liabilities.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

2. Significant accounting policies (continued):

(l) New standards and interpretations not yet adopted (continued):

In September 2016, the IASB issued amendments to IFRS 4, Insurance Contracts to address accounting mismatches and volatility that may arise in profit or loss in the period between the effective date of IFRS 9 and the new insurance contracts standard, IFRS 17 Insurance Contracts, issued in May 2017.

The amendments introduce two approaches that may be adopted by insurers in the period between the effective date of IFRS 9, January 1, 2019, and IFRS 17, effective January 1, 2023:

- Overlay approach – an option for all issuers of insurance contracts to reclassify amounts between profit or loss and other comprehensive income for eligible financial assets by removing any additional accounting volatility that may arise from applying IFRS 9; and
- Temporary exemption – an optional temporary exemption from IFRS 9 for entities whose activities are predominately connected with insurance. This exemption allows an entity to continue to apply existing financial instrument requirements in IAS 39 to all financial assets until the earlier of the application of IFRS 17 or January 1, 2023.

SIP evaluated its liabilities at March 31, 2016, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. Approximately 99% of SIP's liabilities at March 31, 2016 are liabilities that arise from contracts within the scope of IFRS 17 and approximately 99% of SIP's liabilities at March 31, 2016 are liabilities that arise because SIP issues insurance contracts and fulfils obligations arising from insurance contracts. Additionally, SIP has not previously applied any version of IFRS 9. Therefore, SIP is an eligible insurer that qualifies for optional relief from the application of IFRS 9.

At April 1, 2018, SIP elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. SIP will continue to evaluate the impact of IFRS 9.

3. Significant judgments and estimates:

SIP makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Significant judgments:

Significant judgments made in applying accounting policies relate to impairments on AFS financial assets. As of each reporting date, SIP evaluates AFS financial assets in an unrealized loss position for impairment on the basis described in note 2(i).

For investments in bonds and debentures, evaluation of whether impairment has occurred is based on SIP's best estimate of the cash flows expected to be collected at the individual investment level. SIP considers all available information relevant to the collectability of the investment, including information about past events, current conditions, and reasonable and supportable forecasts. Estimating such cash flows is a quantitative and qualitative process that incorporates information received from third party sources along with certain internal assumptions and judgments. Where possible, this data is benchmarked against third party sources. Impairments for bonds and debentures in an unrealized loss position are deemed to exist when SIP does not expect full recovery of the amortized cost of the investment based on the estimate of cash flows expected to be collected or when SIP intends to sell the investment prior to recovery from its unrealized loss position.

For equity investments, SIP recognizes an impairment loss in the period in which it is determined that an investment has experienced significant or prolonged loss position.

(b) Estimates:

Information about assumptions and estimation uncertainties that have a risk of resulting in material adjustment within the next twelve months relate to claims liabilities.

Provisions for claims liabilities are valued based on Canadian accepted actuarial practice, which are designed to ensure SIP establishes an appropriate reserve on the combined statement of financial position to cover insured losses and claims expenses with respect to the reported and unreported claims incurred as of the end of each accounting period. The policy liabilities include a provision for unpaid claims and adjustment expenses on the expired portion of policies and of future obligations on the unexpired portion of policies. In performing the valuation of the liabilities for these contingent future events, the Appointed Actuary, J.S. Chang & Partners Inc., makes assumptions as to future loss ratios, trends, investment rates of return, expenses, and other contingencies, taking into consideration the circumstances of SIP and the nature of the insurance policies.

3. Significant judgments and estimates (continued):

(b) Estimates (continued):

The assumptions underlying the valuation of provisions for unpaid claims and adjustment expenses are reviewed and updated by SIP on an ongoing basis to reflect recent and emerging trends in experience and changes in risk profit of the business.

4. Investments:

	2022	2021
Fixed income:		
Pooled bond funds units:		
Government	$ 700,103	$ 728,061
Corporate	1,689,098	2,133,125
Other	1,952,536	2,479,625
Equities:		
Common shares	601,621	805,077
Mutual and pooled funds units	945,661	1,092,961
	$ 5,889,019	$ 7,238,849

The fair values of securities are based on quoted market values. Pooled funds and mutual funds are valued using an estimated fair value derived from the quoted market values of the underlying investments held by the respective pooled or mutual fund.

Fair values of cash equivalents and accrued investment income approximate their carrying values due to the short-term maturity of these items.

(a) Liquidity:

Principal bond maturity profile as at March 31, 2022, assuming bonds are not liquidated prior to maturity is as follows:

Government pooled bond funds units	5.1 years
Corporate pooled bond funds units	4.6 years
Other pooled bond funds units	8.9 years

The weighted average yield for debt securities based on market value at March 31, 2022 is 1.7% (2021 - 1.6%).

4. Investments (continued):

(b) Investment and other income:

	2022	2021
Interest	$ 12,460	$ 10,938
Dividends	163,132	202,777
Gain on sale of investments	208,505	219,335
	$ 384,097	$ 433,050

Dividends includes re-invested dividends of $12,951 (2021 - $26,187) related to mutual funds and short-term investments.

5. Right of use asset:

	2022	2021
Balance, April 1	$ –	$ –
Additions	421,379	–
Amortization	(16,590)	–
Balance, March 31	$ 404,789	$ –

6. Property and equipment:

	Furniture and equipment	Computer hardware	Leasehold improvements	Total costs:
Balance, March 31, 2021	$ 84,936	$ 59,297	$ 8,759	$ 152,992
Additions	10,738	1,754	9,468	21,960
Disposals	(15,348)	(33,297)	-	(48,645)
Balance, March 31, 2022	80,326	27,754	18,227	126,307
Accumulated depreciation:				
Balance, March 31, 2021	84,066	51,420	7,968	143,454
Depreciation for the year	1,871	6,154	1,133	9,158
Disposals	(15,348)	(33,297)	-	(48,645)
Balance, March 31, 2022	70,589	24,277	9,101	103,967
Carrying amounts:				
Balance, March 31, 2021	$ 870	$ 7,877	$ 791	$ 9,538
Balance, March 31, 2022	$ 9,737	$ 3,477	$ 9,126	$ 22,340

7. Lease liability:

	2022	2021
Balance, April 1	$ –	$ –
Lease liability for assets acquired under lease	421,379	–
Interest expense on lease liability	6,558	–
Balance, March 31	$ 427,937	$ –

The contractual payments for the lease liability are due as follows:

	2022	2021
Due within one year	$ 40,726	$ –
Due in one to two years	46,331	–
Due in two to five years	158,647	–
Due in over five years	271,615	–
Balance, March 31	$ 517,319	$ –

8. Limits of liability:

(a) Commercial general liability insurance:

The limit of liability for liability insurance is a maximum amount on any one loss of $250,000 subject to a policy annual aggregate of $1 million. The Subscriber pre-entry deductible is $1,000 for third-party property damage only. There is no deductible for bodily or personal injury. These policy liability limits were in effect for both fiscal years 2022 and 2021.

(b) Property insurance:

The limit of liability for property insurance is a maximum amount of any one loss of $500,000 ($500,000 – 2021) subject to a policy annual aggregate of $1.5 million ($1 million – 2021). The Subscriber pre-entry deductible is $5,000. These policy liability limits were in effect for fiscal years 2022 and 2021.

(c) Educational errors and omissions insurance:

The limit of liability for errors and omissions insurance is a maximum amount of any one loss of $250,000 subject to a policy annual aggregate of $1 million. The Subscriber pre-entry deductible (after the SIP self-insured retention of $250,000) is $1,000. These policy liability limits were in effect for both fiscal years 2022 and 2021.

