



TO: Chair and Members of the Board of Health

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 November 20

CHANGES TO HEALTH UNIT INSURANCE

Recommendation

It is recommended that the Board of Health accept the 2015 Insurance Proposal from Frank Cowan Co. in the amount of \$64,677 exclusive of HST as found in Appendix B to Report No. 068-14.

Key Points

- The Middlesex-London Health Unit currently obtains insurance and risk management services through the City of London at a cost of \$110,483 which includes a \$29,663 contribution to the City's Self-Insurance Reserve Fund.
- A survey of Ontario Public Health Units was conducted and out of 36 health units, 30 (83%) are insured through Frank Cowan Company.
- The Middlesex-London Health Unit could reduce its insurance costs by \$45,806 (41.5%) before HST by accepting the insurance quote from Frank Cowan Co.

Background

At the October 16, 2014 Board of Health meeting the Board approved the investigation into different insurance providers that can offer the required type of insurance coverage as appended to [Report No. 037-14FFC](#). To summarize the report and its conclusions, a review of health units across the province revealed that the Middlesex-London Health Unit could realize significant savings in insurance costs if it were to move to a different insurance model whereby it reduces its limits of insurance and accepts slightly higher deductibles. Both changes are reasonable considering the Health Unit's low claims history and high limits of insurance compared to the limits seen in other comparable health units in the province. Currently, the Health Unit's insurance is provided by the Ontario Municipal Exchange (OMEX) through the City of London at an annual cost \$110,483, which includes a \$29,663 contribution to the City's Self-Insurance Reserve Fund.

Investigation Results / Findings

Attached as [Appendix A](#) are the results of a survey of Ontario Public Health Units (PHUs). Out of 36 health units, 30 or 83% are insured through Frank Cowan Company. Two PHUs are insured through Healthcare Insurance Reciprocal of Canada (HIROC) who specializes in insuring hospitals in Canada. HIROC is a reciprocal structure similar to OMEX (our current insurer) whereby companies become members of a self/group insurance and if there are any major losses the managing organization (HIROC/OMEX) may go back to its members for additional funds (retroactive assessment). Frank Cowan Company provides insurance to the vast majority of health units across the province primarily because it understands public health and it can tailor their program to where exposure (risks) exists for health units.

Table 1 below provides a list of insurance brokers and firms which were contacted since the October Board meeting to provide pricing based on the limits the Board approved in [Report No. 037-14FFC](#).

Table 1 – Insurance Brokers/Firms

Insurer / Broker	Comments
1. Frank Cowan Company	Quote provided (Appendix B)
2. Robertson Hall Group	Incomplete quote at this time
3. Desjardins	Doesn't provide commercial insurance outside the province of Quebec
4. AON Reed Stenhouse Inc.	Initially interest was identified, however no information was provided to MLHU
5. McFarlane Rowlands	Referred us to Frank Cowan Co.

Insurance Quote

Out of the five companies contacted the health unit only received one firm quote which was from Frank Cowan Company. The insurance proposal is attached as [Appendix B](#). The schedule of insurance can be found on pages 3-6 which details the limits of insurance and deductibles which is in keeping with the amounts approved by the Board. The proposed premium is \$64,677 before HST. Accepting it would render a total savings of approximately \$45,806 or a 41.5% reduction in insurance costs for the Board of Health. During the 2014 budget process, the insurance budget was reduced by \$28,250 in anticipation of realizing the savings in 2014. Therefore a further reduction in the 2015 budget of \$17,556 can be realized by accepting the insurance proposal.

Procurement Requirements

Under the Health Unit's procurement policy/guidelines, general liability insurance falls under the excluded goods and services (Section 7.0) along with banking services, auditing, and legal services to name a few. Although these are excluded from the procurement guidelines, from time to time and when it is advantageous to do so, services should be reviewed to ensure the Health Unit is getting value for money.

Also applicable in this situation is Section 3.4 of the Procurement Guidelines which permits direct negotiations if the required goods or services are to be supplied by a particular vendor or supplier having special knowledge, skills, expertise or experience which Frank Cowan has.

Conclusion

In conclusion the Health Unit has been able to obtain, in accordance with the relevant procurement and financial policies, insurance coverage that is sufficient and adequate for our needs at a savings of \$45,806 and within the limits set by the Board. It is therefore recommended that the Board accept the insurance proposal from Frank Cowan in the amount of \$64,677 exclusive of HST as attached as Appendix B.

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



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