

Report To: Finance and Facilities Committee, Board of Health
Submitted by: Dr. Nicola Mercer, Medical Officer of Health & CEO
Subject: 2019 INSURANCE RENEWAL

RECOMMENDATION(S):

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

BACKGROUND:

Wellington-Dufferin-Guelph Public Health (WDGPH) obtains insurance coverage through The Ostic Group Insurance Brokers Limited, in Fergus. Through The Ostic Group, the organization has policies with two (2) insurance companies:

- 1) Comprehensive insurance policy through Frank Cowan Company Limited covering:
 - a. liability;
 - b. crime;
 - c. board members' accident and accidental death and dismemberment;
 - d. volunteers' accidental death and dismemberment;
 - e. legal expense;
 - f. property; and
 - g. equipment breakdown.

The Frank Cowan Company policy renews on January 1st, annually.

- 2) Cyber risk policy through Totten Insurance Group Inc.

The Totten Insurance Group Inc. policy renews on October 20th, annually.

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

The limits of coverage and deductibles for each area of coverage under the Frank Cowan Company policy are attached hereto at *Appendix "1"*.

The limits of liability coverage and deductibles for the Totten Group cyber risk policy are attached hereto at *Appendix "2"*.

The cost of the coverage through Frank Cowan Company totals \$104,202. This is a reduction from the 2018 renewal premium of \$109,395. Details of cost by area of coverage and comparison with prior year are attached to this memo at *Appendix "1"*.

The cost of the coverage through Totten Insurance Group Inc. was \$7,074 for the policy renewal on October 20, 2018. There was no cost increase from the 2018 policy renewal.

Changes

The major change in the 2019 renewal is a complete re-write of the property coverage representing enhanced coverage. Highlights of these changes can be found at *Appendix "1"*.

A minor change is the annual inflationary increase to the property replacement values. Frank Cowan uses the inflationary rate from the Statistics Canada Non-Residential Building Index to annually increase the property replacement values.

In addition to these changes, the Shelldale facility was removed from the policy effective July 1, 2018 and the Mount Forest location coverage was reduced from \$50,000 to \$5,000 effective December 3, 2018 (to cover the equipment in the one clinic room that will continue to be leased).

Options

In addition to changes, any additional options/coverage that may be available to WDGPH are presented as part of the annual review by Frank Cowan and Ostic. The following options were presented for 2019:

1. **Liability Limits** – higher liability limits are available with respect to liability, errors & omissions, and non-owned automobile policies.

Note – per Frank Cowan Company, the highest liability award, to date, is \$18 million, which was a road liability claim involving multiple claimants suing a municipality based on poor signage and road maintenance. This specific risk is not a risk that WDGPH is exposed to, but is an example meant to show that claims costs are rising. Most health units are still carrying \$20 million in liability coverage and some municipalities have increased their coverage to \$25 million.

2. **Crime Coverage** – fraudulently induced transfer coverage: covers a loss when an insured under the policy has been intentionally misled by someone claiming to be a vendor, client or another employee of the company and the insured has transferred, paid or delivered money or securities to this third party.

Note - The Ostic Group has confirmed that WDGPH already has this coverage in place through the cyber risk policy.

3. **Cyber Risk Coverage Increase** – increase from \$1,000,000 to \$2,000,000 is available and would be an additional \$1,750 per year.

Note - Frank Cowan Company identified that their cyber risk offering may become more affordable in the coming months/years as the market for this coverage begins to mature. When information is received that the cost of the Frank Cowan coverage is comparable with the Totten coverage, a legal review of both policies will be undertaken to compare both options at that time.

Conclusions

1. **Liability Limits** - The highest general liability claim awarded to date is \$18,000,000 for a risk that does not apply to WDGPH (municipal road claim); additionally, Frank Cowan Company has verbally confirmed that WDGPH remains in alignment with the liability coverage carried by other health units. For these reasons, liability coverage at \$20,000,000 has been maintained.
2. **Crime Coverage** - WDGPH already has coverage for fraudulently induced funds transfers through the cyber risk policy with Totten Group. Therefore, the crime coverage option for fraudulently induced funds transfers through Frank Cowan Company has been declined.
3. **Cyber Risk Coverage Increase** - WDGPH's Risk Register identifies the risk of information privacy breaches and intrusion into agency information systems as high prior to the controls/mitigation strategies identified as being in place to protect against these risks. After mitigation and controls, residual risk is assessed as low. Therefore, the current level of cyber risk coverage will remain in place for the organization.

