

## **Indemnification Policy for City Council Members Serving on External Boards without City Council Approval**

1. When asked to sit or participate on the board of an external body where City Council does not appoint them, City Council members, prior to accepting the appointment, shall conduct due diligence and shall:
  - (i) Review and consider whether the external body's mandate is within their role as a City Council member;
  - (ii) Request the external body to provide written proof and details of their director's liability insurance and confirm that the appointed City Council member is included as an insured;
  - (iii) Ensure that the external body has sound governance practices in that it follows rules of procedure, recording of decisions, adoption of meeting minutes at board meetings, and has adequate governance policies for matter such as conflict of interest and procurement of goods and services.
  - (iv) Determine that the external body is a not-for-profit body, whether formally incorporated or not; and
  - (v) Document answers provided to the questions asked of the external body, and where possible, have the external body provide adequate documentation.
2. Where a City Council member is not satisfied the criteria above are met, they are encouraged to decline the offer to sit as a member of the external board. Their refusal of the offer should be provided to the external body in writing.
3. Should the City Council member elect to sit on the board of the external body, the board shall be required to provide the Council member a board minute indicating that the Council member's appointment was approved, and the length of the term should be indicated. The City Council member shall forward the board minute to the City Clerk.
4. The City Clerk shall circulate an initial declaration form to City Council members to identify which external bodies City Council members sit on as a board member where there was no appointment by City Council.
5. City Council members shall complete the declaration and provide it to the City Clerk within the time period indicated by the City Clerk.
6. The City Clerk will submit a report to City Council through the Executive Committee indicating which external bodies have been identified as part of the declaration process.

7. Following City Council's consideration, the City Clerk will provide the list of external bodies created from the declaration to the Manager of Insurance and Risk Management who in turn will inform the City insurer of the external bodies on which City Council members sit as board members and were not appointed by City Council. The names of the City Council members and their appointments to external bodies will be added to the named insured in the City's insurance coverage to a limit of \$5 million per occurrence.
8. Annually, after the initial declaration, City Council members will be circulated a declaration form by the City Clerk in order to add/delete names of the external bodies on which they are a board member and where there was no appointment by the City.
9. When a claim is made by a City Council member in their role as a board member on an external body, they will first pursue the claim against the director's liability insurance of the external body. Only if the director's liability insurance of the external body will not cover the claim shall the City's insurance coverage be invoked through a claim by the City Council member using the City's Claims Administration Procedures by notifying the Manager, Insurance and Risk Management.
10. Where a claim is made against a City Council member in their capacity as an external board member and the City Council member has not named the external body as part of the declaration circulated by the City Clerk, the external body's insurance denies the claim, or the claim is not insurable under the City's insurance, the City Council member may request City Council to cover their legal expenses and/or damages pursuant to Section (2) of the City of Toronto's Indemnification Policy for City Council Members (EX 33.6, adopted by City Council on August 5, 2009)
11. For clarity, this policy only applies to City of Toronto Council members who are board members on external not-for-profit bodies that make binding decisions for their organizations, and excludes external bodies that are advisory or for-profit entities. The policy only applies to board members of the external body who are members of Toronto City Council, and not to other board members or the external body itself.