

**Report To:** Finance Committee, Board of Health  
**Submitted by:** Dr. Nicola Mercer, Medical Officer of Health & CEO  
**Subject:** 2018 INSURANCE RENEWAL

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**RECOMMENDATION(S):**

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

**BACKGROUND:**

WDGPH obtains insurance coverage through The Ostic Group Insurance Brokers Limited, Fergus. Through The Ostic Group, the organization has policies with two 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
  - g. equipment breakdown

The Frank Cowan Company policy renews on January 1<sup>st</sup> annually.

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

The Totten Insurance Group Inc. policy renews on October 20<sup>th</sup> 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 as *Appendix 1*.

The cost of the coverage through Frank Cowan Company totals \$109,395 including PST (non-recoverable), a 1.8% increase over the 2017 cost.

The cost of the coverage through Totten Insurance Group Inc. was \$7,074 including PST (non-recoverable) for the policy renewal on October 20, 2017. There was no cost increase from the 2016 policy renewal.

## Changes

The only change in 2018 is that building replacement values have been increased by 2% in order to reflect inflationary trends. This is based on the latest quarterly Statistics Canada non-residential building construction price index.

## 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 2018:

1. Liability coverage for sexual abuse therapy and counselling expenses for members qualifying under the *Regulated Health Professions Act 1991* (Ontario or an equivalent Act or Regulation of another province or territory).

Note - this covers the cost of up to 200 ½ hour therapy sessions at the OHIP rate for any victim of sexual abuse by a regulated health professional working for WDGPH. Through further inquiry with Frank Cowan Company, it was determined that the liability for the provision of sexual abuse therapy and counselling expenses under the legislation lies with the professional college, not with the employer.

2. 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.

3. 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.

4. Terrorism and associated coverages: new policy offering by Frank Cowan for terrorism related coverage in four different areas:
  - a. Active assailant event insurance;
  - b. Chemical, biological, radiological and nuclear insurance;
  - c. Terrorism property insurance;
  - d. Terrorism liability insurance.

Note – the current property and liability policies exclude damage and liability arising from terrorist acts.

5. Cyber risk coverage increase from \$1,000,000 to \$2,000,000 is available and would be an additional \$2,500 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. Sexual abuse by a regulated health professional is not an identified risk in WDGPH's risk register, nor is the employer the liable party under the *Regulated Health Professions* legislation. Therefore, the optional coverage for sexual abuse therapy has been declined.
2. Liability coverage will be maintained at \$20,000,000, as the highest claim awarded, to date, is \$18,000,000, for a risk that does not apply to WDGPH. Additionally, Frank Cowan Company has verbally confirmed that WDGPH remains in alignment with the liability coverage carried by other health units. Awards for liability claims in the sector and changes to WDGPH's risk profile will continue to be monitored to assess if and when it becomes appropriate to increase liability coverage.
3. Crime coverage option for fraudulently induced funds transfers through Frank Cowan Company has been declined given that WDGPH already has coverage for this risk through the cyber risk policy.
4. The risk of terrorist acts is not identified on WDGPH's risk register. Therefore, coverage to address this risk has been declined.
5. WDGPH's risk register identifies the risk of information privacy breaches and intrusion into WDGPH information systems as medium 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 in place for the organization will be maintained.

### **APPENDICES:**

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

### **REFERENCES:**

N/A.

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*Original Signed Document on File*  
Approved by:  
Dr. Nicola Mercer,  
Medical Officer of Health &  
CEO

## 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
Malpractice Liability ( Occurrence)	2,500	Included
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	5,000	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

#### Follow Form – Excess Liability

Coverage Description	(\$) Limit of Insurance
Excess Limit	5,000,000
<b>Underlying Policy</b>	<b>(\$) Underlying Limit</b>
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		100,000
Paralysis		200,000
Weekly Income – Total Disability		300
Weekly Income – Partial Disability		150
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**

Coverage Description	(\$) Deductibles	(\$) Limit of Insurance
Legal Defence Cost		50,000 250,000 Aggregate

APPENDIX "1"

**Schedule of Coverage**

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

**Property**

Coverage Description	(\$) Deductibles	Basis	(\$) Limit of Insurance
Property of Every Description - Blanket	5,000	RC	29,858,850
Valuable Papers	5,000		250,000
Accounts Receivable	5,000		250,000
Extra Expense	5,000		250,000
Data Processing			
System & Equipment	5,000		1,163,700
Media	5,000		1,940,100
Extra Expense	5,000		10,000
Earthquake	Not Applicable		Excluded
Flood	Not Applicable		Excluded
<b>(\$) Total Amount of Insurance</b>			33,722,650
<b>RC = Replacement Cost ACV = Actual Cash Value VAL = Valued The Deductible is on a Per Occurrence Basis</b>			

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
By-Law Cover		Included
Off Premises Transportable Object		10,000
Brands and Labels		100,000
Green Coverage		50,000
Environmental Efficiency <b>*Will not show on Declarations Page</b>		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>	\$ 99,484	<b>Total Annual Premium (Excluding Taxes Payable)</b>	<b>\$ 101,292</b>
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**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).**