









RISKY BUSINESS



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Common Room Insurance

---Eat, drink and be... litigious?

A group is planning a party or event in your building's common room. How does that concern you?

It depends. What are the risks of injury or property damage? Will alcohol be served? This is perhaps the most potentially litigious factor when it comes to parties or events. What happens if a minor consumes alcohol and becomes ill? What if someone leaving the event drives drunk and has a car accident? Your corporation could be sued. But there are ways to protect yourself. Consider

taking the following steps every time you permit an event to happen in your common rooms:

1. Require that all renters sign a plainly written rental contract that clearly sets out each party's rights and obligations concerning the room. Include a clause that states your corporation is not liable for injuries or damages incurred during the event.
2. If alcohol is to be served, ensure the event organizers obtain a Special Occasion Permit (SOP) from the Alcohol and Gaming Commission of Ontario.

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Common Room Insurance *(continued)*

---Eat, drink and be... litigious?

3. Ensure that the event organizers have purchased Common Room Insurance (also called Special Event Insurance or Social Host Liability Insurance) for the event and if they are serving alcohol, that the policy includes coverage for host liquor liability. That way, in the event of an incident, the injured party can make a claim against the event's insurance policy, not your corporation's policy.

Neither your corporation's insurance policy nor the event organizer's Special Event policy will cover any property or contents belonging to event organizers or event attendees. To avoid any misunderstandings, you should spell this out in the rental contract. Property belonging to your housing corporation will be covered by your building insurance, as long as the property was lost or damaged due to a covered risk.

SHSC now offers Common Room Insurance to cover risks that arise from renting out your party rooms. For details, check out the box below.

USER GROUP INSURANCE FOR COMMON ROOMS

Play it safe without spoiling the fun

Rates start at just \$27/event for \$2,000,000 coverage

Tenants or non-tenants hosting events insured against lawsuits arising from the event

Housing providers automatically added as an additional insured - if a lawsuit is filed, your building insurance coverage and record won't be affected

Available exclusively to providers insured by the SHSC Group Insurance Program

Coverage is available for:

Holiday Parties	Dinners	Bridal Showers	Religious Functions
Dances Workshop	Wedding Receptions	Baby Showers	
Birthday Parties	Bingo Nights	Movie Nights	Other one-time events



Contact Rachel Magee at
416.594.9325 x.215 or
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for more information.

Coverage Focus: Equipment Breakdown Insurance

Tenants don't necessarily see building equipment and machinery doing its work, but they depend on both every day to ensure their units are safe and habitable. A power surge, electrical arcing or mechanical breakdown can force tenants from their homes and wreak havoc on everyone's daily lives. Property insurance covers many standard perils, such as fire and water escape, but excludes the failure of building systems and equipment.

Equipment Breakdown Insurance (also called Boiler and Machinery Insurance) provides insurance coverage in the event of equipment breakdown. It includes nearly everything that is mechanical, electrical or under pressure in your building - boilers, electrical transformers, HVAC systems, fire alarm and security systems and back-up generators. Warranties and maintenance contracts don't pay for spoilage damage to surrounding property, damage due to operator error (the cause of 35% of equipment breakdowns) or extra expenses required to restore operations. Equipment insurance does.

There are five primary types of equipment and risks covered by equipment breakdown insurance:

Electrical - Electrical systems are worth between 10-15% of a building's value and pose a huge loss potential to building owners. These systems tend to be overlooked and under maintained and therefore losses are common. Equipment such as transformers, panels and cables in electrical systems are interconnected so a short circuit in one part can result in damage to a significant part

of the system. Electrical arcing can melt steel and destroy cable insulation requiring removal and replacement. In addition, many buildings utilize a transformer to step voltage power down to a level that can be used within the building. These transformers are expensive to repair or replace and are subject to breakdown due to power surges, short circuits and aging insulation.

Computers & Communications - Computers, multi-line phone systems (PBX), security and fire alarm systems rely on very sensitive electronic technology. Power surges and electrical fluctuations can damage these systems in seconds even when using surge protectors. That's because surge protectors only guard the electrical line, not the phone and local area network lines.