9. Claims liabilities:

(a) Nature of claims liabilities:

Claims liabilities are estimates subject to variability and the variability could be material in the near term. The variability arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Variability can be caused by receipt of additional claim information, or significant change in severity or frequency of claims from historical trends. The estimates are principally based on SIP's historical experience. Methods of estimation have been used which SIP believes produce reasonable results given current information.

SIP strives to establish adequate claim liabilities at the original valuation date. However, as time passes, the ultimate cost of claims becomes more certain. During 2022, SIP experienced favorable claims development of $400,848 (2021 - favorable claims development of $407,937).

9. Claims liabilities (continued):

(a) Nature of claims liabilities (continued):

The table below details the claim liabilities by risk categories:

	2022 Gross	2022 Net	2021
Property	$ 2,067,063	$ 2,067,063	$ 962,034
Comprehensive general liability	2,549,937	2,549,937	2,427,230
Educational errors and omissions	-	-	141,736
	$ 4,617,000	$ 4,617,000	$3,531,000

Management has concluded that the best estimate of the fair value of claims liabilities currently available is the amount calculated by the Appointed Actuary. The Actuary's calculated value as at March 31, 2022 amounted to $4,617,000 (2021 - $3,531,000).

(b) Discounting of the claims liabilities

The provision for claims liabilities is discounted using rates based on the projected investment income from the assets supporting the provisions and reflecting the estimated timing of payments and recoveries. The discount rate used in the valuation was 1.81% (2021 – .45%).

The provision estimates are as follows:

	2022 Discounted	2022 Undiscounted	2021 Discounted	2021 Undiscounted
Gross provision	$4,617,000	$4,426,000	$3,531,000	$3,233,000
Excess insurance recoverable	-	-	(13,000)	(12,000)
Net provision	$4,617,000	$4,426,000	$3,518,000	$3,221,000

Undiscounted provisions reflect the estimated claims and related expenses prior to the effect of discounting and provision for adverse deviation (“PFAD”) determined by the appointed actuary.

(c) Insurance contract provision:

	2022 Gross	2022 Net	2021
Notified claims	$ 3,029,719	$ 3,029,719	$ 1,994,095
Claims incurred but not reported	1,587,281	1,587,281	1,536,905
	$ 4,617,000	$ 4,617,000	$ 3,531,000

9. Claims liabilities (continued):

(d) Analysis of movements in insurance contract provisions:

	2022	2021
Balance, April 1	$ 3,531,000	$ 3,490,031
Current year claims and expenses	2,872,795	1,220,015
Prior year (favourable) development	(400,848)	(407,937)
Total claims incurred	6,002,947	4,302,109
Decrease due to changes in discount rate and PFAD	(105,449)	(2,323)
Claims and related expenses paid	(1,267,498)	(873,280)
Excess reinsurance recoverable	(13,000)	13,000
Excess insurance received	-	91,494
Balance, March 31	$ 4,652,200	$ 3,531,000

(e) Methodologies and assumptions:

The provision for claims liabilities is an estimate that is determined using a range of accepted actuarial claims projection techniques determined based on the line of business. The reported amount is based on studies of past experience. The key assumption of the incurred loss/paid loss claims development method is that claims recorded to date will continue to develop in a similar manner in the future. These techniques use SIP's historical claims development patterns to predict future claims development. In situations where there has been a significant change in the environment or underlying risks, the historical data is adjusted to account for expected differences. The historical studies are regularly compared to current emerging experience so that adjustments may be made as necessary.

In order to calculate the carrying value of the unpaid claims, SIP uses an actuarial approach recognizing the time value of money which incorporates assumptions concerning projected cash flows and appropriate provisions for adverse deviations. The actuarially determined carrying value of claims liabilities is considered an indicator of fair value, as there is no ready market for the trading of insurance policy liabilities.

The provision for claims liabilities is discounted as described in note 7(b).

9. Claims liabilities (continued):

(f) Changes in assumptions:

Consideration is given to the characteristics of the risks, historical trends, the amount of data available on individual claims, inflation and any other pertinent factors. Some assumptions require a significant amount of judgment such as the expected future impacts of future judicial decisions and government legislation. The diversity of these considerations result in it not being practicable to identify and quantify all individual assumptions that are more likely than others to have a significant impact on the measurement of SIP's insurance contracts. There were no assumptions identified in the year or the preceding year as having a potential or identifiable material impact on the overall claims estimate.

(g) Sensitivity analysis:

There is uncertainty inherent in the estimation process. The actual amount of ultimate claims can only be ascertained once all claims are closed. Among all the lines of business, general liability line of business has the largest unpaid claims liabilities. Given the nature of this line of business and the fact that it has a very long tail, this line's estimate is the most critical to the assumptions used. If the tail factor selection on this line of business was 5% higher, the net claims liabilities would be $208,117 higher. The effect on net profit would be a reduction of $181,648. If the expected loss ratios used were 5% higher in all loss years, the net claims liabilities would be

$36,062 higher, generating a reduction of $29,623 in net profit. Changes in assumptions on other lines of business are considered to be less material.

(h) Claims development tables:

The following table shows the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive loss year at each reporting date, together with cumulative payments to date.

9. Claims liabilities (continued):

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Estimate of ultimate claims costs:											
End of accident year	$ 882,851	1,333,358	2,114,966	1,555,249	1,528,026	1,527,943	1,166,928	1,838,230	1,101,930	2,555,795	
End of one year	766,990	1,437,403	2,130,188	1,273,502	1,450,630	1,477,497	861,324	1,531,391	832,050		
End of two years	631,688	1,308,691	2,143,406	1,323,401	1,270,054	1,268,977	588,907	1,360,674			
End of three years	552,798	1,321,573	2,125,775	1,300,923	1,262,718	1,301,664	676,454				
End of four years	516,117	1,203,630	2,126,823	1,297,999	1,257,422	1,187,741					
End of five years	474,649	1,577,608	2,146,371	1,316,246	1,176,508						
End of six years	472,464	1,212,789	2,299,435	1,363,913							
End of seven years	487,594	1,215,870	2,361,769								
End of eight years	377,905	1,215,208									
End of nine years	377,905										
Current estimate of cumulative claims	377,905	1,215,208	2,361,769	1,363,913	1,176,508	1,187,741	676,454	1,360,674	832,050	2,555,795	
Cumulative claims payments to	372,905	1,045,904	2,117,769	1,171,152	1,125,229	1,028,698	382,411	1,131,149	623,487	720,310	
Liability Recognized	5,000	169,304	244,000	192,761	51,279	159,043	294,043	229,525	208,562	1,835,485	
Total all claims											3,394,002
Liability in respect of prior years											355,717
Balancing item											676,000
Excess insurance recoverable											-
Effect of discounting**											191,281
Total net claims liabilities											$ 4,617,000

**Effect of discounting includes the provision for adverse deviations

10. Financial risk management:

The primary goals of SIP’s financial risk management policies are to ensure that the outcomes of activities involving elements of risk are consistent with SIP’s objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting SIP’s combined statement of financial position from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties.

SIP’s exposure to potential loss from financial risks is primarily due to underwriting risk along with various market risks, including interest rate risk and equity market fluctuation risk, foreign currency risk, liquidity risk, as well as credit risk.

