



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 October 2

HEALTH UNIT INSURANCE – POLICY CHANGES

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health to proceed with securing a different insurance provider using the insurance coverage as appended to Report No. 037-14FFC.

Key Points

- The Middlesex-London Health Unit currently obtains insurance and risk management services through the City of London.
- A survey of Ontario Public Health Units reveals that 28 (78%) health units are insured through Frank Cowan Company.
- The Middlesex-London Health Unit could reduce its insurance costs significantly if it were to reduce its insurance coverage as identified in Appendix A.

Background

At the May 1st Finance & Facilities Committee meeting, [Report No 022-14FFC](#), re: “Insurance Review Update” was received for information. Staff reported that they will continue to review the insurance needs of the Health Unit in order to be more prepared in the event the decision is to move to a different Broker. This would include a survey of other Ontario Public Health Units to understand what types of insurance policies are in place.

The purpose of this report is to provide recommendations in regards to the level and types of insurance the Middlesex-London Health Unit should purchase if it were to move to a different insurer.

Environmental Scan

A survey of other Ontario Public Health Units was conducted and out of 36 health units, 28 or 78% are insured with Frank Cowan Company. Out of the 28, 19 are insured directly, and the other 9 are integrated with a municipality and are insured indirectly through them. (i.e. Durham Region). The majority of these health units carry \$15 million in general liability insurance. Cowan indicates that it can tailor their program to where exposure (risks) exists for health units.

Recommended Insurance

Staff have worked with Mr. Jeff Coleman from Cowan Insurance to prepare recommended insurance limits for the Health Unit. Attached as [Appendix A](#) are proposed levels of insurance and associated deductibles. Attached as [Appendix B](#) is a chart that compares the current insurance provided by Ontario Municipal Exchange (OMEX) through the City of London and the proposed level of insurance. Generally the differences to the OMEX policy can be described by lower insurance coverage (limits) with slightly higher deductibles. Under the OMEX insurance policy through the City of London, the Health Unit has higher

insurance coverage, with very low or \$0 deductibles. This is because OMEX is tailored to a large municipality and the program accounts for all services that you would find in a City. The low or \$0 deductible in the various categories is due to the City's policy of contributing to a Self-Insurance Reserve Fund (SIRF). For the Health Unit the contribution to the SIRF is additional insurance due to the fact that the Health Unit has no ownership or entitlement to the reserve fund once the contributions have been made. The Health Unit claims history ([Appendix A, Report No. 022-14FFC](#)) shows low claims from the SIRF (\$6,443.78 over the past five years.). This would indicate that there is a low level of risk moving to a new policy with higher proposed deductibles.

If the Health Unit were to move to a different insurance model whereby it reduces its limit of insurance and takes slightly higher deductibles, it would realize significant savings in the range of \$30,000 or 30% with very low increase in risk.

Conclusion

It is recommended that the Health Unit proceed with changing insurance providers, using the limits found in Appendix A, noting these limits will sufficiently cover the Health Unit's risks and are similar to other Ontario Public Health Units. By doing so, the Health Unit would achieve significant costs savings.

This report was prepared by Mr. John Millson, Director of Finance & Operations.



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