Air Conditioning & Refrigeration - Air conditioning and refrigeration systems contain a variety of components that can break down, including compressors that can cost as much as \$20,000 or more. Since AC units are frequently located on rooftops, the removal and installation costs can be astronomical, requiring a helicopter or crane for the job.

Boilers & Pressure Vessels - Boilers and pressure vessels in residential buildings are commonly used for heat and hot water. They tend to break down due to low water conditions and low water cut-off mechanism failure, causing cracking, collapse, bulging or explosion.

Mechanical - Mechanical equipment includes water pumps, ventilation fans, elevator and escalator machinery, motors, and engines.

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Coverage Focus: Equipment Breakdown Insurance

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Mechanical equipment often breaks down due to vibration, metal fatigue, seizing, misalignment or human error, such as not adding engine oil. Elevators are in constant use and are prone to mechanical breakdown. Emergency generators are subject to breakdown because they are infrequently serviced and may have stale fuel.

Equipment Breakdown insurance pays for the sudden and accidental breakdown of pressure objects and electrical and mechanical machinery. It not only pays the lesser of the cost to repair or replace insured equipment, the insurance pays for Direct Damage to insured property and may pay for Gross Rents and Extra Expense where there is an income loss or additional costs related to the insured breakdown.

Here are some of the key coverage areas of this type of insurance:

Property Damage – pays for the cost to repair or replace damaged equipment due to an insured breakdown.

Gross Rents – covers the loss of rental income due to an interruption caused by an insured breakdown from the date of the loss until such equipment is repaired or replaced plus additional time to allow your business to become fully operational.

Extra Expense – pays for additional costs (e.g., equipment rental and over-time)

you incur after an insured breakdown to maintain normal operations.

Spoilage – covers the spoilage of insured property resulting solely from an insured breakdown.

Expediting Expenses – pays reasonable extra cost of temporary repairs or to expedite permanent repairs to restore business operations.

By-laws – pays for additional costs including demolition to comply with laws or codes.

Hazardous Substances – pays for the extra cost to repair or replace covered property contaminated by hazardous substances released in an insured breakdown. A hazardous substance must be one that is a declared substance by the government.

Professional Fees – pays for reasonable fees such as auditors, accountants, lawyers, architects or engineers to document the amount of loss payable.

Data Coverage – pays to restore the data that is lost or damaged due to an insured breakdown.

This is a general summary. For all coverage terms and exclusions, you will need to review the actual insurance policy.

Jurisdictional Inspections

All provinces require Jurisdictional Inspections for regulated pressure equipment such as boilers and pressure vessels. In Ontario, boilers and pressure vessels are regulated by the Technical Standards & Safety Authority (TSSA). The equipment must be inspected and certified that it is safe to operate by an authorized inspector. It is the responsibility of the owner of the equipment to have it inspected and

RISK MANAGEMENT: LIABILITY AND PROPERTY LOSS PREVENTION WORKSHOP

NEW
FOR
SPRING
2011



SHSC will be launching a new workshop to assist you in developing liability and property loss prevention programs in your organization.

You'll learn about the principles of good risk management as well as practical risk control measures that you can implement. Theory gets put into practice with this workshop, which features a guided site inspection of an area housing community.

Contact Lisa Kotsopoulos at 416.594.9325 x.242 or lkotsopoulos@shscorp.ca for more information.

certified at prescribed intervals. In Ontario these inspections may be done either by the TSSA for a fee or by a qualified insurance boiler inspector.

As part of most Equipment Breakdown insurance programs, the premium paid includes the cost of inspections by qualified inspectors working for the insurer. The service includes:

- Identifying the insureds that have jurisdictional inspection services requirements
- Scheduling and performing boiler and pressure vessel certification inspections in

accordance with jurisdictional requirements

- Providing recommendations where hazardous conditions are noted
- Offering advice to improve equipment operation, maintenance and reliability

Meeting local jurisdictional inspection requirements is important as provincial authorities can fine businesses that don't comply and can even shut down operations.

Insurance Fraud: Not Worth It

A man and a woman at an accident scene stand at the side of the highway and watch as flames engulf their car. Having no insurance, the husband immediately calls an insurance company and says he wants to buy a policy (saying nothing of the accident). Unfortunately for him, during the phone conversation the insurance representative hears the man's wife yelling in the background: "The car is about to explode!"

