



BLACK GOLD SCHOOL DIVISION

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February 9, 2021

Honourable Adriana LaGrange
Minister of Education
228 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6

Honourable Ric McIver
Minister of Transportation, Deputy House Leader
320 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6

Dear Honourable Ministers:

Re: Impacts of Extreme Insurance Rate Increases for Contract Bus Operators

Black Gold School Division (BGSD) safely transports over 3,300 students for both the Division and Saint Thomas Aquinas Roman (STAR) Catholic School Division on 78 bus routes to and from 31 schools, 181 days per year. We maintain contracts with 30 independent bus operators, 28 of whom operate under 25 bus routes; many of these are owner-operators of one or two buses each.

Black Gold has been part of an insurance reciprocal with other school divisions for many years, first with Alberta School Boards Insurance Exchange (ASBIE), and now with the Alberta Risk Managed Insurance Consortium (ARMIC). A major advantage of a reciprocal includes increased buying power, as the same coverage is negotiated by the insurance broker on behalf of all boards in the reciprocal. Other benefits include sharing best practices, standardization in risk management procedures, and smoothing any impacts of negative loss history.

Black Gold's Transportation Services Agreement has consistently required a minimum of \$20 million in automobile liability insurance. While this is higher than the minimum required by the *Insurance Act*, it protects both contractors and BGSD in the event of a catastrophic loss.

Until recently, the insurance rate we were able to secure for our contractors was approximately \$1,200 per bus, but as of November 1, 2020, the rate shot up to \$4,300 per bus - a 258 per cent increase for the small contract bus operators. Large contractors have also seen insurance increases of over 200 per cent.

Under the new insurance agreement, independent contractors will no longer be permitted to drive for school divisions outside of the reciprocal. This puts the cooperative busing agreement between BGSD and STAR in jeopardy. As of November 1, 2021, all school buses must be equipped with camera systems and GPS systems. Black Gold previously installed these systems in all of our contracted buses at our own expense.

The contractors have looked outside of our reciprocal for insurance, but brokers will either not provide the required coverage, or are charging two to three times the reciprocal rate. Our small independent contractors will have no choice but to give up their livelihoods.

Our small contract bus operators are deeply connected to their students and their communities they operate in. They are the first face a student sees in the morning, and the last after school before they are at home. Often, the bus driver is the first to recognize when a child is in distress.

They have driven multiple generations to and from the mostly rural schools they are connected to, and have built trust and positive relationships with families and community members. These men and women also live, volunteer, and spend their money in the areas they serve. Some also work at our schools during the day; they have strong relationships with school staff, custodians, and with local gas station attendants.

Our small contract bus operators cannot continue to operate at a financial loss while providing students with a safe, reliable service to and from schools. In fact, there are operators right now giving up their bus contracts in Alberta, as there are no financial means for them to continue to operate.

If small contract bus contractors are forced out of business, larger contractors may be left with a monopolistic advantage, which will serve to reduce market competitiveness and drive up costs.

While we know that this is a hard market for insurance companies, to say we were surprised at the extreme amount of the rate increase is an understatement. We have since spent countless hours working with ARMIC in an effort to reduce BGSD's insurance costs for all levels of coverage, including contract bus drivers. The chair and vice-chair of ARMIC have had several meetings with the Province to keep them apprised of the significant impact insurance costs are having on school boards.

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As a growing number of insurers exit the Canadian market, the ability for contract bus operators to acquire insurance at competitive rates has been greatly diminished, leaving Alberta school boards to pay some of the highest rates in the country. Without immediate action from the Government of

Alberta to control rate increases, bus insurance premiums have the potential to continue rising dramatically over the short-to-medium term, and this may have negative implications for the delivery of critical frontline services like education.

We strongly urge Alberta Education and Alberta Transportation to get involved in this matter to ensure a viable and sustainable insurance system is in place so that small contract bus operators can access affordable insurance, which in turn will allow students to access safe transportation and equitable access to K-12 education to help support Alberta's economic recovery.

Thank you for your prompt attention to this pressing issue, and we look forward to your response.

Sincerely,



Devonna Klaassen, Chair
Board of Trustees



Bill Romanchuk
Superintendent of Schools/CEO

ec: MLA Brad Rutherford
MLA Mark Smith
MLA Hon. Rick Wilson (Minister for Indigenous Affairs)