APPENDICES:

Appendix "1" – Limits of Coverage and Deductibles, Frank Cowan Company policy

Appendix "2" – Limits of Liabilities and Deductibles for Cyber Risk policy, Totten Group

REFERENCES:

N/A.

Original Signed Document on File

Prepared by:
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Reviewed by:
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Approved by:
Dr. Nicola Mercer,
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Your Insurance Coverage

Schedule of Coverage

(Coverage is provided for those item(s) indicated below)

Casualty

| Coverage Description | (\$)*Deductibles | (\$)*Limit of Insurance |
|---|------------------|--------------------------------------|
| General Liability (Occurrence Form) <i>Broad Definition of Insured</i> | 5,000 | 15,000,000 Per Claim No Aggregate |
| Forest Fire Expense | Nil | 1,000,000 1,000,000 Aggregate |
| Errors & Omissions Liability (Claims Made Form) Retroactive Date: 01 January 1982 | 5,000 | 15,000,000 Aggregate |
| Directors' & Officers' Liability (Claims Made Form) | 5,000 | 3,000,000 Aggregate |
| Additional Limit of Liability – Insuring Agreement A (Personal Insurance) only | | 1,000,000 Aggregate |
| Non-Owned Automobile Liability | | 15,000,000 |
| Legal Liability for Damage to Hired Automobiles | 500 | 50,000 |
| Environmental Liability (Claims Made Form) | 1,000 | 1,000,000 2,000,000 Aggregate |
| *Your deductible may be a Deductible and Reimbursement Clause (including expenses) refer to Policy Wordings | | |

Follow Form – Excess Liability

| Coverage Description | (\$)*Limit of Insurance |
|------------------------------|------------------------------|
| Excess Limit | 5,000,000 |
| Underlying Policy | (\$)*Underlying Limit |
| General Liability | 15,000,000 |
| Errors & Omissions Liability | 15,000,000 |
| Non-Owned Automobile | 15,000,000 |

Total Limit of Liability (\$) 20,000,000

APPENDIX "1"

Schedule of Coverage

(Coverage is provided for those item(s) indicated below)

Crime

| Coverage Description | (\$) Deductibles | (\$) Limit of Insurance |
|--|---------------------|----------------------------|
| Employee Dishonesty –Form A (Commercial Blanket Bond) | | 1,000,000 |
| Loss Inside the Premises (Broad Form Money & Securities) | | 10,000 |
| Loss Outside the Premises (Broad Form Money & Securities) | | 10,000 |
| Audit Expense | | 200,000 |
| Money Orders and Counterfeit Paper Currency | | 200,000 |
| Forgery or Alteration (Depositors Forgery) | | 1,000,000 |

Accident

| Coverage Description | (\$) Deductibles | (\$) Limit of Insurance |
|--|---------------------|----------------------------|
| Board Members: Persons Insured – Fifteen (15) Board Members and One (1) Ex-Officio Member | | |
| Board Members Accidental Death & Dismemberment | | 250,000 |
| Paralysis | | 500,000 |
| Weekly Income – Total Disability | | 500 |
| Weekly Income – Partial Disability | | 300 |
| Accidental Death of a Spouse While Travelling on Business | | Included |
| Volunteers Accidental Death & Dismemberment | | 50,000 |
| Paralysis | | 100,000 |
| Weekly Income – Total Disability | | 500 |
| Weekly Income – Partial Disability | | 250 |

Legal Expense (Claims Made)

| Coverage Description | (\$) Deductibles | (\$) Limit of Insurance |
|----------------------|---------------------|------------------------------|
| Legal Defence Cost | | 100,000 250,000 Aggregate |

APPENDIX "1"

Schedule of Coverage

(Coverage is provided for those item(s) indicated below)