(a) Underwriting risk:

Underwriting risk is the risk that the total cost of claims and acquisition expenses will exceed premiums received and can arise from numerous factors, including pricing risk, reserving risk and catastrophic loss risk.

SIP’s underwriting objective is to provide cost effective insurance for its subscribers.

(i) Pricing risk:

Pricing risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclicality of the insurance market. The market cycle is affected by the frequency and severity of losses, levels of capacity and demand, general economic conditions and price competition. SIP prices premiums based on a historical factor of provider premiums and a calculation based on enrollment and square footage.

(ii) Reserving risk:

Reserving risk arises due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and ultimate resolution of the claim. Claim provisions are expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors.

10. Financial risk management (continued):

(a) Underwriting risk (continued):

(ii) Reserving risk (continued):

Variables in the reserve estimation process can be affected by receipt of additional claim information and other internal and external factors, such as economic inflation, legal and judicial trends and legislative changes. Due to the amount of time between the occurrence of a loss, the actual reporting of the loss and the ultimate payment, provisions may ultimately develop differently from the actuarial assumptions made when initially estimating the provision for claims. SIP's provisions for claims are reviewed separately by, and must be acceptable to, the independent appointed actuary.

(iii) Catastrophic loss risk:

Catastrophic loss risk is the exposure to losses resulting from multiple claims arising out of a single catastrophic event. Property and casualty insurance companies experience large losses arising from manmade or natural catastrophes that can result in significant underwriting losses. Catastrophes can cause losses in a variety of property and casualty lines and may have continuing effects which could delay or hamper efforts to timely and accurately assess the full extent of the damage they cause. The incidence and severity of catastrophes are inherently unpredictable. SIP's exposure to risks is managed through the use of excess primary policies.

(b) Credit risk:

(i) Invested assets:

SIP's risk management strategy is to invest primarily in debt instruments of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer. SIP attempts to limit credit exposure by imposing portfolio limits on individual corporate issuers as well as limits based on credit quality. The breakdown of SIP's fixed income portfolio by the S&P rating or where unavailable the Fitch rating is presented below:

	March 31, 2022		March 31, 2021	
	Fair value	% of total	Fair value	% of total
High (AAA, A-)	$ 2,152,944	49.65%	$ 2,042,147	38.31%
Medium (A+, BBB-)	2,038,608	47.02%	2,966,711	55.66%
Low (BB+ and under)	144,400	3.33%	321,272	6.03%
	$ 4,335,952	100.00%	$ 5,330,130	100.00%

10. Financial risk management (continued):

(b) Credit risk (continued):

(ii) Aggregated credit risk:

SIP's aggregate exposure to credit risk is as follows:

	2022	2021
Investments in bonds	$ 4,335,952	$ 5,330,130
Accrued investment income, including interest	7,537	13,026
Cash and cash equivalents	6,348,866	5,441,987
	$ 10,692,355	$ 10,785,143

(c) Liquidity risk:

Liquidity risk is the risk of having insufficient cash resources to meet financial commitments and policy obligations as they fall due, without raising funds at unfavorable rates or selling assets on a forced basis.

Liquidity risk arises from the general business activities and in the course of managing the assets and liabilities. The liquidity requirements of SIP's business have been met primarily by funds generated from operations, asset maturities and income and other returns received on securities. Cash provided from these sources is used primarily for claims and claim adjustment and defense expense payments and operating expenses. The timing and amount of catastrophe claims are inherently unpredictable and may create increased liquidity requirements.

To meet these cash requirements, SIP has policies to limit and monitor its exposure to individual issuers or related groups and to ensure that assets and liabilities are broadly matched in terms of their duration and currency. SIP also holds a portion of invested assets in liquid securities. At March 31, 2022, SIP has $6,348,866 (2021 - $5,441,987) of cash and cash equivalents.

Along with the expected maturity profile of SIP's investment portfolio, the following table shows the expected payout pattern of the unpaid claim liabilities.

10. Financial risk management (continued):

(c) Liquidity risk (continued):

Expected payout pattern of unpaid claims as at March 31, 2022:

Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total
$ 2,030,000	$ 1,475,000	$ 623,000	$ 298,000	$4,426,000

Expected payout pattern of unpaid claims as at March 31, 2021:

Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total
$ 1,176,000	$ 1,238,000	$ 525,000	$ 282,000	$3,221,000

(d) Market risk:

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of SIP's primary market risk exposures and how those exposures are currently managed.

(i) Interest rate risk:

Fluctuations in interest rates have a direct impact on the market valuation of SIP's fixed income securities portfolio and liability values. Historical data and current information is used to profile the ultimate claims settlement pattern by class of insurance, which is then used in a broad sense to develop an investment policy and strategy. Generally, investment income will move with interest rates over the long-term. Short-term interest rate fluctuations will generally create unrealized gains or losses. Generally, SIP's interest and dividend investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds are reinvested at lower rates, and will likely result in unrealized gains in the value of fixed income securities SIP continues to hold, as well as realized gains to the extent the relevant securities are sold. During periods of rising interest rates, the market value of SIP's existing fixed income securities will generally decrease and gains on fixed income securities will likely be reduced or result in realized losses.

10. Financial risk management (continued):

(d) Market risk (continued):

(i) Interest rate risk (continued):

As at March 31, 2022, management estimates that an immediate hypothetical 100 basis point, or 1%, parallel increase in interest rates would decrease the market value of the fixed income securities by $125,000 (2021 – $120,000), representing 2.7% (2021 – 3.4%) of the $4,643,269 (2021 - $5,694,460) fair value fixed income securities portfolio, and decrease the value of unpaid claims reserves by $124,659 (2021 - $119,612), thus partially offsetting the change in market value of bonds. Conversely, a 100 basis point decrease in interest rates would increase the market value of the fixed income securities by $131,000 (2021 -

$16,000) and increase unpaid claims reserves by $129,276 (2021 - $17,590). If it was necessary for us to complete an unexpected quick liquidation of assets to meet our policy obligations, interest rate fluctuations could result in realized gains or losses greater than the change in reserve values.

Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the existing level and composition of fixed income security assets at the indicated date, and should not be relied on as indicative of future results. The analysis in this section is based on the following assumptions: 1) the securities in SIP's portfolio are not impaired; 2) interest rates and equity prices move independently; 3) shifts in the yield curve are parallel; and, 4) credit and liquidity risks have not been considered. In addition, it is important to note that AFS securities in an unrealized loss position, as reflected in OCI, may at some point in the future be realized either through a sale or impairment.

(ii) Equity market fluctuation risk:

Fluctuations in the value of equity securities affects the level and timing of recognition of gains and losses on securities held, and causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock markets and, consequently, the value of the equity securities SIP owns.

To mitigate these risks, SIP establishes an investment policy which is approved by the Board of Directors. The policy sets forth limits for each type of investment and compliance with the policy is closely monitored. SIP manages market risk through asset class diversification, policies to limit and monitor its individual issuers and aggregate equity exposure.

10. Financial risk management (continued):

(d) Market risk (continued):

(ii) Equity market fluctuation risk (continued):

As at March 31, 2022, management estimates a hypothetical 10% increase in equity markets, with all other variables held constant, would impact OCI by approximately $7,098 (2021 - $41,536). A 10% decrease in equity prices would have the corresponding opposite effect, impacting OCI by the same amounts. Equity instruments comprise 26.3% (2021 – 26.2%) of the fair value of SIP's total investments.

