

Chapter 11: Non-Public Funds Consolidated Insurance Program

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INTRODUCTION

1. The Non-Public Funds Consolidated Insurance Program (NPFCIP), described in this chapter, covers all non-public property (NPP) and all non-public fund activities of the Canadian Forces (Regular Force).
2. With prior approval of CFPSA/CFO&VPI, NPP property and activities of Reserve Force units and officially accredited museums are covered under the NPF CIP Insurance program.
3. The CFCF pays all premium charges applicable to the NPF CIP.
4. CFPSA/CFO&VPI is the OPI for the NPF CIP. All correspondence and communication by units in connection with the program will be made through the OPI.

GENERAL

5. This chapter explains the coverage provided and other details concerning the NPF CIP. It outlines the procedures for making a claim under the program, provides information for reporting changes in insurable risks, registration of vehicles, and reporting of accidents that may result in a claim.
6. Administration of claims against the NPF CIP is considered an administrative function of a unit. It is important that all such claims are processed through and controlled by the Unit Administration Officer. The raising of required reports and returns can be initiated by the appropriate CANEX, Mess or Unit Fund personnel, but the actual submission of these items to the CFO&VPI is to be made by the Administration Officer.
7. It is important to note that because of the complexity of insurance coverage and the number of different situations that can arise, it is not possible to cover all circumstances in this chapter. Units should contact the CFO&VPI for clarification of any matter or circumstance where there is doubt about coverage under the NPF CIP.

PURPOSE

8. The purpose of the NPF CIP is to provide adequate insurance coverage to all NPF activities, at minimum cost to NPF, through the purchase of central policies covering property losses and liability claims.

ACTIVITIES COVERED

9. Coverage under the NPF CIP includes all NPF property, business or economic undertakings of CANEX, messes, Base/Wing/Station Funds, PMQ councils, and the CFCF. Unit, Squadron and Branch Funds are covered if they are accounted for in the Base/Wing/Station NPF accounting records and their funds are deposited in the Base/Wing/ Station bank account. Trading activities operated by these funds will be covered if they make central fund contributions in accordance with Chapter 10. Additionally, all museums operated by units of the Regular Force are covered, and accredited museums of the Reserve Force under CFAO 27-5 may be covered if they comply with the requirements of [Annex M, Appendix 2](#), paragraph 7.

RISKS COVERED

10. The NPF CIP provides the following coverage:
 - a. **Property.** Property of every description, including property for which NPF may be any way responsible, during construction or while in transit or situated anywhere in the world, except as may be excluded in paragraphs 2 and 5 of [Annex C](#). Items on loan or consignment may also be covered. Property includes money and PMQ/Community Council property.

NOTE: You shall notify the CFO of any disruption to or flaw or defect to any sprinkler, fire extinguishing, fire detection or intrusion system.
 - b. **Museum Property and Other NPP Which Has Appreciated in Value.** Items that appreciate in value, e.g., artifacts held by museums, paintings, sterling silver items, may be covered on a valued basis if they are appraised by a qualified appraiser.

(See details at [Appendix 2 to Annex M](#).)
 - c. **Comprehensive General Liability.** NPF operations are covered for legal liability for death/injuries or damage/loss to property of third parties.

Note: It is required that signed approved Waiver of Liability, Assumption of Risks, and Indemnification Agreement be obtained from Participants of high risk NPP Instructional Classes and Recreational Clubs. Please contact CIP Manager and/or your local PSP Manager for details.
 - d. **Employer's Legal Liability.** This coverage is analogous to Worker's Compensation insurance and is provided only where the Government Employees Compensation Act does not apply.
 - e. **Motor Vehicle Liability.** Coverage includes legal liability for the operation of NPF-owned vehicles and non-owned vehicles (as defined in [Annex E](#) paragraph 2), in respect to bodily injury/death or damage/loss to property of others arising out of the ownership/use of such vehicles subject to standard automobile policy. The limit of liability for each occurrence is \$1,000,000 and Statutory Medical Benefits.
 - f. **Overseas Units and Units Located in Provinces with Provincial Car Insurance Plans.** Premiums for motor vehicle insurance coverage for NPF vehicles owned by units located overseas or in a province which has compulsory car insurance plans will be paid by the CFCF based on arrangements made with CFO&VPI.
 - g. **Group Accident.** Twenty-four hour business travel, provides Life, Paralysis, and Dismemberment coverage.
 - h. **Directors' and Officers' Liability Insurance.** Provides coverage for defence, penal coverage and initial litigation expenses.
11. Self-insurance for loss by physical damage to NPF-owned vehicles, e.g., collision, upset, fire, is provided by the CFCF. (See [Annex G](#).)

RISKS EXCLUDED FROM COVERAGE

12. Coverage is not provided under the NPF CIP for the following:
 - a. Worker's Compensation and GECA;
 - b. employer's legal liability other than as provided for in paragraph 10d;
 - c. accident liability insurance for German nationals employed by Canadian Forces NPF activities in Germany (see [Annex J](#));
 - d. legal liability arising from the operation of watercraft, which are over 26 feet in length and aircraft, including gliders;
 - e. general liability coverage if waiver as per 10(c) above has not been obtained.