This is one of many true stories of botched insurance fraud reported to the Consumers' Association of Canada. Some people have even died trying to commit fraud – like the brothers who set their car on fire with a pipe bomb and then died in the resulting explosion. People who commit fraud and get caught (as in the cases above) do not receive compensation. They may also have a hard time qualifying for insurance in the future.

Fraud is a criminal act, and a costly one. Every time a property insurance claimant, for example, gives false information about the extent of property damaged in a theft, flood or other incident, it affects premiums throughout the industry. Insurance companies need funds to compensate for the losses and raise premiums to help pay these additional costs. As a result, honest policyholders are the ultimate victims of insurance fraud – and this applies to housing providers too.

Fraud comes in many forms, such as exaggerating the extent of property theft or damage in hopes of getting a huge settlement, staging a car crash or falling down a neighbour's stairs on purpose

(not so smart – some fraudsters hurt themselves badly!). In Canada, organized insurance crime represents a significant cost to insurers and policyholders - about \$542 million annually.

You can help stop insurance fraud by reporting suspicious claimant activity. To protect yourself from exaggerated claims, prevent accidents from happening on your property through regular maintenance, such as clearing debris from common areas and organizing snow and ice removal procedures and contractors before winter. Document all of your maintenance and risk management activities. Consistently record the details of any incidents where a tenant or visitor may have been injured to support your defence later – to contest injury claims that do not match with your log and the details recorded at the time of the accident. Report all incidents involving injuries or possible injuries to the insurance adjuster for investigation.

To report insurance fraud contact the Insurance Bureau of Canada's confidential tip line:
1-877-IBC-TIPS (1-877-422-8477)

Anonymous online form: www.ibc.ca/en/Insurance_Crime/Report_Insurance_Crime.asp

Ever get the urge to do something risky?

If you want to avoid acting in a way you might later regret, try this simple evasive maneuver, courtesy of The Cleveland Clinic Canada.

Drum the fingers of your right hand for 30 to 45 seconds. It activates the sensible left side of your brain.

Duty to Cooperate: Your Role in a Claim

Look at any insurance policy and you will find a provision that goes something like this:

Assistance and Cooperation of The Insured

The Insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. Except at his own cost, the Insured shall not voluntarily make any payment, assume any liability or obligation or incur any expense, unless with the written consent of the Company.

The Duty to Cooperate provision addresses one of the most fundamental aspects of insurance, which is the duty of both parties – the insured and the insurer – to act in good faith.

Any insured party who becomes aware of a claim and files it with their insurance company is expected to cooperate with the insurer in defence of that claim. That includes providing information and documents, cooperating in the investigation, ensuring the attendance of any witnesses over which they have control (e.g. employees), and generally working with the insurer in all matters (except financially) in the defence of any action.

Failure to cooperate (if the insurer can prove it) could mean limited or no coverage for the claim. If the breach of the duty to cooperate is deemed to be “substantial,” the Insurer may even be released from its duty to defend the insured and from any liability to indemnify for any settlement or judgments paid to the claimants. (In the appropriate circumstances, though, the insured may seek relief

from forfeiture of these rights under the policy). Examples of breach, according to law firm McCarthy Tétrault, include: failing to honour a reporting agreement; failing to disclose material facts; refusing to submit to a psychological assessment when it is a precondition to receiving disability benefits; refusing to complete required medical examinations; and lying under oath at an examination for discovery.

The Duty to Cooperate provision is not meant to enslave the insured to the insurer or to require the insured to submit and/or respond to unreasonable or onerous requests. The duty goes both ways. Both the insured and the insurer must cooperate with each other.

The provision allows both parties to provide and/or collect information and pertinent facts and details regarding the incident while it is still fresh in everyone's minds. During the process of making a decision on the claim, it also allows the insurer the opportunity to investigate the claim, prevent any fraud, attempt to resolve the claim before it becomes an even larger claim, and assess its rights and obligations under the wording of the policy.



Beware of Dog-Bite Litigation

Health Canada estimates that dogs bite 400,000 people each year (45 per hour!), with the largest number in British Columbia and Ontario. In practically every case, the dog's owner is liable to the victim for damages. Ouch.

