

## Description of Coverages, Tips, Reminders and Risk Management

### Commercial General Liability

#### Description:

A Commercial General Liability policy is the foundation of any organization's insurance program. This coverage will provide your organization with protection in the event claims are made by customers, guests, members, neighbours, patrons, visitors or volunteers as a result of your negligence.

A Commercial General Liability policy includes the following coverage:

- Bodily Injury and Property Damage Liability - Provides coverage in the event that you are found to be legally liable of causing bodily injury or property damage to a third party resulting, from an accident on your premises, your product, or the services you provide at your premises or a customer's location.
- Personal and Advertising Injury Liability - Provides coverage in the event that you are found to be legally liable of causing personal or advertising injury, such as affecting a person's reputation, to a third party resulting from the conduct of your business, or oral or written publication in any manner that slanders or libels a person's or organization's goods, products or services.
- Medical Expenses - Provides voluntary payment of reasonable medical expense to third parties injured, regardless of fault, as a result of an accident on your premises or arising from the services you provide. A \$10,000 limit is automatically included when Bodily Injury and Property Damage Liability is insured.
- Tenants Legal Liability - Provides coverage in the event that you are found legally liable for property damage to the premises you lease or rent. A \$250,000 limit is automatically included when Bodily Injury and Property Damage Liability is insured, and can be increased to adhere to the lease/rental agreement or when the value of the premises exceeds this limit.

#### Tips:

If your organization is planning to host a licensed special event, contact your Financial Advisor to purchase a Party Alcohol Liability (PAL) policy. Any claims from this event would be made against the PAL policy; therefore, protecting the claims experience of the organization's Commercial General Liability policy. Risk management practices should be in place to reduce the potential of third party injuries as a result of the event.

#### Remember:

The Commercial General Liability insurance is an affordable way to protect your organization in the event you ever have to defend a claim against your organization in court. With this coverage, you'll receive funds up to your policy limits to cover damages assessed by the courts to compensate third parties, and cover legal defence fees and settlement charges.

If your organization leases or rents the premises where you operate, make sure you carefully review your rental or lease agreement insurance requirements.

#### Risk Management:

1. Premises Liability - a duty of care is required to ensure all occupants and visitors to your property are kept safe.
  - a) Exterior
    - Ensure parking areas and walkways are free of obstructions, tripping hazards and have visible markings (especially where changes in grade or elevation occur).
    - Sidewalks, walkways and stairs are to be well maintained and in good condition.
    - Ensure handrails and guards are installed on stairs and elevated areas and ensure visible markings

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- are present in areas that pose a tripping hazard.
  - Ensure ice and snow is removed within reason and without delay. This includes snow and ice from roof tops to prevent injury and/or property damage from snow/ice sliding into entries, pathways, sidewalks, driveways, property, etc.
  - To help reduce slip and fall potentials - keep entrances clear of snow, ice and rain.
- b) Interior
- Ensure stairs and ramps have appropriate handrails.
  - Slip-resistant coatings or strips should be applied to areas prone to slippery conditions and include warning messages regarding slip potential.
  - Public and work areas should be kept clean and free of clutter to keep the public free from harm and maintain a safe work environment.
  - Proper lighting must be provided, as required, throughout the buildings and areas of egress.
  - Required means of egress must be provided and maintained at all times.
  - Proper "Exit" signs are to be provided, maintained and be illuminated and visible from all locations.
  - Ensure accesses to all points of exit are clear and free of clutter at all times.
  - Emergency lighting systems need to be in place, functional and tested to ensure they operate correctly.
  - Automatic door closers and panic hardware must operate as intended.
  - Regular maintenance should be performed to ensure the premises remain a safe environment for all occupants and visitors.
2. Host Liquor Liability - a duty of care is required to ensure those you sell or serve alcohol to or anyone who consumes alcohol at your premises, do not come to harm themselves or cause harm to other persons or property.
- Servers and bartenders should be well educated and trained on intervention.
  - Policies and procedures on serving intoxicated patrons are to be in place.
  - Appropriate check for proper and approved ID must occur.
  - Procedures for handling intoxicated people and reporting of incidents (contact police if situation warrants) should be in place.
  - Policies to facilitate alternate transportation (phone for taxi, car service, etc.) should be in place.

