Dear Provider,

It’s been just over a year since I started as HSC’s Insurance Services Director. It’s also almost the end of the 2012/13 policy term. So I’ve lately had pause for reflection on where we were with the program this time last year, the progress we’ve made as a group, and where we’re going from here.

All and all, I’m very happy with the progress we’ve made together over the past year. From my meetings with providers across the Province and through the ONPHA Regional Sessions, I’ve heard from you about all the things you’re doing to manage risk and have had the opportunity to share the knowledge I’ve gained. Our new insurance broker, Marsh Canada, has also been very helpful in bringing a new perspective to the table – particularly in helping us evolve the new program design and how we work with insurers.

Our combined efforts resulted in a total program premium for 2013/14 that was 14% less than the previous year. And this meant that for 90% of our program participants premiums either remained the same or reduced this year. We were also able to negotiate coverage enhancements to better protect providers and residents. Finally, we introduced an insurance premium allocation model that encourages and recognizes the good risk management measures providers are taking. Further details on the program results are in this issue of Managing Risky Business (links below).

There’s still more work to be done. In the coming year, we will be working more closely with providers with challenging claims histories to reduce their risks and assisting those who are interested in taking their risk management practices to the next level. We’ll also work to moderate insurers’ perceptions of providers with tenant support services and their liability exposure. Finally, I’d also like to continue to build bridges with program participants and continue to improve our communication with you – whether you are insured with HSC or not. We all share two common goals: safe and affordable housing and the protection of our employees and residents. This is what unites us all as a group and is what we aim to support in meaningful ways.

I look forward to working with you over the next year to further improve our risk management efforts and to support HSC’s sector objectives of improving the operation, efficiency and long term sustainability of housing providers; improving the management, maintenance and long-term sustainability of housing assets and improving the quality of life of residents.

Sincerely,

Brian Laur
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Managing Risky Business: Q4/2013

2013/14 Program Results

As I mentioned in my covering letter as well as in the letter you received with your renewal packages, our combined efforts put our program in a favourable position to negotiate with insurers on rates and coverage. So we focused our negotiations this year on correcting insurers perceptions of risk in social housing in Ontario and how it’s handled. Specifically:

<table>
<thead>
<tr>
<th>Provider practices</th>
<th>HSC supports</th>
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<td>• Annual unit inspections and routine safety checks with work orders (e.g. smoke/carbon monoxide detectors, use of extension cords, clutter/hoarding, evidence of water leakage, window locks &amp; screens)</td>
<td>• Promoting risk awareness and commitment through Managing Risky Business newsletter</td>
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<tr>
<td>• Engaging tenants on fire safety awareness</td>
<td>• Improving risk management knowledge and practices through working sessions on key/common issues; training for front-line provider staff</td>
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<tr>
<td>• Notifications in buildings (e.g. fuse and storage of fireworks, policy on placing objects in hallways)</td>
<td>• Reducing provider risk exposure through low-cost tenant insurance and insurance for common rooms</td>
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<tr>
<td>• Building policies (i.e. smoke-free, mandatory tenant insurance)</td>
<td>• Enabling insurers to focus on large and unexpected claims by having a participant-funded Claims Fund that covers smaller, more common incidents</td>
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We also took a different business approach with insurers. We approached insurers in both North America and Britain and offered insurers the ability to share in underwriting the property component of the insurance program. So instead of having one property underwriter, who absorbs all the risk, we have more than 10, who distribute the risk amongst themselves and thereby lower their exposure. The result of this was that we had unprecedented interest among insurers in the program and enabled us to obtain a competitive program premium and coverage enhancements.
Allocation Model:
HSC calculated insurance premiums based on an allocation model that aims to be fair, transparent and supportive of good risk management practices. As in previous years, the allocation model factored in:

- Total insured values
- Number of units
- Construction type
- Proximity to fire services
- Deductible level selected by the provider
- Recent claims

However, this year it also factored in:

- Smoke-free buildings
- Mandatory tenant insurance
- Direct tenant support services delivered on-site

Renewal Results Highlights:

- **Lower insurance premiums**: 90% of program participants (591 providers) will see no increases or reductions in their premiums as a result of their claims histories, risk management measures and unique characteristics of their portfolios.

- **Coverage enhancements**: Increased coverage for alterations, repairs and additions; additional living expenses for residents, pesticides and mould resulting from an insured peril. The full policy wordings available on the HSC website.

- **Combined Property Claims Trust Fund (Claims Fund) for 2013/14, process for any available surpluses**: For the 2013/14 policy term, there will be a $10 million fund for both Stream A and Stream B providers to reflect the terms that were negotiated with the insurers. The Claims Fund will continue pay out claims based on the thresholds established in the past – for Stream A providers between their individual deductible and $1M; for Stream B providers between their individual deductible and $2.5M.

