

**Report to:** Finance Committee, Board of Health  
**Submitted by:** Dr. Nicola Mercer, Medical Officer of Health  
**Subject:** 2017 INSURANCE RENEWAL

---

**RECOMMENDATION(S):**

- (a) That the Finance Committee makes recommendation to the Board of Health to receive this report, as presented, for information.

**BACKGROUND:**

Boards of health face significant and numerous types of risk in the execution of their duties. One of the risk mitigation strategies undertaken to protect Wellington-Dufferin-Guelph Public Health (WDGPH) and the members of the Board of Health, is to maintain insurance to cover multiple risks.

The renewal date for WDGPH's main insurance policy (with Frank Cowan Company Limited) was January 1, 2017. WDGPH has an additional policy through Totten Insurance Group Inc. for Cyber Risk coverage which renews annually in October.

**Cost:**

The total cost of the Frank Cowan Company insurance renewal for 2017 excluding taxes was \$99,478, (2016 was \$101,181), a decrease of \$1,703 (1.7%) from the previous year. Cyber Risk coverage is not included in the above-noted premium as it is provided by a separate insurance carrier. This coverage is provided by Totten Insurance Group Inc., and was renewed in October 2016 at an annual cost of \$6,550, which was the same as the 2015 premium.

WDGPH's insurance is broken down into four major areas of coverage:

**Covered by Frank Cowan Company Limited:**

| <b>Insurance Type</b> | <b>2017 Premium</b> | <b>2016 Premium</b> | <b>Difference</b> |
|-----------------------|---------------------|---------------------|-------------------|
| Casualty              | \$71,806            | \$70,738            | \$1,068           |
| Property              | \$25,172            | \$25,097            | \$75              |
| Excess (Liability)    | \$2,500             | \$5,346             | (\$2,846)         |
| <b>Total</b>          | <b>\$99,478</b>     | <b>\$101,181</b>    | <b>(\$1,703)</b>  |

**Covered by Totten Insurance Group Inc.:**

|                 |         |         |     |
|-----------------|---------|---------|-----|
| Cyber Liability | \$6,550 | \$6,550 | \$0 |
|-----------------|---------|---------|-----|

The Cyber Liability policy renews in October 2017.

## **PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:**

**Notable changes to the policy made by the insurer (not initiated by public health) for 2017 include:**

### ***Board Members' Accident***

- Coverage is no longer available for Board Members above age 80.

### ***Directors' and Officers' Liability***

- Policy has been rewritten – structure, layout and terminology have been modified significantly.
  - Separate Insuring Agreements for:
    - Personal Insurance (Side A coverage);
    - Entity Indemnification (Side B coverage); and
    - Entity Coverage (Side C coverage)

While these are now separate agreements, there continues to be one limit of coverage encompassing all three agreements, rather than a limit for each side.

- Coverage has been expanded to automatically include:
  - Fiduciary insurance (for benefit programs). Employers can be held accountable for the provision and administration of benefits programs they offer to employees. This insurance covers allegations such as denial of benefits or change in benefit plans, administration errors, improper advice, etc. This also covers the administration of government sponsored benefits plans (such as CPP).
  - Derivative demand coverage: provides coverage for investigation costs incurred when members or shareholders threaten to bring a derivative action on behalf of the entity.
- The limit of liability has increased by \$1,000,000 for Personal Insurance (Side A coverage).
- Several definitions have been added or replaced to clarify intent of wording in the policies.
- Exclusions have been restated for adaptability to the revised policy wording, and exceptions to some exclusions have been added.
- A new exclusion for abuse has been added.
- In the previous policy wording, there was a requirement to notify the insurer of a claim when a written claim or demand was presented to the organization in writing. Under the new wording, there is a requirement to notify the insurer of any event or incident that may give rise to a claim, regardless of whether or not a claim has been made.
- The “hammer clause” has been removed in its entirety, and the Insurer will no longer settle any claim without the written consent of the Insured’s who are the subject of the claim.
- The time period that the Insured has to bring suit against the Insurer is prescribed by the Canadian jurisdiction rather than being only a one year period.
- The time frame in which the Insured has to report a claim has been extended to 90 days post expiration of the policy period.

**Legal Expense Coverage**

- A clause has been added to specify that legal costs related to an investigation that is conducted by the Named Insured (WDGPH) will not be covered. This applies in the situation of an internal investigation.
- Coverage was previously excluded for disputes relating to the terms of a lease of land or building; now this coverage is only excluded when the Named Insured is the landlord.
- The exclusion relating to disputes over hardware, software or sales/services of computers has been removed.

**Equipment Breakdown Coverage**

- This coverage is now the most innovative equipment breakdown coverage ever offered in the Canadian marketplace, protecting against losses caused by increasingly common technology-related exposures in virtually all modern equipment.

**Optional Coverage:**

Additional coverage options available to WDGPH are:

| Type of Coverage        | Option  |
|-------------------------|---|
| Liability               | <ul style="list-style-type: none"> <li>• Increase limits for liability coverage.</li> </ul>   |
| Board Members' Accident | <ul style="list-style-type: none"> <li>• 24 hour coverage extension is available (subject to Board Member's occupations).</li> <li>• Critical illness coverage is available.</li> </ul> |

**CONCLUSION**

Staff have reviewed the 2017 Insurance Program with WDGPH's insurance agent and insurance broker and are of the opinion that the coverage provided in the program is sufficient and adequate to meet the needs for the protection of WDGPH's property, Board, and employees. It is the opinion of staff that the optional coverages offered by the carrier are not required at this point in time.

**APPENDICES**

NONE.

**REFERENCES**

NONE.

|  |   |   |
|--|---|---|
| <hr/> Prepared by:<br>Shanna O'Dwyer, CA<br>Manager, Finance | <hr/> Reviewed by:<br>Elizabeth Bowden, Interim<br>Director of Administrative<br>Services | <hr/> <i>Original Signed Document on File</i><br>Approved by:<br>Dr. Nicola Mercer,<br>Medical Officer of Health &<br>CEO |
|--|---|---|