(iii) Foreign exchange risk:

Foreign exchange risk is the possibility that changes in exchange rates produce an unintended effect on earnings and equity when measured in domestic currency. This risk is larger when assets backing liabilities are payable in one currency and are invested in financial instruments of another currency. SIP monitors the exposure of invested assets to foreign exchange and limits these amounts when deemed necessary and mitigates foreign exchange rate risk. SIP may nevertheless, from time to time, experience losses resulting from fluctuations in the values of these foreign currencies, which could adversely affect operating results.

At March 31, 2022, SIP held $686,864 in US equities (2021 – $724,587).

As at March 31, 2022, management estimates that a hypothetical 10% increase in the value of the Canadian dollar compared to the US dollar with all other variables held constant, would impact OCI by ($1,672). A 10% decrease in the value of Canadian dollar compared to US dollars would have the corresponding opposite effect, impacting OCI by the same amounts.

11. Fair value measurement:

The following presents SIP's financial instruments measured at fair value by hierarchy level:

	March 31, 2022 Fair value	March 31, 2022 Cost	March 31, 2021 Fair value	March 31, 2021 Cost
Level 1				
Investments	$ 601,623	$ 384,156	$ 805,077	$ 606,040
Level 2				
Investments	$5,287,396	$5,186,052	$6,433,772	$6,068,257
	$5,889,019	$5,570,208	$7,238,849	$6,674,297

There were transfers of ($1,349,830) between Level 1 and Level 2 in the period. There were no fair value measurements classified as Level 3.

12. Rate stabilization reserves:

SIP has reserves which are intended to ensure stable rates to its members in future years as follows:

	Unrestricted Reserves	Externally Restricted Guarantee	Total
Balance, March 31, 2021	$ 4,146,404	$ 837,627	$ 4,984,031
Net loss	(2,357,330)	-	(2,357,330)
Required transfer to and from restricted reserves	415,657	(415,657)	-
Balance, March 31, 2022	$2,204,731	$ 421,970	$ 2,626,701

12. Rate stabilization reserves (continued):

(a) In accordance with the Exchange Agreement, Subscribers were not obliged to contribute any amounts to SIP in the form of a capital contribution. The combined rate stabilization reserves therefore represent the cumulative excess of income over expenses, including investment income, and may be used to cover potential future catastrophic claims or accommodation for significant increases in excess insurance premiums as appropriate. The Exchange Agreement provides that additional assessments may be made to the Subscribers to the extent that premiums collected are insufficient to cover the claims and expenses experienced by SIP. Similarly, where accumulated funds are in excess of funds required to meet the obligations in respect of claims arising, the Exchange Agreement provides for the issue of premium credits.

(b) In accordance with the August, 2021, actuarial review of the minimum capitalization required for SIP, a conservative level of capital has been determined to be in the range of $3,600,000. This actuarial value, including externally restricted reserves, represents the capital, in its simplest form, required to cover the shortfall between the premium income based on expected losses and expenses and losses as measured at year end. It also protects policyholders against any sudden increase in frequency or severity that could otherwise result in significant rate increases.

(c) The Insurance Act of Nova Scotia requires SIP to maintain a Guarantee Fund of $50,000 in cash or approved securities. The Act also requires SIP to maintain a Restricted Reserve Fund in cash or approved securities equal to 50% of the gross premiums receipts minus the cost of excess insurance, excluding broker fees.

13. Capital management:

Capital is comprised of SIP's Rate Stabilization Reserves. As at March 31, 2022, SIP's capital was

$2,626,701 (2021 - $4,984,031). SIP's objectives when managing the capital are to maintain financial strength, protect its claim paying liabilities, facilitate the prudent operation of SIP and promote long-term stability in premiums assessed to its Subscribers. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

SIP is required to have a guaranteed reserve fund of 50% of annual premiums received minus the cost of excess insurance, excluding broker fees.

The minimum capital levels for SIP are monitored by their regulator, the Office of the Superintendent of Insurance for the Province of Nova Scotia.

14. Operating expenses:

	2022	2021
Salaries and contracting out	$ 574,715	$ 556,380
Risk	82,861	117,259
Rent and related expenses	82,959	83,466
Professional	105,441	64,550
Data	71,504	81,324
E&O coverage for staff and directors	56,822	46,085
Translation and student accident insurance promotion	4,860	4,601
Board and committee meetings	3,023	-
Depreciation	9,158	9,232
Office	9,530	8,513
Print and website	9,537	9,289
Telephone and communications	9,347	9,496
Professional development and dues	7,104	9,611
Other miscellaneous	7,873	47
	$ 1,034,734	$ 999,853

15. Key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of SIP, directly or indirectly, including the Board of Directors of SIP.

Compensation expenses related to key management personnel consisted of $331,229 (2021 - $319,970) related to salaries and other short-term employee benefits. No other benefits were paid.

No compensation is paid to SIP's Board of Directors.

16. Changes in non-cash working capital items:

	2022	2021
Loans and receivables	$ -	$ -
Excess insurance recoverable	13,000	114,263
Other assets	(1,198,284)	(960,784)
Right of use asset	(421,379)	-
Lease liability	421,379	-
Accounts payable and accrued liabilities	468,603	71,266
	$ (716,681)	$ (775,255)

17. Other information

On December 3, 2021, legal representatives for SIP filed a Notice of Action against Arthur J. Gallagher Canada Limited (SIP's former insurance broker) for breach of contract and negligence. The outcome of this process is dependent on litigation.

18. Commitments:

SIP is committed to immaterial equipment leases subject to the practical expedients within IFRS 16 and software maintenance agreements with Riskonnect. The following are the estimated contractual obligations for the next three years:

	Other
2023	$ –
2024	49,626
2025	49,626

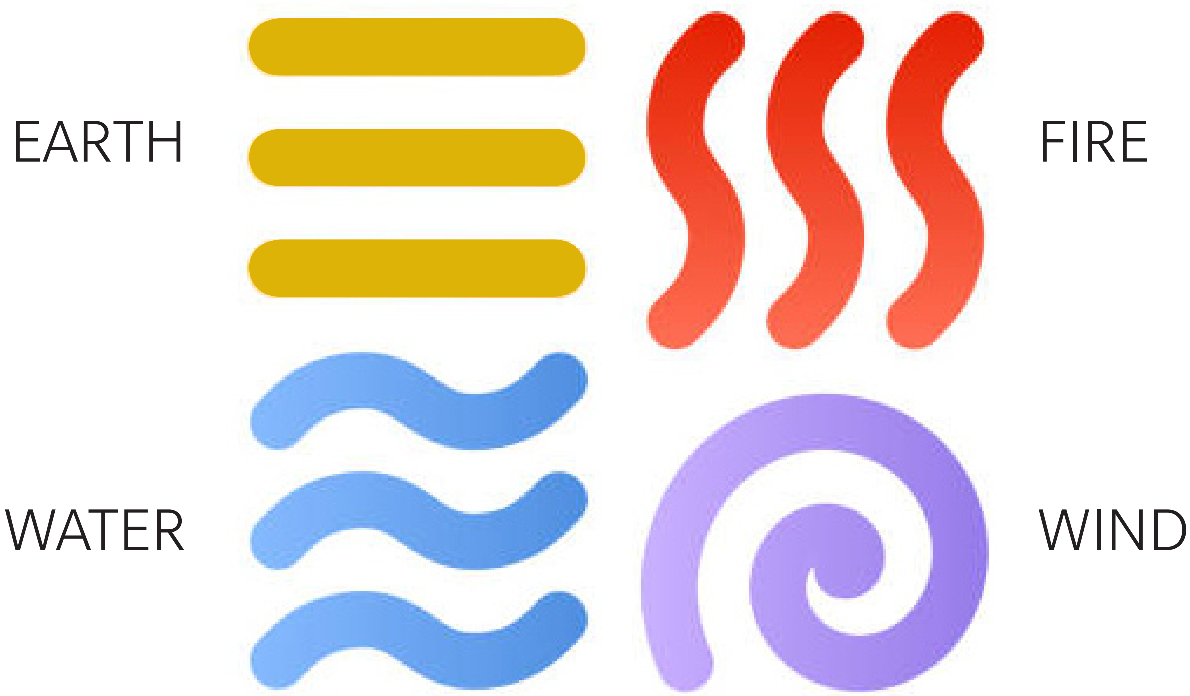
Appendix 2

2022 SIP Spring/Summer Newsletter

Volume 8 • No.2
SPRING/SUMMER 2022

riskwrite

Information that matters to you and the Nova Scotia School Insurance Program



Elements of Risk

WIND

Hurricane Season 2022

Hang onto your hats!