## Commercial Property and Loss of Income Insurance

### Description:

Commercial Property Insurance provides protection against loss or damage from certain perils such as fire, wind, hail, theft and vandalism to the buildings, contents, equipment and stock the organization owns. The types of commercial policies available include:

*Named Perils:* This type of policy only covers the perils listed within the policy.

*All Risks:* This type of policy is exclusion based, meaning it covers all perils, with the exception of the perils identified as exclusions; however, additional perils such as sewer back-up, flood and earthquake are available through endorsements.

Although the All Risk policies provide broader coverage than Named Perils policies, both provide protection while the property is on the organization's premises. If any of the organization's property leaves the business premises such as

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computers, tools or mobile equipment, an All Risk Floater coverage is available. A deductible will apply to all claims made on a property policy. Deductibles are the portion of the claim that is paid by the organization. Example: If there is a \$1,000 deductible on the property and the total claim is \$5,000 for covered loss, The Co-operators will pay \$4,000 and the organization will pay \$1,000.

Your policy contains a “co-insurance clause.” The “co-insurance clause” is important in determining what amount is paid to you if there is a partial loss to your property. By purchasing only the minimum amount of insurance required in the co-insurance clause, you are taking on some financial responsibility for the risk of loss to your property.

For example, this year, your appraiser determines that your property would cost \$1,000,000 to replace. If the co-insurance clause requires you to maintain 90% co-insurance, you must carry at least \$900,000 worth of insurance coverage on your property. If there was a \$600,000 loss to your property, and you had purchased at least the \$900,000 coverage that the co-insurance clause requires, we would pay \$600,000 to you.

You have choices and responsibilities to ensure that your insurance coverage meets your needs. It is your responsibility to establish what your property would cost to replace and to review this value annually. You must also ensure that you are buying enough coverage to diminish your risk of financial loss. A professional appraisal of your property could help your organization before deciding how much insurance coverage to buy.

Loss of Income Insurance provides protection to your revenue resulting from the interruption to your business caused by an insured peril to the property insured. There are different forms to choose from such as the Gross Earnings Form that provides coverage until your business reopens, the Profits Form that provides coverage until your business is back to normal (pre-interruption level) and the Actual Loss of Income Form which is the broadest form and provides coverage for the actual loss your organization has sustained. Your accountant is the best resource to help you determine your required limit.

#### **Tips:**

Enhance your insurance protection with our Commercial Advantage Endorsement which provides over 30 different coverage options such as Accounts Receivable, Building By-Laws, Exterior Signs, Extra Expense, Glass, Identity Theft, Installation Floater, Professional Fees, Stock Spoilage, Valuable Papers and Records and more. Choosing a higher deductible for your Commercial Property Insurance means you agree to absorb more of the risk in the event of a loss. The amount of the deductible chosen reduces the amount of insurance The Co-operators pays on each claim. To acknowledge these savings, a rate/premium reduction is provided to the organization when a higher deductible amount is chosen.

If your organization owns the premises where you operate it is important to know that the standard property policy excludes increased costs due to the operation of any bylaw, regulation or ordinance. This might include building code, fire code or health and safety requirements and involve mandatory upgrades to electrical, plumbing, heating and other building services. Local regulations or bylaws may also regulate when undamaged portions of building must be demolished after incurring substantial partial damage. Usually this requires that 50% or more of the structure has been damaged; however, the percentage can vary depending upon the municipality and building code involved. The value of upgrades, undamaged portions of a structure and the cost to demolish and remove the debris from undamaged portions is not covered in the standard commercial property or replacement cost policy wordings. Bylaw coverage fills this gap and provides coverage for these situations. It is important for your organization to verify with your local municipal bylaw to inquire about your potential bylaw exposure.