Don't believe the outdated legal notion that "every dog is entitled to one bite." There was a time when dog bite law followed that basic principle – that people have no way of knowing their dog is a biter until it bites someone.

Under Ontario's current Dog Owner's Liability Act, when a dog bites or attacks a person or another pet, the dog's owner is liable. A biting dog, and therefore its owner, is guilty. There is no need for the bite victim to prove that the owner was in any way negligent or somehow caused the dog to behave aggressively. A bite is a bite. The law automatically holds the dog owner to "strict liability."

Most standard tenant policies provide anywhere from \$1 million to \$2 million of liability coverage, including coverage for dog bite claims.

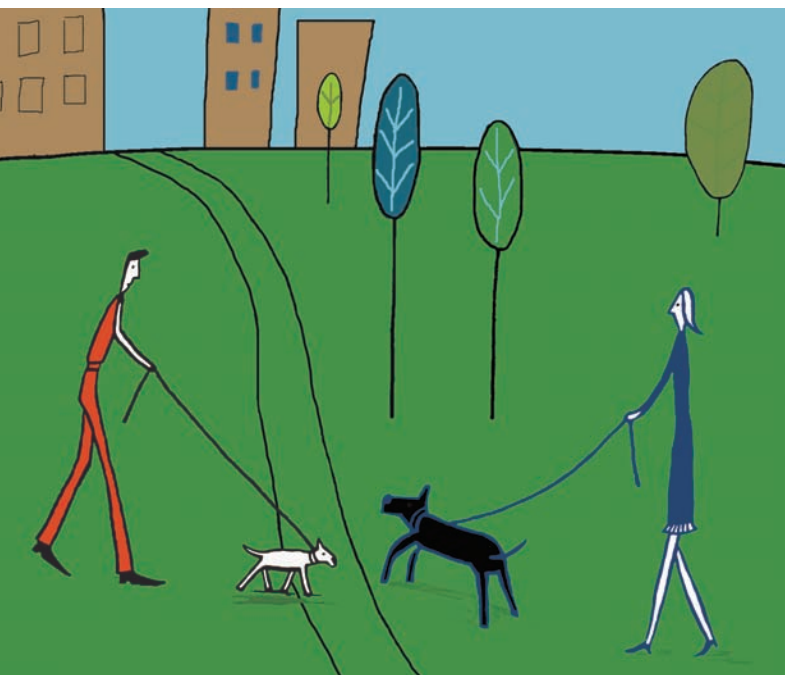
Many renters are still left unprotected, however, because they mistakenly rely on the insurance held by landlords. Only tenant insurance offers this necessary personal liability protection to individual tenants. Coverage applies whether the dog bite or dog attack occurred at the dog owner's property/home or somewhere outside the home.

Having a pet without the liability protection of tenant insurance is risky. The law says that dog owners must compensate the victim, whether or not they have insurance.

What's the damage?

A settlement amount may depend on certain factors. Once a dog has bitten someone, an insurance company may charge a higher premium or exclude the dog from its coverage. The vague wording in the law allows courts to make certain orders in the name of public safety; they can even order the dog to be destroyed, and bar the owner from owning any other dogs for a period of time.

If someone gets bitten or attacked by a dog while trying to commit a crime, the dog's owner might not be liable, unless keeping the dog on the property for protection was somehow unreasonable. The amount of the settlement might be higher in some cases if the dog owner failed to hold back the dog or ignored its tendency to bite people. On the other hand, the damages might be lower if a judge finds that the victim provoked the dog. The best way to avoid personal liability is to prevent a dog from biting someone in the first place.



Conflict of Interest

---Responsibilities of Board Members

Board members are not supposed to benefit from the decisions, service or advice they provide. The benefit of the organization must come before any perks to board members or their friends, family, employer, business or business colleagues.

Non-profits serve the public good and have a legal responsibility to ensure that the organization's resources are carefully managed. That said, non-profit board members are often affiliated with other organizations, so conflicts of interest are not uncommon.

