



TO: Chair and Members of the Finance & Facilities Committee
FROM: Christopher Mackie, Medical Officer of Health/CEO
DATE: 2019 February 7

HEALTH UNIT GENERAL INSURANCE POLICY RENEWAL

Recommendation

It is recommended that the Finance & Facilities Committee approve the renewal of the Health Unit's insurance as outlined in Report No. 003-19FFC re: "Health Unit Insurance Policy Renewal."

Key Points

- The Finance & Facilities Committee is responsible for periodically reviewing the Health Unit's general insurance policy as part of its risk management practices.
- The last time the policy was reviewed was in the fall of 2016, with pricing revisions in effect annually for 2018 and 2019.
- General insurance premiums are expected to increase by 4.3% in 2019.
- A comprehensive review of both general and cyber insurance, as well as a request for market quotes, will take place in the third quarter of 2019.

Background

The insurance policy review provides the FFC with the information necessary to consider policy changes for the current renewal period. The last insurance policy review was conducted in fall 2016 for the 2017 calendar year. Insurance rates have changed modestly between 2015 (\$69,737), 2016 (\$69,724), 2017 (\$69,657), and 2018 (\$70,905). The premium excludes the cost of cyber risk insurance, which was identified in 2018 as a separate insurable risk for the Health Unit, as outlined in [Report No. 039-18FFC](#). Both cyber and general liability insurance are currently in place, with a common renewal date of January 1, 2020.

Insurance costs will increase by 4.3% (to \$73,985) in 2019. Property insurance market pricing overall—and in particular the Lloyd's market—has been affected by recent large catastrophic losses (hurricanes, fires, floods). Since property insurance pricing often subsidizes liability exposures, insurers are seeking rate increases across several lines. In spite of some double-digit increases being sought by insurers, Frank Cowan Company Ltd. was able to keep the premium increase under 5%. The liability premium is up 10% and medical malpractice is up 5%; however, the excess layer cost was reduced by 10%. Details of the current insurance policy are attached as [Appendix A](#).

To ensure that insurance rates are competitive in the marketplace, the Health Unit plans to go to market in the third quarter of 2019 for market quotes on both general and cyber insurance. Both categories of insurance will be up for renewal on January 1, 2020.

This report was prepared by the Finance Team, Healthy Organization Division.

A handwritten signature in black ink, appearing to read 'C. Mackie'.

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Medical Officer of Health/CEO