#### **Remember:**

To ensure you are adequately protected, we recommend you insure your property to replacement cost value and

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review these limits annually. Replacement cost value means the cost to repair or replace the lost or damaged property with new property of like kind and quality without deduction for depreciation. Any increase in value, such as new purchases can be endorsed during the policy term.

If any property the organization owns or leases leaves the premises, ensure you advise your Financial Advisor.

If your organization leases or rents the premises where you operate make sure you carefully review your rental or lease agreement insurance requirements. Example, you may be responsible to cover sudden and accidental breakdown of equipment such as boilers, heating, cooling, and ventilating equipment or leasehold improvement.

### **Risk Management:**

The following fire safety and theft prevention aspects apply to all types of businesses.

#### 1. Electrical

- All electrical work, repair and maintenance should only be completed by a qualified electrician.
- Extension cords are for temporary use only and should be avoided when a permanent power source or wiring is required.
- Damaged and worn equipment should be replaced to ensure continued operational and safe function.
  - Common deficiencies include - missing cover plate, open junction boxes, loose connections.
  - If concerns are present, call a professional.

#### 2. Heating

- Proper annual servicing helps ensure your heating systems are operating as required and in a safe manner.
- Temporary heating devices should not be substituted where permanent heat is required.
- All portable units should be closely monitored during use and manufacturers' instructions should be followed.

#### 3. Housekeeping

- Keep areas around electrical and heating equipment free of clutter.
- Accumulation of unnecessary combustibles can contribute to a high fire loading within the premises.
- Keep areas requiring access to emergency personnel free of obstructions.

#### 4. Protection & Prevention

- Ensure fire extinguishers are provided and properly serviced on an annual basis.
- Automatic sprinklers and/or fire pumps require monthly servicing and annual testing to ensure they will operate as designed.
- Smoke/heat detection devices connected to a monitored alarm system can assist in early detection of fires, even when the building is not occupied.
- Specialized fire protection equipment should be properly maintained and serviced, i.e.: kitchen fire protection systems.
- If the occupancy warrants, ensure the property is fenced and in good condition.
- Exterior lighting will deter unwanted night-time activity.
- Ensure adequate physical protection to the building – proper doors and locks, window bars, and possibly bollards installed to deter smash and grabs.
- Install an intrusion alarm system that is monitored to transmit a signal off-site for after hours.
- Ensure high-theft target stock is protected - locked up, handled by staff only, and removed from displays during closed hours.

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- Depending on the type of stock, consider utilizing a security tag system or glass breakage/contact alarms.

## Equipment Breakdown Insurance

### Description:

Equipment Breakdown Insurance can help keep your organization running, even when your equipment isn't. Equipment Breakdown coverage provides protection for the sudden and accidental breakdown of insured equipment such as boilers, pressure vessels (hot water tanks), electrical apparatus (fuse boxes, circuit breakers, transformers), and air conditioning and refrigeration units. These losses are excluded under the standard Commercial Property Form.

### Remember:

Normal wear and tear is not covered by Equipment Breakdown Insurance.

### Additional coverage:

If insured by your Commercial Property policy, Loss of Income and/or Extra Expense Coverage will be extended to the Equipment Breakdown Form for losses resulting from a breakdown of insured equipment.

### Keep your organization protected:

To ensure you are protected, let your Financial Advisor know if your organization has perishable stock that exceeds a value of \$25,000 or a single piece of electronic equipment valued at \$100,000 or more, such as medical or research equipment, computers, printers, telephone and/or communication systems, security systems or retail scanning equipment.

### Risk Management:

These recommendations are intended to compliment, and not replace the recommendations of the equipment manufacturer. If you are unsure of any particular procedure or have questions, contact your equipment service representative.

The primary cause of equipment failure is a lack of preventative maintenance. These recommendations can improve and sustain the reliable performance of your equipment over time.