Deciding between competing options can cause ethical dilemmas. This can arise if, say, the board hires a board member's employer to do its printing for a large-scale printing contract without soliciting bids from any other printers, or hires a board member's spouse as the property manager without considering other options that may be less expensive and provide better legal protection for the landlord.

To prevent a conflict of interest, start with well-defined policies on all matters that could potentially lead to conflict. Tailor-make a conflict-of-interest policy and have it signed by every board and staff member. The policy should include:

Full disclosure: All board and staff members should disclose their connections with groups doing business with the organization.

Board member abstention from discussion and voting: Anyone with an actual or potential conflict of interest should remove themselves from conversations, decisions or votes where a conflict



of interest may exist. They should leave the room or meeting where there is discussion that may benefit them and/or their family or business.

Staff member abstention from decision-making:

Staff with an actual or potential conflict should not be involved in decision-making affecting such transactions.

“But what if I have the expertise to help the board with some complicated business transaction for the benefit of the organization? Is it wrong to get paid for that?”

Not necessarily. Let's say you're a lawyer and the board needs a lawyer. The board would just as soon use your services than hire someone else just because they're not on the board. In reasonable circumstances this is legal, but be honest and transparent about it. If there is a conflict, lay it on the table. If you're not sure, err on the side of caution and disclose all relationships, connections and possibilities for potential benefit.

If a legal concern arises the board will need to demonstrate that they were aware of the potential conflict of interest and took reasonable care and consideration to behave legally and keep everyone above suspicion.

Keep it in the Vault

---How to protect your tenants' confidential information

In the Information Age, data is precious and volatile. Your tenants want and expect that details like their financial history, name, health information, social insurance number and e-mail address, are protected. But confidential information also includes things like their opinions, insurance information and other personal details. As a keeper of this type of information, you must “keep it in the vault.”

10 Principles Privacy

1. **Identifying the purpose:** Clearly identify to the individual why you are collecting information (with certain exceptions);
2. **Limiting the collection of information:** Don't collect more than you need, and don't use it for anything other than your identified purpose.
3. **Accountability:** Appoint a designated Privacy Officer, have a privacy policy, and share the policy with all staff and board members.
4. **Accuracy:** Make sure the information is complete and up-to-date. Ask yourself whether using or disclosing out-of-date or incomplete information could harm the individual. Make sure the information is current, and record the steps you took.
5. **Limiting use, disclosure and retention of information:** When you pass along an individual's personal information to a third party, include a privacy protection clause. This is meant to be a guarantee that the third party will provide the same level of protection that your organization follows. Bear in mind though that the third party is not necessarily accountable if they violate that protection. So be careful with whom you share information.
6. **Safeguards:** You are responsible for protecting

personal information from theft and unauthorized use. You can do this via physical, technological or organizational controls.

7. **Openness:** Clearly publicize the contact information and process for requesting access to personal information.
8. **Challenging compliance:** If someone feels their privacy has been violated, clearly state the organization's complaint procedures.
9. **Access:** Individuals are entitled to their own personal information and can challenge the accuracy of their information in your vault. Correct any mistakes they identify.
10. **Consent:** Individuals can provide consent for a third party to access their personal information – on an application form, signed consent form, check-off box, or by phone. You should familiarize yourself with the 3 types of consents (express consent, implied consent or deemed consent) and be aware of the specific requirements of each.