ANOTHER above-average hurricane season is forecasted for 2022, and **now** is the time to prepare.

Water in the Atlantic basin continues to be warmer than usual, which may lead to the potential for the first storm to arrive before the official hurricane season – June 1st to November 30th.

Early hurricane season forecasts predict between **16** and **21** named storms and **6** to **9** hurricanes, with **3** to **5** being potentially ***major weather events.***

Forecasts predict that affected regions will be like 2021, with storms moving up the coast and potentially impacting Atlantic Canada.

2022 Atlantic Storm Names

A lex

B onnie

C olin

D anielle

E arl

F iona

G aston

H ermine

I an

J ulia

K arl

L isa

M artin

N icole

O wen

P aula

R ichard

S hary

T obias

V irginie

W alter

Fun Facts About Hurricanes

The 2022 Atlantic hurricane season runs from **June 1** to **November 30**.

The Atlantic hurricane area includes the Atlantic Ocean, Gulf of Mexico, and the Caribbean Sea.

The U.S. National Weather Service defines a hurricane as a tropical cyclone with maximum sustained winds of 74 mph (119 kms) or higher.

Hurricanes are rated according to intensity of sustained winds on the *Saffir-Simpson Hurricane Wind Scale*. The 1-5 scale estimates potential property damage. A **Category 3** or higher is considered a major hurricane.

FIRE

Fireworks

WARNING: VERY DANGEROUS

End of year events allow students to celebrate their accomplishments and look forward to exciting things ahead. We often hear of requests to hold fireworks displays at these events.

Fireworks are a high-risk activity.

Should your school decide to have a display, we have recommendations to help keep the event safe.

- A professional fireworks display company or the fire department should oversee the event.
- Approval should be received by the Fire Marshal's office well in advance of the event.

You should ensure the organization hired to set off the fireworks has Commercial General Liability insurance with **$5 million** limits. You can do this by having them provide you with a certificate of insurance that lists your organization as both additional insured and certificate holder.

- **SIP** staff would be happy to review these certificates on your behalf.
- Fireworks should never be stored in buildings or vehicles as they pose an extreme fire risk.
- We recommend you let the local fire department know when the event will occur, so they are aware and/or can make plans to be on-site during the event.
- Ensure all local requirements re permits (if required) etc., are met.
- Ensure fireworks are set off in a safe area and at a safe distance from spectators, structures and wooded areas.

If you have any questions regarding fireworks or would like risk management advice on other activities planned for prom and graduation, please do not hesitate to send us an email at mail@sip.ca.

School Trips On Watercraft CHECKLIST

SIP has created a watercraft checklist to assist the teacher-in-charge in performing the due diligence necessary in advance of the trip to help ensure the safety of all participants.

1. All trips where students are on a vessel over 72 hours **must** be referred to **SIP**.

2. Any watercraft activity has inherent risks warranting a heightened safety consciousness. Ultimately, it is the responsibility of the supervisor-in-charge of the excursion to have the final say in whether an activity takes place or is cancelled due to safety concerns. Such safety concerns could be watercraft condition, lack of sufficient safety devices, weather conditions, student behaviour, etc.

3. Verify that the vessel has a Transport Canada inspection certificate. There are two types:

a. Passenger vessel that carries in excess of **12** passengers.

b. Passenger vessel that carries less than **12** passengers.

Visit **sip.ca** and select "**Teachers & Staff** "
select "**Risk Management**"
then select "**Advice**"
and click on "**Watercraft**" to view samples of what these certificates may look like

4. The crew and captain should be certified in marine emergency duties.

5. The captain of the vessel must be a licensed captain.

6. All students, staff, and volunteers should know where lifejackets are stored and how to access them in an emergency. Before the vessel leaves the dock, the supervisor-in-charge should ensure a sufficient number of correctly sized lifejackets are available for all those on board. They must be easily accessible.

7. The vessel owner should provide a safety briefing to all passengers about safety equipment and emergency procedures.

8. Check the **SIP** website for proof of insurance for vendors. Sign in under '**Teachers and Staf**f" and select "**Proof of Insurance**". Please print off the certificate of insurance for your vessel and attach it to your trip documents.

If your vessel company is not on the **SIP** website, you can ask the vessel owner to provide you with proof of insurance for protection and indemnity showing **$5,000,000** limits. **SIP** staff are happy to review this on your behalf once received.

9. Schools should not sign any waiver, releases, hold harmless or indemnity agreements.

10. Your organization's policies and procedures for supervisor/student ratios should be met or exceeded.

11. All participating students should have an informed consent form from the school sent home to be signed by their parents/guardians. The consent form should be specific to the activities in which the student will participate and outline the risks of all the activities.

Do not allow students whose parents have not consented to participate in the activities.

Description of Risk

SIP recommends the following clause be included in the description of risk:

This trip includes the risk of boarding and being carried on watercraft.

This trip or any related, associated or affiliated activity takes place in natural environments, including hazardous ocean and/or river and/or lake waters.

This trip involves risks, dangers and hazards resulting from many different circumstances, including collisions with man-made and natural objects, changing weather and sea conditions, equipment faults and/or failure, slippery or shifting decks, docks and gangways, failure to wear safety equipment, fitness and ability of student, due to remoteness immediate emergency medical care might not be available, negligence on the part of the other participants, negligence on the part of the vessel operator, due to remoteness communication devices may not operate, all of which could cause injury including drowning and/or death.

Contractual Risks

What to think about…

Contractual agreements are a necessary and important part of providing educational delivery for Centres for Education, CSAP and NSCC. At their core, contracts serve as a record of commitments for both involved parties and ultimately define the relationship in written terms.

In the realm of risk and insurance there are a few clauses to pay close attention to when negotiating a contract:

Indemnities – most contracts include a clause that provides for indemnification between the parties. It is important to review indemnities to ensure the language does not unfairly burden Centres for Education, CSAP, NSCC by unduly transferring liability from the other party – liability which the other party should remain responsible for (e.g., The other party's own negligence).

At the same time, it is also important to protect the position of Centres for Education, CSAP, NSCC by negotiating the transfer of risk in a common-sense manner. For instance, a snow removal contract should be negotiated with an indemnity that makes the snow removal contractor fully responsible for slip and fall lawsuits which arise out of snow/icy conditions on drives, parking lots and walkways, conditions that are present due to the negligent performance of the contractor.