1. Boilers
  - a) The annual maintenance of a boiler may require an internal inspection by your insurance inspector (Ontario and Quebec only).
  - b) Conduct regular testing of safety devices as required by regulations or by the manufacturer (e.g. low water cut-offs, safety relief valves).
  - c) Maintain water quality to reduce scale buildup that can reduce efficiency and compromise the integrity of the boiler.
  - d) Keeping records of operating conditions can help identify problems (e.g. increased flue gas temperature can be due to scaling on the waterside surfaces, and metering of make-up water can help identify leaks in the system).
2. Electrical
  - a) Keep electrical equipment well ventilated and free of moisture and dust.
  - b) Along with annual electrical system service and inspections, infra-red scans by qualified technicians every few years (or more frequently, depending on the size and nature of the components) can identify loose connections, overloaded circuits and imbalanced loads in the electrical distribution system.
3. Air Conditioning Units

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- a) Crankcase heaters - one of the most critical controls of the unit
    - Energize the crankcase heaters for at least eight hours before starting the unit.
    - Crankcase heaters should be left energized whenever the compressor is idle to minimize refrigerant migration to the compressor and dilution of the crankcase coil.
  - b) Condenser
    - Clean the condenser annually to prevent high head pressure (which can shorten the life of the unit).
    - Clean/service the condenser more frequently if the unit is located in a high dust/dirt environment.
  - c) Electrical
    - Inspect the motor magnetic starters prior to starting the unit.
    - Contacts may deteriorate as a result of cycling the compressor.
    - Check and tighten all terminal connections and replace any pitted contacts.
    - Examine the overload protection on the unit for proper capacity.
  - d) Mechanical - operating and safety controls are critical to proper function
    - Check the controls for proper calibration and function. If components appear worn, replace them.
    - Test the oil before starting the unit to confirm if the oil quality will last the entire cooling season. If unsure of the oil quality, the oil should be replaced.
  - e) Moisture - the unit should be equipped with a moisture indicator to detect the presence of moisture
    - If moisture is present, filter dryers should be installed or changed to remove this moisture.
    - Determine the source of moisture and take action to reduce moisture in the environment.
4. Small Refrigeration Units
- a) Mechanical
    - Operating and safety controls, including the expansion valve(s), are critical to proper function.
    - Check for proper calibration and ensure the controls are in working order.
    - Inspect controls for wear and replace if components look worn or damaged. These controls wear out and must be replaced when they are determined to be unreliable.
    - Test the oil to confirm if the oil quality will last until the next maintenance/inspection. If unsure of the oil quality, the oil should be replaced.
  - b) Electrical
    - Check the motor's magnetic starter annually.
    - Contacts may deteriorate as the result of cycling the compressor.
    - Check and tighten all terminal connections and replace any pitted contacts.
    - Examine the overload protection on the unit for proper capacity.
  - c) Condenser
    - Clean the condenser annually to prevent high head pressure (which can shorten the life of the unit)
    - Clean more frequently if the unit is located in a high dust/dirt environment.
  - d) Moisture
    - the unit should be equipped with a moisture indicator to detect the presence of moisture.
    - If moisture is present, filter dryers should be installed or changed to remove this moisture.
    - Determine the source of moisture and take action to reduce moisture in the environment.

Unpredicted breakdowns of your refrigeration unit can result in spoiled product. We recommend installing

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visual and/or audible alarms to quickly alert or changes in refrigeration temperatures to prevent spoilage and loss of product.

## Coverage Against Crime

### Description:

Crime coverage provides protection to the money and securities of your organization. This includes cash, cheques, credit card receipts, money orders, bank drafts and bonds against physical loss or damage to as a result of robbery, burglary, theft, forgery and fraudulent or dishonest acts of your employees or signing officers - known as a Fidelity Bond. Fidelity bonds are discussed in the next panel.