- **Support on implementing mandatory tenant insurance**: Because tenant insurance plays an important role in reducing the risk exposure of providers and is part of our allocation model, we will continue to offer guidance and support to providers who are considering implementing mandatory tenant insurance programs and through SoHo Insurance Inc., will continue to provide reduced rate insurance for your tenants. For more information on tenant insurance, visit the [SoHo website](#).
A note on providers that did experience increases:
Approximately 60 providers did see increases in their insurance costs. However in the majority of these cases, the increased costs were because their insured building values had risen. The value of your buildings can increase in several ways: by having building values re-assessed after a long period; by increasing the number of insured units; or by adding new locations or providers to your insurance policy. However, it is important to have updated building values since they determine how much you are eligible to receive in the event of a covered loss.

The remainder experienced increases for the following reasons:
- New coverages were added by the providers
- Recent or frequent claims to the program
- Provision of tenant support services (e.g. summer camp, daycare, clinic)

I am committed to working closely with providers who have challenging recent claims histories to assist them in controlling costs and reducing risks into the future. And as I mentioned in my letter, I plan to make efforts in moderating insurers’ views on the extent to which tenant support services create liability exposure.

Should you have any questions about your insurance costs or seek advice on how to better control them, please do not hesitate to contact me.

Claims Fund
I plan to provide you a final update on the status of the 2012/13 Stream A and Stream B Property Claims Trust Funds (Claims Funds) before the end of the year in the next Managing Risky Business. However as I mentioned in the letter that went out with your renewal paperwork, there’s been an important policy development on the Claims Fund.

Your Insurance Advisory Committee has approved a set of rules to ensure that funds are properly managed. Any surpluses left in the Claims Funds at the end of a policy term will be returned to participating members six months after the end of the term – once all outstanding claims are fully settled. The surplus would be divided among providers based on the percentage of the provider’s initial contribution to the Fund.

The purpose of a Claims Fund is to cover smaller, more common property claims so that insurers can focus on less common, catastrophic claims. As such, it helps control premium costs by absorbing what would otherwise be claims costs and risk exposure incurred by the insurer. Because the size of the Fund is based on its projected use (and this has been fairly accurate in the past two years), we cannot expect surpluses. However utilizing the claims fund data to refine our risk management practices could over time improve the possibility of a surplus. And now we have process for administering any possible surpluses.
Recent Claims Affecting HSC Insurance Program Participants
While disasters aren’t pleasant to talk about, they can help us get new insights into risk management and lend perspective to the human and economic cost of claims. Here are just some of the stories on incidents at participant sites reported in the news:

- “Victim suffers burns in early-morning apartment fire,” Toronto, September 2013
  Cause: Under investigation
- “Dozens homeless in townhouse complex blaze on Ottawa’s Lees Ave,” Ottawa, September 2013
  Cause: Under investigation
  Cause: Under investigation

On a more positive note, I was pleased to recently read about the work that Supportive Housing of Waterloo is doing on addressing hoarding. They’re working with other local community groups to "build relationships with clients and network with partner agencies in order to not only address the underlying issue of why someone is holding onto things, but also how to reduce harm to the individual, their family and the broader community." You can read the story here: [http://www.waterloochronicle.ca/news/the-hoarding-project/](http://www.waterloochronicle.ca/news/the-hoarding-project/)

If you’re working on a way to control risks that might be applicable to other providers, I’d like to hear from you! Please feel free to contact me.

Training & Education
There are several educational opportunities this fall related to risk management:

- The ONPHA conference (October 18 to 21, Toronto) will have several sessions on risk management issues, including:
  - Crime prevention through environmental design: Simple solutions
  - Fire Safety
  - Creating fire-safe communities
  - Making your building smoke-free
  - Mitigating risk: Dealing with mould (I will be presenting at this session)

  For more information on these sessions and registration details refer to the [ONPHA conference guide](http://www.onphac.org).
ONPHA will also be hosting a webinar on hoarding, mental health and housing on November 14.


HSC has launched AMC Safety Awareness, a new online course for housing provider board members, in partnership with the Public Services Health and Safety Association. This workshop helps leaders address organizational health and safety by providing relevant information and tools. And because it’s online, board members can proceed at their own pace and access the training anywhere there’s an internet connection. To find out more and register for AMC Safety Awareness, visit the course page or contact HSC’s training coordinator, Joanna Gage.

The Chartered Institute of Housing Canada (CIH Canada) is launching its first courses in November in Managing Buildings (Certified stream) and Asset Management (Chartered stream). Participants need to apply by November 15. Visit www.cih.org/canada to find out more.

I am also happy to visit providers to get together with front-line staff to educate them on practical risk management. Should you be interested in hosting such a session or to arrange for the custom delivery of HSC training in loss prevention or mould and asbestos remediation, I’d be more than happy to arrange it. Please feel free to contact me.