



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

INSURANCE REVIEW UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No. 022-14FFC, re Insurance Renewal Update for information.

Key Points

- The Middlesex-London Health Unit collaborates with the City of London to obtain insurance and risk management services.
- The cost of insurance includes a premium for insurance and a contribution to the City of London's Self Insurance Reserve Fund.
- Given the timing of the review, moving to a different insurance was not financially feasible for 2014, however staff are investigating the need to contribute to the Self Insurance Reserve Fund for 2014.
- The review of insurance requirements will continue in 2014 and any approved changes will be implemented for the 2015 operating year.

Background

In August 2013, the Finance & Facilities Committee received [Report No. 001-13C](#) re Insurance Coverage for information. The Committee recommended that staff investigate the option to move to a different Broker and bring back a comparison to a future committee meeting.

At the November 7 committee meeting, members were provided an update in regards to the progress of investigating the option to move to a different insurance provider ([Report No. 016-13C](#)). In late December 2013 the Health Unit received information (quote) from Frank Cowan regarding the cost of adequate insurance coverage under Frank Cowan.

At that time, Joy Jackson, Insurance Risk Manager for the City of London notified Mr. John Millson, Director, Finance & Operations, that insurance for the 2014 operating year was being underwritten with OMEX and that it would be unlikely that the Health Unit would be able to discharge itself of most of the insurance costs for 2014. Given this, the Health Unit did not proceed with moving to a different Broker for the 2014 operating year.

Addressing the PBMA Proposal

As part of the 2014 Board of Health budget, proposal # 107 –“General Liability Insurance – New Broker” was approved. The proposal sought to reduce the Health Unit's insurance costs annually by \$28,250 as a result of moving away from the current insurance model provided through the City of London. Table 1 on page 2 of this report provides a history of insurance premiums and self-insurance reserve fund (SIRF) contributions made to the City of London since 2007.

Table 1 – 2007-2014 Summary of Insurance Costs

Year	Premiums	Self-Insurance	Total Premium
2014	\$ 78,830	\$ 29,663	\$ 108,493
2013	63,817	28,250	92,067
2012	57,509	27,633	85,142
2011	44,435	26,317	70,752
2010	44,435	25,064	69,499
2009	33,764	22,785	56,549
2008	16,813	22,673	39,486
2007	14,918	21,650	36,568
Total	\$ 354,521	\$ 204,035	\$ 558,556

Also attached as [Appendix A](#) is a claims history provided by the City which details the claims the Health Unit has made during the same period of time. A total of \$6,443.78 has been paid out from the SIRF for losses claimed by the Health Unit. Given the fact that it is likely the Health Unit will make a change to a different insurance provider, and it has experienced low claims from the SIRF in the recent past, staff intend to approach City of London to reduce or eliminate the planned contribution the City's SIRF for 2014. If successful, this will achieve the savings identified in the 2014 operating budget.

Next Steps

Staff 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. Staff has begun surveying other Ontario Public Health Units to understand what types of insurance policies are used and which Broker they contract with. In early responses, it is noticeable that Frank Cowan Insurance has a strong presence in insuring Boards of Health across the province. A report providing the outcome of the review along with recommendations will be brought to a future Finance & Facilities Committee.

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



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