The following types of coverage are available to protect against robbery, burglary, theft and forgery:

- Money and Securities - Loss Inside Premises - covers loss of money and securities by their actual destruction, disappearance or unlawful removal from the organization's premises or banking premises. Also covers loss of property with intrinsic value such as jewellery by safe burglary or robbery on the premises plus the loss of a locked cash drawer or register.
- Money and Securities - Loss Outside Premises - covers loss of money and securities by their actual destruction, disappearance or unlawful removal from outside the organization's premises while being conveyed by a custodian or armoured vehicle company, or from the living quarters within the home of the custodian. Also covers loss of property with intrinsic value by robbery from outside the organization's premises while being conveyed by a custodian or armoured vehicle company, or from the living quarters within the home of the custodian.
- Money Orders and Counterfeit Currency - covers loss due to the acceptance of counterfeit cash or money orders.
- Depositors Forgery Coverage - covers loss that results from the misappropriation of funds from the organization's bank account through forgery or alteration.

### Tips:

Crime coverage provides coverage for the money, securities, safe or vault located at the organization's premises in the event of destruction by fire which is excluded under a Commercial Property Insurance policy.

Audit Expense endorsement is available to cover the organization for reasonable expenses sustained by the organization for the services of outside auditors, accountants or investigators to establish the loss as required by the crime coverage.

Computer Fraud or Funds Transfer Fraud endorsement is available to provide coverage for loss due to computer fraud or funds transfer fraud.

### Remember:

If your organization has a bank account, charges fees, collects money from sales and/or services provided, raises funds, or accepts donations, you have a need for Crime coverage. The type of business the organization is involved in affects the degree of need for the coverage.

Crime coverage does not cover loss of monies due to mysterious disappearance.

### Risk Management:

Reduce the chances that you will be a victim of crime by implementing preventive measures. For Example:

- Install exterior lighting to deter unwanted night-time activity.
- Ensure adequate physical protection to the buildings such as proper doors and locks and window bars.

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- Install a monitored intrusion alarm, capable of transmitting a signal off-site after hours.
- Monies and securities should be properly handled and locked up in an approved safe and/or deposited daily at the bank.
  - Stagger times of bank deposits to avoid noticeable patterns.
  - Consider use of night deposits if your organization closes after banking hours.
  - Increase the frequency of bank deposits to reduce the amount of money and negotiable securities on-hand.
  - Use a drop safe to protect money in between bank deposits that can only be opened by designated personnel or armoured car service.
  - Use an armoured car service when taking large sums of money to the bank.
- Train staff in counterfeit currency detection.
  - Use a money scanner for bills of larger denominations.

## Fidelity Bond (Employee Dishonesty) Coverage

### Description:

Employee dishonesty coverage provides protection to the organization against fraudulent or dishonest acts of an employee and/or volunteer such as stealing money from the organization or from the organization's customer/clients premises when working on behalf of the organization.

A Commercial Blanket Bond/Blanket Position Bond provides coverage in the event an employee and/or volunteer steals money from the organization or forges a signature and withdraws money from the organization's bank account.

A Service Blanket Bond provides coverage when an employee and/or volunteer of the organization commits a dishonest act against the client when at their home or business while working on behalf of the organization. Example: Housekeeping Services, House/Pet Sitting, or Janitorial duties at a customer's location.

### Tips:

A pre-employment screening process for all employees is key to protecting your organization from fraudulent and/or dishonest acts. It will allow your organization to determine if any concerns exist regarding previous acts prior to employment.

### Remember:

If your organization is at risk of employees taking money from the till, stock pilferage, computer or bookkeeping fraud, or conduct services at your client's home or place of business on your behalf, you require employee infidelity protection.

### Risk Management:

It is important that your organization implements best practices that will discourage fraudulent or dishonest acts of employees. Best practices should include preventive measures such as:

- Install a security system to monitor the cash collection, credit card payment and high valued stock areas.
  - When someone knows they are being watched, they are less likely to commit the crime.
- Require counter-signatures on all cheques, especially if they exceed \$10,000.
- Bank accounts should only be reconciled by someone who is not authorized to make the deposits or withdrawals.
- Install a good inventory control system.

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- Avoid excess inventory - only stock the amount needed to cover normal business demands.
- Conduct regular and frequent inventory audits/checks.

Implementing a pre-employment screening process for employees who work with the organization's finances and/or work on your behalf at the client's location is recommended.