Please contact CIP Manager and/or your local PSP Manager for details;

- f. employee infidelity or intentional act by which employees may cause third party bodily injuries or property damages;
- g. NPF vehicles rented for remuneration, except where special arrangements have been made with CFO&VPI;
- h. Military Family Resource Centre (MFRC) operations; and
- i. any other item not expressly provided for in this chapter.

PAYMENT OF PREMIUMS

- 13. All premiums for the NPF CIP are paid by the CFCF and the cost is borne by the CFCF as part of the assistance programs to units. Arrangements for payment of these premiums are the responsibility of the CFO&VPI.

OBTAINED COVERAGE - UNIT REQUIREMENTS

- 14. All units qualify for coverage under paragraph 9 and this coverage is automatic. However, to ensure that adequate coverage is being provided, it is necessary to notify the CFO&VPI:
 - a. of the acquisition or the disposal of an NPF vehicle (see [Annex M](#));
 - b. on commencement or cessation of garage operations (see [Annex M](#)); and
 - c. of changes in the value of NPF holdings, by completing returns as requested from time to time by the CFO&VPI.

DEDUCTIBLES ON CLAIMS

- 15. There is a policy deductible on all claims under the NPF CIP before the insurance companies providing coverage become involved. Bases, wings, stations, units and ships are liable for the first part of the policy deductible, i.e., the unit deductible, on each occurrence of loss, at the following rates:

Deductibles on Claims	Liability Claims	Property Claims
Bases/Wings, CANEX, CFSG(O-G)	\$15,000	\$15,000
Ships and small units, deployed operations, reserve units, accredited reserve museums	\$1,500; host liquor liability, \$10,000	\$1,500
PSP Military Housing	\$15,000	\$100,000

- 16. The CFCF will pay the difference between the unit deductible on a claim and the total claim up to the amount of the policy deductible. The NPF CIP insurers will pay the amount of a claim in excess of the policy deductible.

VALUES INSURED

- 17. Furniture and equipment is insured at its current replacement cost less depreciation as outlined in [Annex B](#).
- 18. Merchandise is insured at its cost price.
- 19. NPF owned vehicles that are covered under paragraph 11, are insured for their actual cash value (or fair market value) as at the date of loss or damage.

20. Buildings that have been built from NPF and have not been turned over to the Crown/Public are insured on the basis of replacement cost on the date of loss without deduction for depreciation. If a building is lost by fire, etc., but is not replaced, settlement of the claim will be on the basis of the actual cash value (ACV). ACV is the current replacement value less depreciation.
21. Crown/Public-owned buildings that have been renovated at NPF expense are covered on the basis of the ACV of such renovations, including fixtures, as at the date of loss. Crown/Public-owned buildings include buildings built from NPF and subsequently turned over to the Crown/Public, and the coverage for such buildings is in respect to any renovations subsequent to the date of turnover to the Crown/Public. Coverage may be arranged, in special circumstances, for public buildings occupied by PSP activities.

PROPERTY EXCLUDED

22. NPF property such as cabins, cottages, clubhouses, etc., which are located off the base/station or remote from the "active" area of the base/station are not covered under the NPF CIP. The reason for this exclusion is that these are high risk properties: neither unit fire protection services nor MP surveillance and protection against break-in and theft are readily available. Units having NPF facilities which could be considered remote, and for which clarification of coverage is required, should submit full details of such facilities, including location in respect to the base/station active area, and the degree of protection afforded these facilities, to the CFO&VPI for a ruling. Note that although these remote facilities are not covered for property losses, they are covered under the comprehensive general liability portion of the policy outlined in paragraph 10.c.

UNIT ACTION WHEN A LOSS/ACCIDENT OCCURS

23. All occurrences where legal liability is involved, including NPF vehicle accidents, and property losses which are estimated to be in excess of \$5,000, shall be reported to the CFO&VPI by the most expeditious means, i.e., telephone during working hours or message or FAX after working hours. The CFO&VPI will contact the NPF CIP insurers and arrange for an insurance adjuster to investigate and handle the claim. Although the policy deductible for property losses exceeds \$5,000, CFO&VPI may wish, depending on the circumstances, to have an adjuster handle the claim on behalf of CFCF and therefore handle the requirement to advise on property losses which are in excess of \$5,000.
24. Once the immediate action outlined in paragraph 23 has been taken in regard to liability claims and property losses in excess of \$5,000, [Annex A](#) to this chapter (Preliminary Report of Loss) is to be forwarded to the CFO&VPI as early as possible. If an insurance adjuster has been appointed to investigate and settle the claim there is no requirement to submit [Annex B](#) (Proof of Loss Report). If an insurance adjuster has not been appointed it is necessary to submit [Annex B](#) before the claim can be finalized.
25. The CANEX Regional Manager (RM) or CANEX Manager (CANEX Mgr), PMC or Chairman of the NPF activity experiencing the loss shall complete the form Preliminary Report of Loss and sign the form in the place indicated. The form shall, in all cases, then be passed to the PSP Mgr for signature of the BComd and onward transmission to the CFO&VPI for processing (see paragraph 6).
26. As outlined in paragraph 24, if an insurance adjuster has not been appointed to investigate and settle the claim it is necessary to complete and submit a Proof of Loss Report. The form is to be completed by those who raised the Preliminary Report of Loss and is to be signed and forwarded through the PSP Mgr to the CFO&VPI in the same manner as outlined in paragraph 25. The form and any required attachments are to be submitted in single copy.
27. In respect to claims submitted in accordance with paragraph 26, it is emphasized that enough information must be provided to the CFO&VPI about the details/circumstances of the loss to permit proper evaluation of the claim. If there is not enough room on the form,