Property

**Coverage is on an All Risk Basis unless otherwise specified.
Basis of Settlement is Replacement Cost unless otherwise specified
The Deductible is on a Per Occurrence Basis**

| Coverage Description | (\$) Deductibles | Basis | (\$) Limit of Insurance |
|---|---------------------|-------|----------------------------|
| Property of Every Description - Blanket | 5,000 | RC | 32,863,450 |

| Property Supplemental Coverage (Included in the Total Sum Insured unless otherwise specified in the wording) | | |
|--|-------|-----------|
| Building By-laws | 5,000 | Included |
| Building Damage by theft | 5,000 | Included |
| Debris Removal | 5,000 | Included |
| Electronic Computer Systems | | |
| Electronic Computer Hardware and Media | 5,000 | Included |
| Electronic Computer Systems Breakdown | 5,000 | 3,013,800 |
| Electronic Computer Systems – Extra Expense | 5,000 | 10,000 |
| Extra Expense Period of Restoration | 5,000 | 90 Days |
| Expediting Expense | 5,000 | Included |
| Fire or Police Department Service Charges | 5,000 | Included |
| First Party Pollution Clean-up | 5,000 | Included |
| Fungi and Spores | 5,000 | 10,000 |
| Furs, Jewellery and Ceremonial Regalia | | |
| Ceremonial Regalia | 5,000 | Included |
| Furs and Jewellery | 5,000 | 25,000 |
| Inflation Adjustment | 5,000 | Included |
| Live Animals Birds or Fish | 5,000 | 25,000 |
| Newly Acquired Property | 5,000 | Included |
| Professional Fees | 5,000 | Included |
| Property and Unnamed Locations | 5,000 | Included |
| Property Temporarily Removed Including while on Exhibition and during Transit | 5,000 | Included |

APPENDIX "1"

| | | |
|---|-------|----------|
| Recharge of Fire Protection Equipment Expense | 5,000 | Included |
| Sewer Backup and Overflow | 5,000 | Included |

| Public Entity Extension Endorsement (In Addition to the Total Sum Insured unless specifically scheduled in the wording) | | |
|---|-------|-------------|
| Accounts Receivable | 5,000 | 250,000 |
| Bridges and Culverts | 5,000 | 50,000 |
| Buildings Owned due to Non-Payment of Municipal Taxes | | Not Insured |
| Buildings in the Course of Construction Reporting Extension | 5,000 | 1,000,000 |
| By Laws – Governing Acts | 5,000 | 25,000 |
| Consequential Loss Caused by Interruption of Services | | |
| On Premises | 5,000 | Included |
| Off Premises | 5,000 | 50,000 |
| Cost to Attract Volunteers Following a Loss | 5,000 | 10,000 |
| Docks, Wharves and Piers | 5,000 | 25,000 |
| Errors and Omissions | 5,000 | Included |
| Exterior Paved Surfaces | 5,000 | 50,000 |
| Extra Expense | 5,000 | 250,000 |
| Fine Arts | | |
| At Insured's Own Premises | 5,000 | 25,000 |
| On Exhibition | 5,000 | 25,000 |
| Fundraising Expenses | 5,000 | 10,000 |
| Green Extension | 5,000 | 50,000 |
| Growing Plants | | |
| Any One Item | 5,000 | 1,000 |
| Per Occurrence | 5,000 | 100,000 |
| Ingress and Egress | 5,000 | Included |
| Leasehold Interest | 5,000 | 25,000 |
| Master Key | 5,000 | 25,000 |
| Peak Season Increase | 5,000 | 25,000 |
| Personal Effects | 5,000 | 25,000 |

APPENDIX "1"

| | | |
|---|----------------|------------|
| Property of Others | 5,000 | 25,000 |
| Rewards: Arson, Burglary Robbery and Vandalism | 5,000 | 25,000 |
| Signs | 5,000 | Included |
| Vacant Property | 5,000 | 250,000 |
| Valuable Papers | 5,000 | 250,000 |
| Additional Endorsements | | |
| Earthquake – Other Property | 5,000 | Included |
| Earthquake – Buildings | Not Applicable | Excluded |
| Flood – Other Property | 5,000 | Included |
| Flood – Buildings | Not Applicable | Excluded |
| | | |
| (\$ Total Amount of Insurance | | 34,118,450 |
| RC = Replacement Cost ACV = Actual Cash Value VAL = Valued | | |