- A written volunteer recruitment screening and selection policy is a valuable asset for an organization. A good screening process should be based on the needs and risks of the position you are recruiting for.
- The basic key elements of a screening process are:
  - A written application
  - A face to face interview
  - Reference checks - someone looking to commit fraud will do their best to appear trustworthy and honest, and will often provide glowing references and a squeaky clean past on their resume.
    - Consider going through a business and human resource firm that can provide a security check which will include reference checks and resume experience validation.
    - Employees, members or volunteers that will work with the organization's finances must have additional screening with the use of:
      - Basic police background checks.
      - Certified criminal record checks.

The process and cost of basic police background checks differs from province to province and from police department to police department. The general procedure for requesting a basic police background check is to have the individual attend their local police department, fill out an application and pay the fee. The fees vary but are usually between \$20 and \$40. A basic police background check should be completed, as a minimum, for those individuals responsible for the finances of your organization and those who conduct work on your behalf at client locations.

A certified criminal record check can be obtained in Canada through the Royal Canadian Mounted Police (R.C.M.P.). The process can be initiated by going to your local police department and completing a more comprehensive application and providing them a full set of finger prints that will be forwarded to the R.C.M.P.

For additional details, please refer to the Royal Canadian Mounted Police (R.C.M.P.) website - [www.rcmp-grc.gc.ca](http://www.rcmp-grc.gc.ca)

## Non-owned Automobile Liability

### Description:

A Non-owned Automobile Liability coverage is to protect the organization if and when an employee, member or volunteer operates their own vehicle while doing business on behalf of the organization and has an accident that causes bodily injury, death or property damage to a third party and liability is imposed by the law against the organization. The primary protection of the Non-owned Automobile Liability coverage is it will pay the defence costs for the organization (regardless of who was at fault or negligent) and will pay on the third party claim if the employee, member or volunteers' vehicle was at fault and:

- The vehicle is uninsured, or
- The vehicle is insured and their third party liability limit is insufficient to pay the entire judgement or settlement up to the limit of liability stated for Non-owned Automobile Liability.

The Non-owned Automobile Liability coverage also provides coverage when vehicles are:

- Operated under contract for the organization and the supervision, direction and control of the vehicle remains with the owner.

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- Hired, leased or borrowed and carrying out the organization's business and in the control of the organization for less than 30 days.

**Tips:**

Non-owned Automobile Liability does not replace an owners own insurance and it is the employee, member or volunteers' responsibility to insure their own vehicle and check with their own insurance company regarding the use of their vehicle. In addition, Non-owned Automobile Liability coverage does not insure any vehicles owned by or licensed in the name of the organization. In both cases, primary auto insurance must be purchased.

The Co-operators automatically extends coverage to policyholders to ensure they are covered when they use their own vehicle to carry out volunteer duties.

**Remember:**

Non-owned Automobile Liability is provided to the organization only and is secondary to the employee, member or volunteers' primary automobile policy.

**Risk Management:**

The organization can be held liable for bodily injury, death or property damage caused by its drivers regardless of whether the driver is a paid employee or a volunteer and regardless whether the driver is operating a vehicle the organization owns or operating their own personal vehicle on behalf of the organization. A screening process of your paid and volunteer staff motor vehicle records and insurance checks should be in place.

A good screening process should be based on the needs and risks of the position you are recruiting for.

The basic key elements of a driving screening process are:

- A written application.
- A face to face interview.
- Reference checks.
- Confirmation of valid driver's license.
- Motor vehicle record check.
- Proof of personal insurance.

Motor vehicle record checks and proof of personal insurance requirements signal, in a very public way, the organization is concerned about the safety of its participants. The process and cost of basic motor vehicle record checks differs from province to province but can be obtained by the Ministry responsible for Transportation in your province, for Québec, the government of Québec (GAA). The general procedure for requesting a motor vehicle record check is to have the individual attend their local Ministry office, or fill out an application directly on the website and pay a fee. The fees vary but are usually minimal.

