



Date: November 22,2018

Report to: Board of Directors
CityHousing Hamilton Corporation

Submitted by: Tom Hunter, Chief Executive Officer/Secretary
Prepared by: Rochelle Desouza, Chief Financial Officer

Subject: Insurance Renewal- Nov 2018-Nov 2019 (Report #18021)

RECOMMENDATION:

That Report #18021 be received for information.

Tom Hunter
Chief Executive Officer/Secretary

BACKGROUND:

Insurance premiums including additional Insurance for renewal period commencing November 1, 2018 total \$860,884.37 (Prior Year \$831,964.89). This represents an increase of \$28,919.49 or 3.48% over prior year. Details of insurance rates per type of coverage are shown below:

Particulars	Insurance cost	Insurance cost	Insurance cost	CY vs PY
	2016/17	2017/18	2018/19	% change
Total Insured Values	\$ 742,053,788	\$ 756,038,230	\$ 1,030,264,999	36.27%
Average Property Rate	\$ 0.076308	\$ 0.078038	\$ 0.059997	-23.12%
#Units	7136	7130	7103	-0.38%
Insurance cost/unit	\$ 109	\$ 106	\$ 110	3.87%
<i>LINE OF COVERAGE (BASE)</i>				
Property	\$ 161,740.67	\$ 168,229.49	\$ 198,104.95	17.76%
Contribution to Property Claims Fund	\$ 404,508.59	\$ 421,769.81	\$ 420,018.91	-0.42%
Total Property Insurance	\$ 566,249.26	\$ 589,999.30	\$ 618,123.86	4.77%
Commercial General Liability	\$ 180,741.01	\$ 171,607.12	\$ 171,303.78	-0.18%
Boiler & Machinery	\$ 8,525.44	\$ 8,231.96	\$ 8,352.49	1.46%
Crime	\$ 9,722.20	\$ 9,230.82	\$ 9,201.05	-0.32%
Directors & Officers	\$ 1,282.71	\$ 1,282.71	\$ 1,419.86	10.69%
Umbrella Liability	\$ 10,976.59	\$ 10,422.03	\$ 10,388.42	-0.32%
Property Managers Errors & Omissions	\$ 482.03	\$ 457.93	\$ 457.93	0.00%
Mandatory Tenant Insurance Credit		-\$ 14,812.42	-\$ 15,515.47	
Smart Burner Credit		-\$ 23,699.88	-\$ 24,824.76	
Total	\$ 777,979.24	\$ 752,719.57	\$ 778,907.16	3.48%
PST	\$ 62,238.34	\$ 60,217.57	\$ 62,312.57	3.48%
TOTAL INVOICE	\$ 840,217.58	\$ 812,937.14	\$ 841,219.73	3.48%

The 2018/2019 policy term included a Property Claims Fund. This follows the risk logic of funding smaller predictable claims and insuring larger unexpected claims. This fund was created as a trust fund for the benefit of providers who contribute into it. Essentially, this is a pool of trust funds that will be used to pay property insurance claims up to the aggregate amount of \$5M (or \$2.5M per occurrence). It represents 67% of CHH's total property insurance cost (premium + fund contribution). If CHH incurs a property claim, funds from the trust will be used to pay any eligible claims expenses and indemnities between CHH's deductible amount up to the \$2.5M program deductible. The Housing Services Corporation monitors the Claims Fund, and can provide details of claims paid/expenses and the fund balance.

For the 2018/2019 policy term, Marsh Canada Limited are the program broker and HSC Insurance Inc. (a Housing Services Corporation affiliate) remains responsible for gathering data, issuing invoices and collecting premiums.

There have been no changes to the insurance providers for each line of business. The following chart details current insurers for each insurance type:

Primary Insurer	Line of Business	Interest
Lloyd's Underwriters various	Property	75.00%
XL Speciality Insurance Company, Canadian Branch	Property	12.50%
Aviva Insurance Company of Canada	Property	12.50%
Boiler Inspection & Insurance Company	Boiler & Machinery	100.00%
XL Speciality Insurance Company, Canadian Branch	Crime	100.00%
XL Speciality Insurance Company, Canadian Branch	Commercial General Liability	100.00%
Great American Insurance Company	Directors' and Officers' Liability	100.00%
XL Speciality Insurance Company, Canadian Branch	Umbrella Liability	100.00%

This policy renewal period, the insurance program has been split into two streams: Stream A represents providers whose insured values are less than \$100M whereas Stream B represents providers whose insured values exceed \$100M. CityHousing Hamilton is included in Stream B. Limits of 2018-19 insurance is provided below.

		Limits
Property	\$	25,000,000
Commercial General Liability	\$	2,000,000
Boiler & Machinery	\$	50,000,000
Crime	\$	250,000
Directors & Officers	\$	10,000,000
Umbrella Liability	\$	3,000,000

Excess Property and Liability coverages

Particulars	Insurance cost	Insurance cost	Insurance cost	CY vs PY
	2016/17	2017/18	2018/19	% change
<i>LINE OF COVERAGE (EXCESS)</i>				
Excess Property Insurance	\$ 8,109.00	\$ 8,901.67	\$ 9,032.04	1.46%
Excess Liability coverage	\$ 9,376.00	\$ 10,126.08	\$ 10,632.60	5.00%
TOTAL EXCESS COVERAGES COST	\$ 17,485.00	\$ 19,027.75	\$ 19,664.64	3.35%

Excess Property coverage provides an additional coverage of \$50,000,000 over the existing limit of \$25,000,000.

As a requirement of the refinanced mortgage at First Place, the financing company (Sun Life) required a Commercial General Liability of \$10,000,000; the core coverage only provided Commercial General Liability of \$2,000,000. The coverage is applied to the entire portfolio.

ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:

This report implements:

Built Environment and Social Infrastructure

CityHousing Hamilton is committed to finding new ways to be innovative that will contribute a dynamic City characterized by unique infrastructure, buildings, and public spaces. The maintenance, renewal and new development of our housing stock will ensure that the quality of life, well-being and enjoyment of our residents', influences the design and planning of our homes.

Our People Our Performance

CityHousing Hamilton aims at delivering consistent and excellent service for all its residents, while searching for ways to increase efficiencies and effectiveness in how we operate. To provide the highest quality of service to our residents within current resources, we work to empower staff to deliver on our service commitments by strengthening staff competencies, standardizing operating processes, streamlining services and technology and holding staff accountable to better respond to the needs of residents.

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Mission: We provide affordable housing that is safe, well maintained and cost effective and that supports the diverse needs of our many communities.