Insurance specifications – the insurance specifications outlined in a contractual agreement should reflect the purpose of the relationship. If a contract is being negotiated for the repair and replacement of a school roof, the contract should require that the contractor procure and evidence adequate liability, property coverage for the contractor's own equipment and automobile coverage for vehicles that will enter the school premises. As well, coverage for builders' risk and/or installation floater should be mandated in the contract.

Alternatively, a contract for the above-mentioned snow removal service would focus on the contractor's liability and automobile coverages and would not be concerned with builders' risk / installation floater coverage.

At **SIP** we see many draft contracts requiring Centres for Education, CSAP, NSCC waive the right of subrogation (subrogation is the right held by the insurer to legally pursue a third party that caused an insurance loss to the Centre for Education, CSAP, NSCC). As a waiver of subrogation is very onerous to the interests of Centres for Education, CSAP, NSCC and the **SIP** insurance program. **SIP** recommends negotiating waiver of subrogation language in favour of the other party out of the contract.

Finally, the insurance clause section should require that the other party adds the Centre for Education, CSAP, NSCC to the other party's insurance as an Additional Insured. This ensures Centres for Education, CSAP, NSCC will be protected for vicarious liability under the other party's liability insurance, in the event the other party is negligent.

The realm of contractual indemnity and insurance clauses is extremely broad, and considerations go well beyond the very basic outline provided above. Entire books have been written on these topics. When negotiating a contract, all are encouraged to reach out and engage **SIP** to review these clauses to ensure the language properly reflects the purpose of the relationship and properly protects the interests of Centres for Education, CSAP, NSCC.

In addition to ensuring the proper protection of Centres for Education, CSAP, NSCC, there may be insurance related items contained in draft contracts which **SIP** will need to review with our excess insurance providers and secure their approval.

Document Retention

It's about time.

Q How long is a school required to keep an informed consent form?

A For **one year** from the date of the activity.

If an incident occurs resulting in an injury to a student during an activity, it would be beneficial if you would scan the consent form for that student and email it to us and fill out the incident report online.

Q How long is a school required to keep an incident report on file?

A For **one year** from the incident date.

We want to point out that we are not looking to override any retention policies your organization may have for document retention.

Our retention advice is strictly from a **SIP**/**Insurance** requirement perspective and is meant to address our needs if an insurance defence is required.

Any document retention policy that your organization has in place that exceeds our document retention advice would supersede our requirement.

J & K Forms

To comply with the *Motor Carrier Act*, a document called the "**J** Form" is needed when your organization is arranging the transportation of a student(s) for extra or co-curricular activities.

This form must be completed annually and kept on file at the school for each driver who will be transporting students on your organization's behalf.

The "**K** Form" is similar to the "**J** Form," with the difference being that it is used for Centres/CSAP to arrange the transportation of a student(s) for extra or co-curricular activities via ***taxi service***.

For a copy of the forms or additional details, please reach out to the **SIP** team via email at **mail@sip.ca** or phone at 902-480-2170.

INFLATABLES

Over the years, inflatable devices such as bouncy castles and slides have become a popular attraction for school activities and events. To help reduce injuries associated with inflatable devices, **SIP** has put together some risk management information to outline best practices for rental, setup, and safe operation of these structures to assist schools when planning to use such.

Legislation

The *Amusement Devices Safety Act* is the legislation that provides for the inspection and licensing of amusement devices and temporary structures such as bouncy castles. Legislation is in place for these devices to ensure equipment is designed, assembled, dismantled, and operated to guard against injuries to the general public.

Operator License

Owners of inflatable devices must be licenced by the Nova Scotia Department of Labour and Advanced Education (Elevators and Lifts Inspection Services) to operate. Licenses are granted when:

- The Department has inspected the equipment
- Operators of the equipment meet the training standards set by the Department
- Proof of insurance coverage is provided

As part of their due diligence when arranging a company to provide inflatable amusement devices for school events, the teacher-in-charge should request a copy of the license issued to the owner by the Department for their records. If the company cannot provide a copy of the license when asked, the school should not use them.

Additionally, requesting a certificate of insurance showing, at minimum, **$1 million liability** insurance limits specific to the inflatable device's operation and that lists your organization as an additional insured is another step in doing your due diligence in planning the event. If you choose to request this, **SIP** would be happy to review such on your behalf once received.

You can contact the Department of Labour and Advanced Education should you have any questions concerning the device intended for your event.

Outdoor Safety

If you will have an inflatable device set up for any outdoor event, confirm with the operator that it has been securely anchored to the tether points per the manufacturer's guidelines to prevent movement by wind or user activity. The selected setup site needs to have adequate space for safe anchoring. All available anchor straps on the device should be used to tie it down and in no event should a vehicle be used as a tie-down.

Close consideration should be given to the weather as well. These devices should not be used in rain-storms or high winds. Water can make the jumping surface dangerously slippery and cause the ground it is anchored into to become loose and ineffective in securing the device. Strong winds can cause these devices to collapse or topple over and, in some cases, even carry them in the air with children inside. Injuries from historical incidents have shown how significant and life-threatening they can be.

Indoor Use

Schools can set up these devices in the school so long as their operations department is okay with them doing so; however, close attention must be given to ensure that the devices do not obstruct any fire protection equipment or exits.

Additional risk management comments **SIP** has regarding inflatable devices are as follows:

- Do not use your organization's employees, volunteers, or students to set up or operate the equipment.
- Do not sign any indemnity or hold harmless agreements or waivers. If you are asked to sign a contract, we recommend that you have legal counsel or SIP review it before signing.
- Ensure the device is not installed near trees, fences, walls, or power lines.
- Ensure the anchoring system and any mechanical equipment used are set up in a way that will not create a tripping hazard for those entering and exiting the device.
- First aid equipment and trained first-aid staff should be on-site.
- Ensure there are mats at ride exits.
- Only commercially rated equipment should be used.

sip.ca

WIND

Air Handling Unit Inspections

We have seen an uptick in claims resulting from pre-existing damage to air handling units on building rooftops.

SIP recommends that air handling units be visually inspected regularly along with roofing systems to promote the avoidance of such claims through proactive and preventative maintenance.

When inspecting air handling units, please check for deterioration from long-term exposure to the elements and damage from single wind or other single weather occurrences.

WIND

Winter 2021-2022 Claims Trend:

It Was Too Cold!

This past winter exhibited multiple low-temperature events impacting our Subscribers in both frequency and severity.

Between December 2021 and March 2022, **SIP** opened **15 claims** for damages to schools resulting from the peril of freezing acting upon sprinkler piping, plumbing lines, and heating coils.

SIP adjusters were assigned and on-site as quickly as possible to begin investigations and ensure professional and timely claims handling.

Our Subscribers acted quickly to mitigate each occurrence; however, the sheer number and overall resulting water damage had significant and challenging impacts on the **SIP** insurance program.

WATER

Lifeguard Services

We are approaching that time when the weather is getting nicer, and teachers start thinking of fun, end-of-year trips for their students.

Swimming tends to be an activity students gravitate to, whether at a community pool or a local lake. To help ensure water safety, having a lifeguard on duty when students are present is crucial; however, sometimes, finding one available can be more difficult than expected.

Teachers are encouraged to contact the recreation department or pool they plan to use for lifeguard information. If you are experiencing difficulties finding a lifeguard, you can contact the **Lifesaving Society** directly for assistance.

You can find an online request form for lifeguarding service at: ***http://lifesavingsociety.ns.ca/index.php/rent-a-guard-form***

This form gathers information the **Lifesaving Society** needs to help schools find lifeguards for their activities/events.