Paid or volunteer staff using their personal vehicles must provide proof of personal insurance. The individual that will be driving his/her vehicle can request this proof from their insurance company.

Additional information on motor vehicle record checks can be found at:

- Alberta [www.gov.ab.ca](http://www.gov.ab.ca)
- British Columbia [www.gov.bc.ca](http://www.gov.bc.ca)
- Saskatchewan [www.gov.sk.ca](http://www.gov.sk.ca)
- Manitoba [www.gov.mb.ca](http://www.gov.mb.ca)
- Ontario [www.gov.on.ca](http://www.gov.on.ca)
- Quebec [www.gouv.qc.ca](http://www.gouv.qc.ca)

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- New Brunswick [www.gnb.ca](http://www.gnb.ca)
- Nova Scotia [www.gov.ns.ca](http://www.gov.ns.ca)
- Prince Edward Island [www.gov.pe.ca](http://www.gov.pe.ca)
- Newfoundland and Labrador [www.gov.nf.ca](http://www.gov.nf.ca)
- Nunavut [www.gov.nu.ca](http://www.gov.nu.ca)
- Northwest Territories [www.gov.nt.ca](http://www.gov.nt.ca)
- Yukon [www.gov.yk.ca](http://www.gov.yk.ca)

## Blanket Accident Insurance

### Description:

Blanket Accident coverage will provide the funds to pay a director or volunteer who suffer an accidental injury while performing their duties or activities of your organization and simply want to have their costs covered or reimbursed (costs such as medical, lost wages, etc.). While they may not want to make a formal claim they may look to the organization for this reimbursement. Blanket accident insurance allows for a modest payout to be made quickly and is tied to the type and extent of the injury. A particular feature of this coverage is that it does not require a determination of fault to warrant a payout, so there is no need to dispute negligence.

### Tips:

This coverage reduces the claims under the Commercial General Liability (CGL) policy because there is no need for the third party to prove negligence, or for the organization to prove there was no negligence.

### Remember:

Only the director positions (or committee member positions) indicated on an attached Schedule of Positions and/or persons participating in a voluntary capacity would be included under this coverage. Any other positions would need to be specifically identified and employees are not eligible unless stated otherwise. An employee is defined as a person earning an annual salary of \$5,000 or more for the organization.

### Risk Management:

Refer to Commercial General Liability risk management information.

## Directors' and Officers' Liability and Employment Practices Liability

### Description:

The Commercial General Liability policy protects the organization against liability for bodily injury, property damage or personal injury caused to others.

Directors' and Officers' Liability coverage provides financial protection to the directors, officers and the organization in the event there are allegations made against them resulting from the performance of their duties as they relate to the organization they serve. Common allegations involve decisions, acts, mistakes, errors or omissions such as wasted assets, misappropriation of the financial status, misappropriation of funds, or overlooked significant growth or investment opportunities. These can result in financial injury for example to clients, or members.

Employment Practices Liability coverage provides protection to the directors, officers and the organization against claims made by employees, former employees and/or potential employees. It covers discrimination (age, sex, race, disability, etc.), wrongful dismissal or discharge or termination, sexual or workplace harassment, wrongful failure to employ or promote and other employment related allegations.

### Tips:

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High quality Directors' and Officers' Liability insurance protection has become a necessity for organizations to successfully recruit and retain quality directors. Our Directors' and Officers' Liability includes broad coverage for the directors and officers, as well as the organization, full policy limits for employment practices liability claims and outside directorship liability. The cost of defence is in addition to the policy limits, therefore, will not deplete the available limit of liability.

Directors' and Officers' claims or potential claims must be reported to The Co-operators or your Financial Advisor promptly.

**Remember:**

The liability risk for directors and officers continues to rise with the increase of public awareness and expectations and the more litigious nature of society. Directors and officers face increasing responsibility and scrutiny in the performance of their duties and quality of corporate governance by employees, customers, members, and the government to name a few. Directors and officers need confidence that the assets of the organization they serve as well as their personal assets are protected.