APPENDIX "1"

Schedule of Coverage

(Coverage is provided for those item(s) indicated below)

Equipment Breakdown (TechAdvantage)

| Coverage Description | (\$) Deductibles / Waiting Period | (\$) Limit of Insurance |
|--|---|----------------------------|
| Direct Damage | 5,000 | 25,000,000 Per Accident |
| Extra Expense | | 250,000 |
| Spoilage | | 50,000 |
| By-Laws, Demolition and Increased Cost of Construction | | 1,000,000 |
| Expediting Expense | | Included |
| Hazardous Substances | | 250,000 |
| Ammonia Contamination | | 250,000 |
| Water Damage | | 250,000 |
| Professional Fees | | 250,000 |
| Civil Authority or Denial of Access | | 30 days |
| Errors and Omissions | | 250,000 |
| Data Restoration | | 50,000 |
| Off Premises Transportable Object | | 10,000 |
| Brands and Labels | | 100,000 |
| Green Coverage | | 50,000 |
| Environmental Efficiency *Will not show on Declarations Page | | Up to 150% of Loss |
| Anchor Locations | | Included |
| Contingent Business Interruption | | 25,000 |
| Public Relations Coverage | | 5,000 |

Account Premium

| | | | | |
|-------------------|---|------------|---|------------------|
| <i>Prior Term</i> | <i>Total Annual Premium (Excluding Taxes Payable)</i> | \$ 100,830 | Total Annual Premium (Excluding Taxes Payable) | \$104,202 |
|-------------------|---|------------|---|------------------|

Please refer to the insurance contract for all limits, terms, conditions and exclusions that apply. The premium Quoted is subject to a 15% minimum retained (unless otherwise stated).



INDICATION OF TERMS

| | |
|-------------------------------------|--|
| REFERENCE NUMBER: | WELL-20 |
| COMPANY NAME: | WELLINGTON DUFFERIN GUELPH PUBLIC HEALTH |
| TOTAL PAYABLE: | CAD6,550.00 |
| Broken down as follows: | |
| Premium: | CAD6,250.00 |
| Fee: | CAD250.00 |
| Totten Fee: | CAD50.00 |
| COMMISSION: | 15.00% |
| BUSINESS OPERATIONS: | Community health service |
| LEGAL ACTION: | Worldwide |
| TERRITORIAL SCOPE: | Worldwide |
| REPUTATIONAL HARM PERIOD: | 12 months |
| INDEMNITY PERIOD: | 12 months |
| TIME RETENTION: | 8 hours |
| CONTINUITY DATE: | 20 Oct 2014 |
| WORDING: | Cyber, Private Enterprise (CAN) v2.1 |
| ENDORSEMENTS: | None |
| SUBJECTIVITIES: | NONE |
| POLICY PERIOD: | 12 months |
| DATE OF ISSUE: | 08 Oct 2018 |
| ADDITIONAL NOTES: | 30% of the Premium and 100% of the Fees are Minimum and Retained Upon Binding |
| OPTIONAL EXTENDED REPORTING PERIOD: | 12 months |
| SECURITY: | 100% CERTAIN UNDERWRITERS AT LLOYD'S |
| | For the purposes of the Insurance Companies Act (Canada), this document was issued in the course of Lloyd's Underwriters Insurance Business in Canada. The business insured/reinsured herein meets the necessary conditions to qualify as, and is being transacted as, "insuring in Canada a risk" in accordance with Part XIII of the Insurance Companies Act (Canada). |

THIS INDICATION OF TERMS IS ONLY VALID FOR 30 DAYS FROM THE DATE OF ISSUE

PLEASE REFER TO THE FOLLOWING PAGES FOR A FULL BREAKDOWN OF LIMITS, RETENTIONS AND APPLICABLE CLAUSES



LIMITS OF LIABILITY AND DEDUCTIBLES

THE FOLLOWING INSURING CLAUSES ARE SUBJECT TO AN EACH AND EVERY CLAIM LIMIT:

