

SUBJECT: Community Partners' Insurance Program

File Number ACS2022-ICS-LEG-0003

**Report to Finance and Economic Development Committee on 3 May 2022
and Council 11 May 2022**

**Submitted on April 21, 2022 by Valerie Turner, General Manager, Innovative Client
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE

OBJET : Programme d'assurance des partenaires communautaires

Dossier : ACS2022-ICS-LEG-0003

**Rapport au Comité des finances et du développement économique le 3 mai 2022
et au Conseil le 11 mai 2022**

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REPORT RECOMMENDATION

**That the Finance and Economic Development Committee recommend Council
approve the revised Community Partners' Insurance Program as described in this
report.**

RECOMMANDATION DU RAPPORT

**Que le Comité des finances et du développement économique recommande au
Conseil municipal d'approuver la version révisée du Programme d'assurance des
partenaires communautaires, comme le décrit le présent rapport.**

BACKGROUND

Working in partnership with the City of Ottawa, community associations play a vital role in delivering and supporting a wide range of programs and services in the local community. In recognition of that role and the need to address issues of potential legal liability, and also appreciating the limited funding available to many community associations, the City has made Commercial General Liability insurance available to those community associations working in partnership with the City. Known as the Community Partners' Insurance Program (CPIP), this insurance is made available either with premiums paid by the City, in the case of the "Fixed Program", or paid by the community association, for those in the "Open Program."

The distinction between these two programs arose out of City Council's decision, during consideration of the recommendations contained in the 2001 Third Party Insurance Program and Risk Management Policy Statement report ([ACS2001-CRS-FIN-0030](#)) that groups which previously received insurance coverage from the City, be "grandparented" for insurance coverage purposes. However, in accordance with the recommendations contained in the 2001 report, those community associations that were not included in the legacy model, or that have come into being since amalgamation, are required to fund their own insurance premiums.

Recently, the rising cost and more limited availability of insurance has served to highlight the disparity between the two elements of the CPIP. In response to a number of inquiries from members of Council, as well as concerns raised on behalf of the Federation of Citizens' Association (FCA) during consideration of the City's 2022 Budget, Legal Services undertook to review the CPIP to present Council with recommendations aimed at establishing greater equity amongst community associations in the context of the CPIP.

DISCUSSION

The City's objective of fostering the development and delivery of the wide range of services and programs in the community, in partnership with community associations, must also consider the need for fiscal accountability. In accordance with this, staff are proposing a revised CPIP founded not on whether the community association received municipally-funded insurance in 2001 but, rather, on established criteria centered on support and delivery of community programs in partnership with the City. This rationalization of the CPIP is intended to bring equity to community associations working with the City, while also ensuring that the provision of taxpayer-funded insurance is

limited to organizations working to support community programs and activities in conjunction with the City.

Staff are therefore recommending that City-funded insurance be made available only to those community associations that have a direct written contractual relationship with the City, in keeping with the understanding that such a requirement will ensure that the City retains significant ownership, accountability, direction and control over the quantity and quality of services provided, and that the services delivered are monitored and evaluated by the City. Staff are further proposing that community associations seeking insurance coverage under the City's Community Association General Liability Insurance Program, administered and paid for by the City of Ottawa, be required to meet the following application eligibility criteria:

- Operate within the City of Ottawa as a not-for-profit group; **AND**
- Have a formal written service agreement associated with the delivery of recreational, cultural or community services provided on behalf of, or in partnership with the City; **OR**
- The applicant is a community garden operating under the Just Food "Community Garden Network (CGN)" Program.

Under the revised CPIP, all community associations will be required to complete and file an application for insurance coverage with the City on an annual basis or as otherwise prescribed by the City's insurer. This process is intended to ensure that the community association's programming, activities and events continue to meet the eligibility requirements of the CPIP, in keeping with appropriate risk management practices.

Where the programming, activities and events identified by a community association fall outside the eligibility criteria (e.g. operations relating to licensed childcare or competitive sporting events), the community association may be denied coverage or be required to make adjustments to meet the insurer's eligibility requirements. More specific details of the lines of coverage of the proposed revised CPIP are outlined in Document 1.

If accepted, the association will itself be responsible for the policy deductible any time a claim is made under the policy. This is in keeping with standard insurance practices and serves to ensure that community associations remain accountable for implementing appropriate risk measures.

It should be noted that, while outdoor rink operators were formerly insured under the

CPIP “Fixed Program”, beginning in 2021, their operations were subsumed within the City’s Integrated Commercial General Liability Policy. As a result, rink operators are not included under the CPIP.

Staff are not recommending any expansion of the types of insurance coverage made available under the revised CPIP. While Directors’ and Officers’ liability and property coverage will still be made available for those community associations wishing to purchase them, the premiums and deductibles would remain the responsibility of the community associations, as in the past.