further details should be provided in the covering letters forwarding Annexes [A](#) and [B](#).

SETTLEMENT OF CLAIMS

28. The NPF CIP insurers have requested that a specific contact be named for all matters concerning claims settlement negotiation and acceptance. CFO&VPI has been appointed to serve in that capacity. Accordingly, although the unit concerned will be consulted as required by both CFO&VPI and the insurance adjuster, final settlement of all claims involving an insurance adjuster will be negotiated between CFO&VPI and the adjuster.
29. Settlement of a claim in excess of the appropriate policy deductible (see paragraphs 15 and 16) will be agreed and finalized between CFO&VPI and the CIP insurers before CFCF reimbursement to the unit concerned is effected (See paragraph 28).
30. Settlement of a claim that is less than the appropriate policy deductible will be made as soon as possible by the CFCF on the same basis that a similar claim, in excess of the policy deductible, would be settled by the insurer.

ADDITIONAL INSURANCE PROHIBITED

31. The coverage provided under the NPF CIP is considered adequate to meet the needs of NPF activities. Therefore, the purchase of additional insurance by individual units is prohibited except in those situations where NPF CIP Insurance coverage is excluded (see para.22). [Annex M](#) lists prohibited instances; however, the listing should not be considered all-inclusive.

REGISTRATION OF MOTOR VEHICLES WITH PROVINCIAL AUTHORITIES

32. NPF owned motor vehicles are to be registered with provincial authorities as follows (see [Appendix 1 to Annex M](#) and CFAO 27-2):

"Base Commander Canadian Forces Base (Name) acting under authority granted by Sections 38 to 41 of the National Defence Act."

or

"CANEX Manager Canadian Forces Base (Name) on behalf of the Chief of the Defence Staff".

33. Stations and other units registering NPF motor vehicles are to substitute appropriate senior officers titles and unit in accordance with the above.
34. If difficulties are experienced in registering vehicles, refer the matter to the CFO&VPI.

PROVINCIAL AUTO INSURANCE PLANS

35. A unit located in a province that has a compulsory motor vehicle insurance plan, for which it must pay premiums, will be reimbursed for the cost of such premiums by the CFCF in accordance with paragraph 10f. The amount of third party liability coverage to be obtained is the minimum required under the provincial plan since the NPF CIP pays the difference between the provincial plan and \$1,000,000. Unless it is compulsory, units should not obtain any other insurance under the provincial plan, e.g., collision, since the coverage is provided by the NPF CIP.
36. Units will apply for reimbursement to the CFO&VPI annually by fax certifying the amount of premium paid and including a copy of the registration documents. The amount to be reimbursed is for the premium cost only and does not include the cost of the vehicle licence.

NPF CLAIMS AGAINST THE CROWN PROHIBITED

37. In accordance with Sections 38 to 41 of the National Defence Act, the ultimate authority for and control of non-public property vests in the Chief of the Defence Staff. As the CDS is a servant of the Crown it follows that NPF organizations emanate from the Crown. Department of Justice opinions have confirmed this reasoning. As both public and non-public activities of DND come fully under the umbrella of the Crown, it follows that claims by one arm of the Crown against the other arm are not permissible, i.e., the Crown cannot sue itself. Accordingly, no legal claims shall be brought against the Crown by an NPF organization.

ANNEXES

38. Additional information regarding the NPF CIP is contained in the following annexes:

[Annex A - Preliminary Report of Loss](#)

[Annex B - Proof of Loss Report](#)

[Annex C - Property Coverage](#)

[Annex D - Public Liability Coverage](#)

[Annex E - Motor Vehicle Liability Coverage](#)

[Annex F - Employer's Legal Liability Insurance](#)

[Annex G - NPF Owned Vehicles Coverage](#)

[Appendix 1, Annex G – Examples of Coverage](#)

[Annex J - German Employee's Accident Liability Insurance](#)

[Annex K - Uninsured Losses](#)

[Annex M - Reporting Changes in Insured Risks](#)

[Appendix 1, Annex M - Vehicle Regulations Under Consolidated Insurance Program](#)

[Appendix 2, Annex M - Museum Property and Other NPP which has Appreciated in Value](#)

[Annex N - Rulings and Application](#)

[Annex P - Glossary of Terms](#)

[Annex Q - Examples of Loss Calculations to Determine Amount Recoverable](#)