INSURING CLAUSE 1: CYBER INCIDENT RESPONSE

SECTION A: INCIDENT RESPONSE COSTS

| | | |
|---------------------|--------------|----------------------|
| Limit of liability: | CAD1,000,000 | each and every claim |
| Deductible: | CAD0 | each and every claim |

SECTION B: LEGAL AND REGULATORY COSTS

| | | |
|---------------------|--------------|----------------------|
| Limit of liability: | CAD1,000,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

SECTION C: IT SECURITY AND FORENSIC COSTS

| | | |
|---------------------|--------------|----------------------|
| Limit of liability: | CAD1,000,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

SECTION D: CRISIS COMMUNICATION COSTS

| | | |
|---------------------|--------------|----------------------|
| Limit of liability: | CAD1,000,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

SECTION E: PRIVACY BREACH MANAGEMENT COSTS

| | | |
|---------------------|--------------|----------------------|
| Limit of liability: | CAD1,000,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

SECTION F: THIRD PARTY PRIVACY BREACH MANAGEMENT COSTS

| | | |
|---------------------|--------------|----------------------|
| Limit of liability: | CAD1,000,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

SECTION G: POST BREACH REMEDIATION COSTS

| | | |
|---------------------|-----------|--|
| Limit of liability: | CAD50,000 | subject to a maximum of 10% of all sums we have paid as a direct result of the cyber event, each and every claim |
| Deductible: | CAD10,000 | each and every claim |

INSURING CLAUSE 2: CYBER CRIME

SECTION A: FUNDS TRANSFER FRAUD

| | | |
|---------------------|------------|----------------------|
| Limit of liability: | CAD250,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

SECTION B: THEFT OF FUNDS HELD IN ESCROW

| | | |
|---------------------|------------|----------------------|
| Limit of liability: | CAD250,000 | each and every claim |
| Deductible: | CAD10,000 | each and every claim |

**SECTION C: THEFT OF PERSONAL FUNDS**

Limit of liability: CAD250,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION D: EXTORTION

Limit of liability: CAD1,000,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION E: CORPORATE IDENTITY THEFT

Limit of liability: CAD250,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION F: TELEPHONE HACKING

Limit of liability: CAD250,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION G: PHISHING

Limit of liability: CAD50,000 each and every claim

Deductible: CAD10,000 each and every claim

INSURING CLAUSE 3: SYSTEM DAMAGE AND BUSINESS INTERRUPTION**SECTION A: SYSTEM DAMAGE AND RECTIFICATION COSTS**

Limit of liability: CAD1,000,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION B: SYSTEM BUSINESS INTERRUPTION

Limit of liability: CAD1,000,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION C: CONSEQUENTIAL REPUTATIONAL HARM

Limit of liability: CAD1,000,000 each and every claim

Deductible: CAD10,000 each and every claim

SECTION D: LOSS ADJUSTMENT COSTS

Limit of liability: CAD25,000 each and every claim

Deductible: CAD0 each and every claim

**THE FOLLOWING INSURING CLAUSES ARE SUBJECT TO AN AGGREGATE LIMIT:****INSURING CLAUSE 4: NETWORK SECURITY & PRIVACY LIABILITY****SECTION A: NETWORK SECURITY LIABILITY**

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

SECTION B: PRIVACY LIABILITY

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

SECTION C: MANAGEMENT LIABILITY

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

SECTION D: REGULATORY FINES

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

SECTION E: PCI FINES, PENALTIES AND ASSESSMENTS

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

INSURING CLAUSE 5: MEDIA LIABILITY**SECTION A: DEFAMATION**

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

SECTION B: INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

| | | |
|-------------------------------|--------------|--|
| Aggregate limit of liability: | CAD1,000,000 | in the aggregate, including costs and expenses |
| Deductible: | CAD10,000 | each and every claim, including costs and expenses |

INSURING CLAUSE 6: TECHNOLOGY ERRORS AND OMISSIONS

NO COVER GIVEN

INSURING CLAUSE 7: COURT ATTENDANCE COSTS

| | | |
|-------------------------------|------------|---|
| Aggregate limit of liability: | CAD100,000 | in the aggregate, sub-limited to CAD2,000 per day |
| Deductible: | CAD0 | each and every claim |