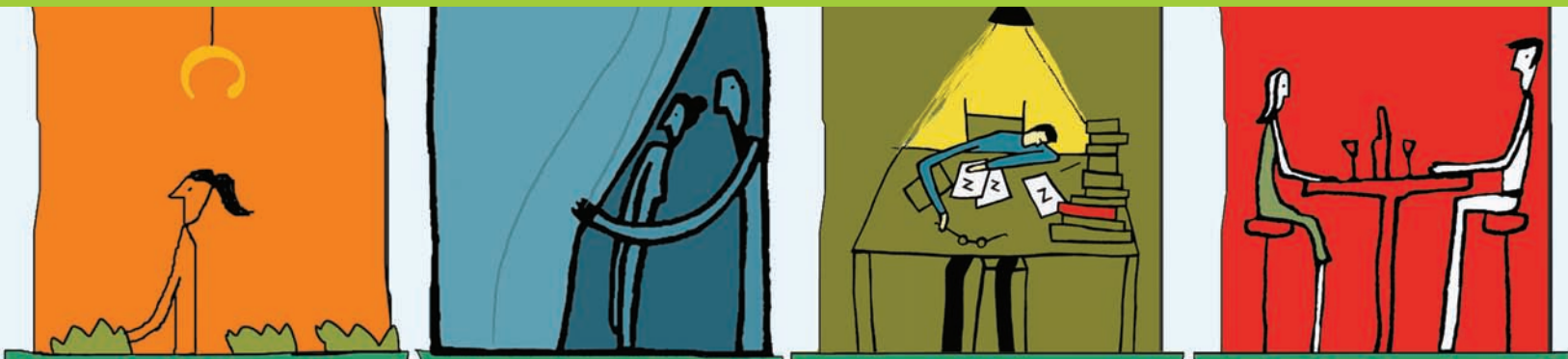
The Privacy Audit

Complete a privacy audit to ensure...

Secure information on computers: Check the computer workstations. Do they face the window where people outside can see what's on the screens? Are your computers locked by password?

Secure conversations: Is your reception area open access? Can people entering the building hear conversations they shouldn't hear? Maintenance staff, for instance, should not disclose a tenant's name, unit number or his/her maintenance issues in front of other tenants or visitors.

Secure documents: Is the fax machine locked at night? Are all tenant files locked at night? Does someone check to make sure that no confidential information is accessible to unauthorized staff or to visitors?



Spotlight on Privacy

Here are five acronyms for five different Privacy Laws. Yes, they're a mouthful (try saying them 10 times fast!).

PA – Privacy Act: Sets out rules for how institutions of the federal government must deal with personal information of individuals.

PIPA – Personal Information Protection Act: Protects individual privacy by requiring private-sector organizations to obtain consent for the collection, use and disclosure of personal information in most cases, and provides individuals with a right of access to their own personal information.

PIPEDA – Personal Information Protection and Electronic Documents Act: Pertains to the balancing of an individual's right to the privacy of personal information with the need of organizations to collect, use or disclose personal information for business purposes. Unlike the Privacy Act, PIPEDA applies to the Canadian private sector.

FIPPA – Freedom of Information and Protection of Privacy Act: Sets out requirements that public bodies must follow to protect the personal information they hold. The key purposes of the Act are to provide the public a right of access to

an organization's information (subject to limited exemptions), while at the same time protecting the privacy of individuals with respect to their personal information held by an organization and to provide individuals with a right to access that information.

MFIPPA – Municipal Freedom of Information and Protection of Privacy Act: Requires municipal institutions to protect the privacy of an individual's personal information existing in government records. This Act also gives individuals the right to access municipal government information, including most general records and records containing their own personal information, with limited exceptions.

PHIPA – Personal Health Information Protection Act: Governs the collection, use and disclosure of personal health information. The act outlines privacy regulations for health information custodians (healthcare or community service providers, etc.) in Ontario.

It's important to inform yourself on which of these Acts apply to your organization, so you can meet your legal obligations. **SHSC Training** can help educate you further with Privacy and Handling Personal Information, a course delivered on request via its training partnership program. To find out more, contact Lisa Kotsopoulos at 416.594.9325 x.242 or lkotsopoulos@shscorp.ca

RISKY BUSINESS



Contact Us

- For more information on the SHSC Group Insurance Program, including risk management, insurance or advocacy, contact:

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- Reporting Claims and Incidents: Please report all claims and incidents, whether self or externally adjusted, to ClaimsPro at 1.866.532.7315



THE BUSINESS OF HOUSING

About The SHSC Group Insurance Program

The SHSC Group Insurance is one of the largest in North America and offers competitive prices and coverage tailored specifically for social housing providers. Our program operates from a single master insurance policy administered by SHSC. The program is extremely flexible and allows our customers to choose their own coverage types, limits and deductibles.

The Social Housing Services Corporation is a non-profit corporation that has been providing business-oriented solutions to Ontario's social housing providers and municipalities since 2002.

For more information on SHSC and our programs, visit: www.shscorp.ca, call: 1.866.268.4451 or 416.594.9325, or email: feedback@shscorp.ca.



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