In light of the renewal process for the 2022-2023 policy term having already begun, staff are proposing a phased-in approach starting in the upcoming term, with City-paid Commercial General Liability coverage being provided to all community associations currently forming part of the “Fixed Program”, and also extending to those that were not formerly part of the Fixed Section and will now qualify under the revised eligibility parameters. Commencing in 2023, all community associations will be required to meet the parameters for acceptance in order to qualify for City-funded Commercial General Liability coverage under the CPIP.

Program Administration

The administration of the current CPIP has, at times, proven burdensome both from the City's perspective, as well as from that of community associations. In an effort to simplify the application process and the administration of the program, staff have been working closely with the City's broker to identify and resolve issues in conjunction with this year’s renewal of the program. Furthermore, staff are working with the City's broker to explore other delivery platforms to streamline the application process and to develop an online resource available to community associations to assist with such things as: summaries of coverage; parameters for acceptance; program rating; renewal timelines and process; key contact information (City, Broker, Insurer); reporting/incident forms, risk management and best practices forms; rules regarding re-applying; claims surcharging/losses; weblink to online platform; schedules of included/excluded activities and events; types of property that cannot be covered; and frequently asked questions.

Anticipated Costs

The cost to the City for insurance for those community associations currently included in the “Fixed Program” was approximately \$238,000 for the 2021-2022 term. While program pricing was stable for a number of years, the last two renewals have seen

significant premium increases, coupled with reductions in the scope of coverage provided. Streamlining the CPIP in the manner proposed in this report may make the Program more appealing to insurers, potentially providing the City with more favorable terms and pricing.

That said, there is a minimum cost per association for liability coverage under the program; however, the total premium for the City-paid portion can only be determined once all eligible associations have applied and been assessed for coverage. As the City has been able to secure more favorable terms for the renewal of the CPIP with another insurance company, staff anticipate that any additional cost of the revised CPIP, as outlined in the report, will be nominal, provided that eligibility parameters are adhered to and the insurer's underwriting appetite for the program does not overly broaden.

FINANCIAL IMPLICATIONS

The financial implications are as outlined in the report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendation in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This section is not applicable as this is a city-wide report.

CONSULTATION

Legal Services staff assessed the current delivery model of the CPIP in response to Councillor and community feedback related to the legacy model. The proposed revised program with eligibility criteria was provided to the Federation of Citizens' Association (FCA) but comments were not received prior to release of this report.

ACCESSIBILITY IMPACTS

Legal Services supports and considers the *Accessibility for Ontarians with Disabilities Act*, (2005) in its operations. This report is administrative in nature and has no associated accessibility impacts.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

The recommendation of this report supports an equitable approach to the delivery of the Community Partners' Insurance Program. The recommendations eliminate the current

system of both city-paid legacy associations and non-city-paid associations and administers an equitable program where all associations are entitled to apply for coverage through the City, provided that they meet set eligibility requirements.

Eligibility requirements for City-paid coverage will be standardized for all associations to provide equal opportunity for any associations seeking to access this type of coverage.

RISK MANAGEMENT IMPLICATIONS

The Community Partners' Insurance Program (previously known as the "Community Association Group Liability insurance program") has been in existence since amalgamation. The original "Parameters for Acceptance" developed in response to the Ottawa Transition Board recommendation were specifically designed at the time to prevent the City administered and paid program from becoming an uncontrollable administrative burden. The parameters, now referred to as "application eligibility criteria", took into consideration the vested interest the City has in ensuring that those mandated through an agreement to provide a service on behalf of or in partnership with the City can access insurance coverage that is deemed necessary to ensure continuous service delivery. Were the application eligibility criteria to be broadened to include groups who operate independently, and without the oversight and accountability that a written agreement provides, the City would have little means of controlling the program cost, and the risks arising out of independent group operations.

The City is also limited by the number of insurers willing to write the program. For the upcoming term, only one other insurer agreed to quote the program, and for the two previous terms, there were no alternate markets willing to do so.

The fluctuating cost of insurance, influenced by such things as the hardened state of the insurance market, loss history impacted by potential claims, and the volume of members, could impact the cost of delivering the City-paid portion of the program.

RURAL IMPLICATIONS

There are no specific rural implications arising out of this report.

TERM OF COUNCIL PRIORITIES

This report supports the Term of Council priority of Thriving Communities. It aligns to the following outcomes: Ottawa is inclusive and culturally diverse; and Safety, culture,

recreation and social well-being for our residents are promoted through City programs and initiatives.

SUPPORTING DOCUMENTATION

Document 1 – Lines of Coverage

DISPOSITION

Subject to any direction by the Finance and Economic Development Committee and Council, Legal Services staff will implement the recommendation as outlined in this report.