

Item No. 4
Halifax Regional Council
December 10, 2013

TO: Mayor Savage and Members of Halifax Regional Council
Original Signed by Director

SUBMITTED BY: _____
John Traves, Q.C.
Director – Legal, Insurance and Risk Management Services

DATE: November 25, 2013

SUBJECT: Insurance Coverage for HRM Facilities
with respect to Associations and Community Groups

INFORMATION REPORT

LEGISLATIVE AUTHORITY

On May 15, 2012 Halifax Regional Council:

1. Awarded RFP 12-023, HRM 2012 Insurance Renewal to Aon Reed Stenhouse Inc. for a one year term, effective June 1, 2012, renewable annually for a period not to exceed five (5) years, at a cost in the first year of \$1,650,388.00 (HST exempt) with funding from Operating Account M320-8003 Insurance Claims-Insurance Policy/Premium, as outlined in the Budget Implications section of this report; and
2. Directed staff to negotiate the remaining coverages with the recommended proponent as outlined in the Discussion Section of the April 27, 2012 report.

BACKGROUND

At Amalgamation, HRM acquired a number of Volunteer Fire Stations and associated Halls that were, and continue to be, operated by Volunteers. Initially, HRM's insurance program was put in place to cover all aspects of operations which included Associations that operate HRM owned facilities. There are approximately 16-22 fire halls that are operated by Associations. In addition, there are 22 community centres operated by Associations.

Community and Recreations Services:

In order to clarify responsibility and the relationship between HRM and the Associations, a Community Recreation Services (CRS) initiative which involved the assistance of all Business

Units, called the FLA process, was initiated. A standard Facility Lease Agreement was created and a requirement was imposed on Associations, from Risk & Insurance, to have sufficient types and levels of insurance.

To reduce exposure to the HRM and to ensure all Associations carried the same type, policy wordings and level of insurance coverage with the Municipality named on the policies, Risk and Insurance created a Group Insurance Program for all Associations signed to an FLA. This program provides a basic Tenant's Package (contents and Tenants Legal Liability) with CGL limits of Two Million Dollars (\$2,000,000.) and Director and Officer's Insurance.

CRS continues to sign Community Group Associations to the FLA process and the Group program is still in place with the Associations responsible for the cost of their insurance. There are 22 Groups/Association who are eligible to sign on to the FLA process with 11 currently bound.

Fire Services:

As part of a review of all Volunteer Fire Departments by Halifax Regional Fire Services, it has come to our attention that there are a number of rural Fire halls attached to Volunteer Fire Stations that are being operated without a clear understanding as to the scope of the Halls operations, the events which take place or ownership of property and fixtures.

There is a long established history of these locations/Associations operating as community hubs whose members fundraise to fund the Volunteer Fire Departments and in some cases, to build the halls. There are a variety of relationships in place between the Volunteer Fire Departments and the Associations including Ladies Auxiliaries, Volunteer Member Groups, etc.

Claims:

To date, HRM has received nominal claims arising from the operation of these facilities, however, as a large portion of the fundraising activities for these Associations involve the sale of or dispensing of liquor and activities such as hall rentals which involve children/youth for activities such as Scouts Canada, there is a significant exposure to HRM.

DISCUSSION

As a consequence of the identified exposure, Legal, Risk and Insurance Services has purchased a stand-alone \$2M General Liability policy under the authority provided by Council. This will cover all Volunteer Fire Department Associations and Community Groups, not otherwise insured under any other type of program, who operate HRM owned facilities. This policy is primarily for any loss, action or claim arising from the activities of the Associations. The coverage provides a number of benefits to HRM which include:

- 1) Blanket protection for the Associations;
- 2) Protection of HRM's ability to recover for damage to our facilities caused from any negligence of the Association;

- 3) Protection of HRM's insurance rating from adverse claims experience; and,
- 4) Cost savings

It is anticipated that the cost of this policy will be approximately \$30,000.00 per year and will be subject to a \$1,000.00 deductible. Fire Service has indicated it can accommodate this cost within its budget however it is anticipated that the cost of this insurance will be recovered from the Associations. The low deductible amount is reflective of the small operating budgets of many of the Associations and should align with damage deposits.

Legal, Risk and Insurance Services will continue to facilitate discussions between Halifax Regional Fire Services/C&R and the various Associations to;

- 1) Identify all of the Associations involved;
- 2) Determine what operations or events take place within the respective facility on an ongoing basis
- 3) Define the Associations' relationship to the Volunteer Fire Department/C&RS;

FINANCIAL IMPLICATIONS

Liability awards by the Courts continue to increase and are based on a finding of the nature and extent of the harm suffered by an individual for which either the Association or HRM has been found liable. A General Liability insurance policy of this nature is the most cost effective means to ensure coverage for both HRM, as the property owner, and the Associations.

COMMUNITY ENGAGEMENT

HRM Fire Services will inform local Associations as required.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: John Traves, Q.C., Director
Legal, Insurance and Risk Management Services, 490-4226

Original Signed

Report Approved by: _____
Richard Butts, Chief Administrative Officer