Alternatively, you can call **902-477-6155**; however, this option may take longer to receive a response than if you complete the form mentioned above.

NOVA SCOTIA LIFEGUARD SERVICE

Hand Sanitizer

Hand sanitizer has become an integral part of ongoing efforts to ensure a healthy environment within our schools and buildings. Bottles of sanitizer are housed in numerous locations throughout our schools.

Though undeniably needed and effective, bulk sanitizer storage can pose a fire risk.

Alcohol-based sanitizers are typically 70-80% flammable isopropanol or ethanol, having a flashpoint of approximately 21°C and are considered Class 1 flammable liquids – it has the potential to be dangerous if not treated properly.

SIP's school inspector has advised that where hand sanitizer quantities at one location exceed 5 litres, it should be relocated to a **ULC** or equivalent labelled flammable liquids storage cabinet.

Another alternative would be a storage room arranged so that no openings communicate directly with public portions of the building such as hallways, classrooms, assembly areas and offices.

Also, storage rooms should be at a maximum temperature of 25°C and not contain an ignition source such as fuel-burning applications and should not be at the basement level.

If possible, we encourage you to store your excess sanitizer in the fashion mentioned above or check with your operations team to determine if your current methods are adequate from a safety standpoint.

Maintaining the safety of your facility, employees, students, and guests is critical. By taking a few precautionary steps, we can help eliminate both a health and fire hazard!

WATER

Water Damage Prevention Program

Not all water damage to school property is due to rainstorms or flood events.

Most building water damage losses we see these days come from an accidental release of water from plumbing and HVAC systems.

A review of five recent years of loss activity by a major insurer found three leading causes of water damage:

1. Accidental water discharge – **54**%
2. Freezing pipes – **23**%
3. Sprinkler leakage - **16**%

These losses can be high given the potential for water to flow undiscovered overnight, greatly increasing the likelihood of significant damage.

However, the potential for water damage can be reduced by utilizing water sensors, shut-off valves, and other tools that can detect when a leak occurs.

Proactive utilization of these water damage prevention systems, which can be monitored via the internet, and the "early notification" they provide to personnel, can help mitigate, reduce, or, ideally, prevent water damage altogether.

Incident Reports

...*a friendly* ***reminder***!

When a person(s) on your school property is injured in any way, an incident report is to be completed and submitted to **SIP.** This applies to students, staff, volunteers, and visitors. If a student is injured during a school activity (whether on or off school property) an incident report should be submitted. It only takes a few minutes to do!

Also, please note that ***Incident Reports*** are ***not*** to be completed by the injured party.

Important Reminder

In the event of a student injury, filling out an ***Incident Report*** does ***not*** initiate a claim under the *Student Accident Program.*

Parents ***must*** initiate claims ***separately*** under the *Student Accident Program.*

To do this, the form (dental or non-dental) is found on our website (www.sip.ca). The form is to be filled out and submitted by the parents of the injured student. It is recommended to send the form as an attachment via **email** to SSQ (claims.spgroup@ssq.ca).

What is a
SIP Courtesy Call?

SIP receives many incident reports submitted by our schools in a year.

One of our Claims Administrators reviews each report. Upon review and at the discretion of the Claims Administrator, the school may be contacted for more information regarding the incident.

This is considered a **Courtesy Call**. This call is made ONLY to gather information about the incident while fresh in people's minds. It does not mean a formal insurance claim will ensue or that there is reason to be concerned.

This Courtesy Call is simply **SIP** gathering the information necessary to ensure we understand the particulars of the incident report in question.

SIP Trivia Contest #5

All correct responses received within the first two weeks of newsletter release date will be entered into a draw. Two names will be drawn, and each will receive a **SIP** logo'd hoodie style fleece sweater.

Sizes available are Small, Medium, Large and Xtra Large.

SIP Trivia is open to all Regional Centres for Education, CSAP, and NSCC staff.

Please email your answers to:

mail@sip.ca

True or False...?

1 A school may receive a courtesy call only when a claim has been presented which is connected to a submitted incident report.

2 Inspections are carried out at schools every six years on a rotational basis and are carried out courtesy of **SIP**.

3 16+ character service account and domain admin passwords are recommended to prevent ransomware and other hackers from cracking weak admin usernames and passwords.

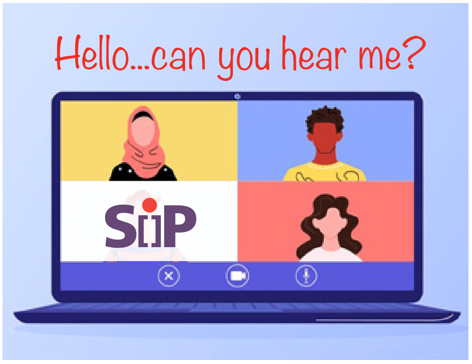
This could be yours!

Available in **S**, **M**, **L**, **XL**

Winter 2022 SIP Trivia Winners

Stephanie Dicks — *Secretary, L.E. Shaw Elementary School*

Matt Beatty — *IT Technician, AVRCE*



Holding a Virtual Meeting?

If you are interested in having a representative from **SIP** ***attend your next virtual meeting***, please contact our office. We are happy to attend to discuss any insurance, claims, or risk management matters.

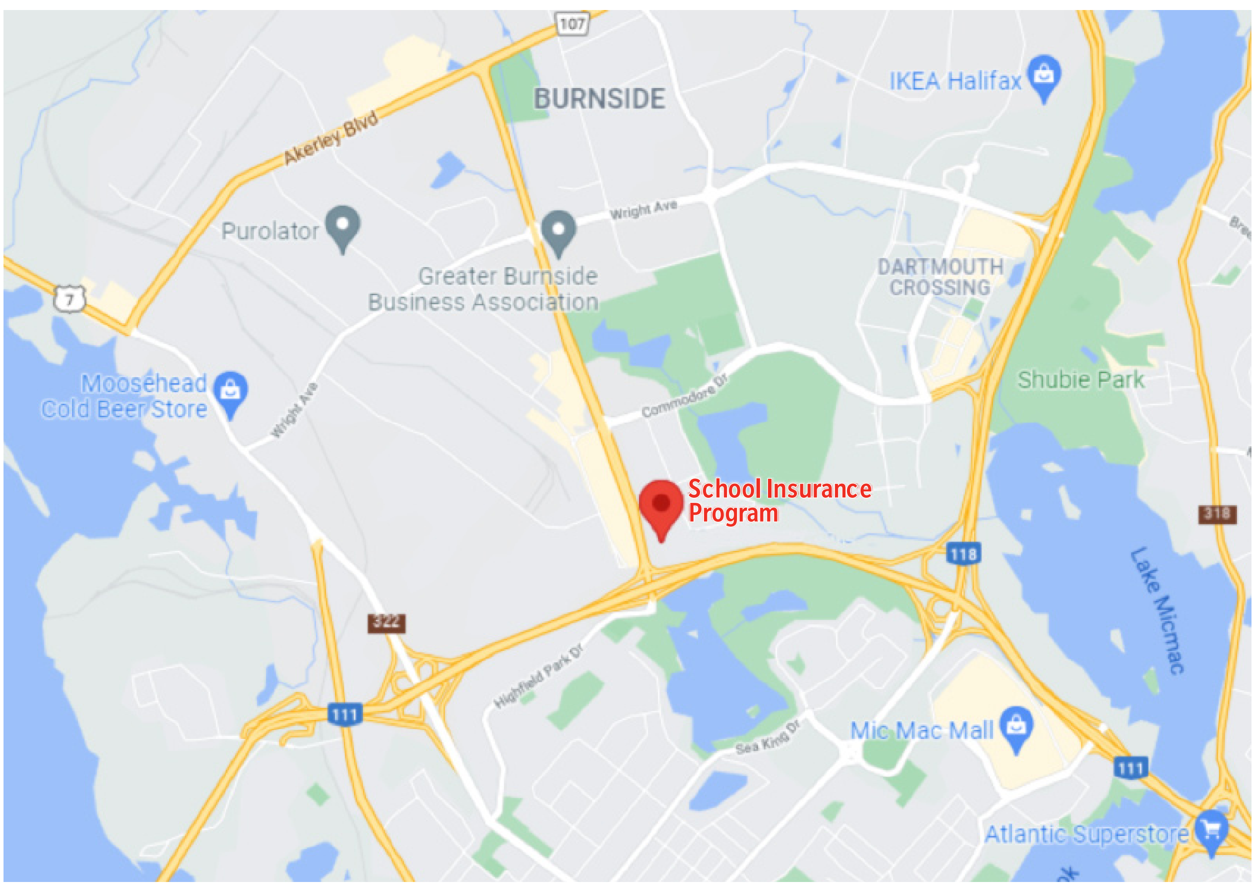
Call 902.480.2170 or email: **mail@sip.ca**

We've Moved …but not very far.

SIP's office has recently moved within Burnside.

Our new location is:
Park Place II
Suite 100
238A Brownlow Avenue
Dartmouth NS B3B 2B4

We are now conveniently located in the building next to the Delta Dartmouth!



K–12 Safety

On-line training for your employees brought to you compliments of **SIP**

The School Insurance Program is pleased to continue to be partnered with ***K–12 Safety* *Online Training***. ***K–12*** *Safety* courses are specifically designed for school employees. The training courses are authored by school experts and are available from any internet appliance—computers, iPads and even smartphones with internet access.

Each participating Regional Centre for Education/ CSAP/NSCC have their own ***K–12*** *Safety* training site. ***K–12*** *Safety* training can track group or instructor-led training, and it also tracks individual eLearning training. Subscribers can even upload their policies and track acceptance of them as well. Administrators will enjoy real-time progress reports by school and even across the entire organization.

K–12 *Safety* continues to localize many of its courses and there are many courses that are ready for you today! As well, there are courses available in French, and more in the making.

We are confident this will be a great resource for all employees in your Regional Centres for Education, CSAP and NSCC. Students will benefit from safer environments as well.

For further Information and/or to connect with your Centre's/CSAP/NSCC ***K–12*** *Safety* representative, please contact **SIP** at [***mail@sip.ca***](mailto:mail@sip.ca) to get your membership as soon as possible.

SIP
School **Insurance** Program

NOW AVAILABLE FROM SIP

guard.me

SCHOOL TRIP & MEDICAL INSURANCE

Going on a school trip and need travel medical insurance?

SIP is pleased to advise that we continue to partner with **guard.me** to make travel health insurance available for our schools.

guard.me health insurance plan provides for full payment, without co-insurance or deductibles, for doctors' visits and hospitalizations for medically required urgent care, as well as for paramedical care, medicines and urgent dental care. Go to sip.ca and select *Teachers & Staff*, select *Trips* and click on *Trip Insurance*.

TO APPLY FOR COVERAGE, SEND AN EMAIL TO:
ADMIN@GUARD.ME
IF YOU HAVE COVERAGE QUESTIONS, PLEASE EMAIL:
MEGAN@GUARD.ME

Who can apply for guard.me insurance?
guard.me is designed specifically to meet the needs of travel insurance for school trips. Eligible applicants include:

- *Students* • *Teachers* • *Volunteers/chaperones*
- *School faculty and staff*

You will receive confirmation from **guard.me** that your application has been processed and approved. ID cards will be delivered to the school; **SIP** will invoice the school for the premium.

How does the school get coverage for the school trip?
Go to sip.ca and select *Teachers & Staff*, select *Trips* and click on *Trip Insurance:*

- Review the following available coverages

guard.me Canada – for school trips within Canada for emergency travel insurance.
guard.me Global – for school trips outside of Canada for emergency travel insurance.

- Select the option that you would like to purchase.
- Send an email to: admin@guard.me and request an application for coverage.
- Complete the application for those on the school trip that want coverage.
- Send to: admin@guard.me for a quote on coverage.
- The quote will be sent by email to the school.
- The school can request coverage through **guard.me**. **Guard.me** will activate coverage and issue ID cards for all travellers covered by **guard.me** and send by email.
- **SIP** will invoice the school for the coverage premiums.

How to make a claim?
Go to sip.ca and select *Parents & Students* and click on *Travel Insurance.*

School Trips

What to know...**before** you go.

Do you have a question for **SIP** about a **school trip?**

We get questions on field trips that range from trips to the library to trips to Europe. Our website now has a new feature that will help you tell us about your trip and answer any questions you may have. Follow these simple steps to submit your inquiry:

1. Go to ***www.sip.ca***
2. Select ***Teachers***, then ***Staff***, and log in (user name: ***sip*** password: ***student***)
3. Select the ***Trips*** tab

Complete the form and submit to SIP staff and we will get back to you as soon as we can. Please remember to file your trip itinerary for **all trips** outside of Canada.

Agreements & Waivers

What to do...and **not** do.

Your school is being asked to sign waivers, hold harmless agreements, group agreements, indemnity agreements and release forms...**what should you do?**

Here is a quick reference chart to assist you:

Activity	Action to Take
Business offering activities for students	**Do not sign**
Field trips or sports activities	**Do not sign**
Leasing of space	Send the contract to your Centre/CSAP/NSCC office or **SIP**
Rental of equipment	Send copy of contract to your Centre/CSAP/NSCC office or **SIP**
Group agreement	**Do not sign**
Not sure	Send to **SIP** and we will assist you

Do not sign on the dotted line unless you have authority from your Centre/CSAP/NSCC to sign a legal contract on their behalf.

For further information, see ***RiskWrite*** "To sign or not to sign" at sip.ca under *Risk Management Advice > Contracts*

Staff Members

Bruce Macdonald BBA CIP
Chief Executive Officer
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Office 902.480.**2173**
Cell 902.499.9890

Bruce plans, organizes, manages and evaluates the operations of **SIP** in accordance with objectives established by the Board of Directors.

Lee-Anne Dauphinee CIP CRM
Risk Manager
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Lee-Anne provides risk management, loss control, and insurance purchase and renewal service to **SIP** subscribers.

Cindy Norrad CPA CGA CRM
Controller
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Cindy manages the finances of **SIP**, reports to the Board of Directors and is involved in procurement.

Meagan Spicer
Claims Administrator
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Meagan handles claims, the student accident program, certificate of insurance requests and also provides administrative support to office staff.

School Insurance Program

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Rebekah Tingley CRM CIP
Risk Management and Insurance Analyst
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Cell 902.830.2178

Rebekah assists the Risk Manager and answers enquiries about school trips and activities.

Valencia Forrest
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Valencia handles claims, the student accident program, certificate of insurance requests and also provides administrative support to office staff.

Dawn Graves
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Dawn provides administrative support to the office staff and works closely with the Chief Executive Officer.

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Available en francais at ***sip.ca***