**Risk Management:**

Directors and Officers have very specific duties and obligations that must be known and practiced by all the directors and officers. Directors and Officers should be provided all appropriate information required to perform these duties effectively for the organization.

1. Conduct regular board meetings and maintain meeting minutes.
  - Distribute the agenda and previous minutes to each board member prior to each board meeting.
  - Have procedures in place to ensure all directors' and officers' are kept informed on any new developments, operations and/or results in between the scheduled board meetings.
2. Ensure directors are aware of:
  - Risks associated with being a director or officer of the organization.
  - Statutory and civil liabilities.
  - Specific directors' obligations.
  - Other rules associated with the organization's business for which the directors may be liable due to acts, errors or omissions of the organization.
  - Other responsibilities related to understanding financing, knowing the organization and its charter/constitution/by-laws.
3. Ensure there is no conflict between the duty owed to the organization and the directors' self-interest.
  - Avoid outside employment/business that may interfere with or influence the organization's duties.
  - Handle confidential and sensitive information carefully (prevent release of information).
  - Follow guidelines on the appropriateness of public statements (what and when information can be released).
  - Do not accept gifts, favours or services relating to the organization's duties.
4. Ensure directors have a clear understanding of the organization's operations and affairs and communicate any decisions. Ensure there are formalized operating policies and procedures for all activities within the organization's control and that these are maintained.
  - Document decisions and how they were made.
    - Work closely with legal representatives in making decisions.
  - Implement a financial management policy with clear financial reporting guidelines.

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- Store confidential and sensitive information in a proper place.
    - Determine those who have access.
    - Ensure all electronic confidential information (including personal identification information) is encrypted. Access should be password protected and changed frequently.
    - Implement firewalls to prevent hackers and undesirables from accessing computers.
  - Create a human resources policy.
    - Have a formal interview process.
    - Prepare formal job descriptions for all roles including experience, education and knowledge required.
    - Ensure a formal training plan is in place for roles.
    - Maintain personnel file on each employee, conduct regular performance evaluations and document all aspects of unacceptable employment performance.
    - Develop an employee handbook and distribute to all employees.
  - Implement a whistle blower policy that is communicated to all employees/volunteers.
    - If a matter should involve the board, provide instruction on who to contact.
  - Establish a formal information reporting system.
    - Information provided by officers or employees/volunteers of the organization can be relied on by the director (unless the director knows relying on an officer/employee/volunteer is unadvisable).
  - Ensure all employees, volunteers, clients/customers, members and other stakeholders are protected from harm.
5. Implement a director's indemnification policy that clearly states the rights and obligations of the directors.
- Outline what protection is provided to the directors' by the organization and include within the articles of incorporation.
  - Incorporate this indemnification provision within the organization's by-laws.

## Errors and Omissions Liability

### Description:

Errors and Omissions Insurance is often referred to as Professional Liability. Errors and Omissions Insurance protects your organization against claims from others who allege financial loss as a result of your negligence in the performance, advice or service they received from your organization. If any part of the organization's activities involve giving professional advice, making educated recommendations, designing solutions or representing the needs of others, you may require Errors and Omissions Insurance coverage. The costs of defending allegations can be substantial even when they are groundless.

### Tips:

Be sure to talk to those in your organization who are accountable for providing professional advice or service. If they are part of a professional group and/or employed in the field in which they give advice or provide the service, they will likely know about Errors and Omissions Insurance and should have their own coverage already. If they do, some insurers will agree to cover them in regards to their work with your organization which substantially reduces/eliminates your need for this coverage. Every situation is unique, so make sure you get copies of policies and invest the time in reviewing all of your options.

### Remember:

An Errors and Omissions Insurance policy provides financial protection to the organization to meet the costs of defending legal actions and any awarded damages. If others rely on your organization professional advice or

*(continued)*



services, you likely have a need for Errors and Omissions Insurance. Proper coverage in these cases is essential and will be helpful when recruiting professional staff and volunteers.

### **Risk Management:**

A higher duty of care is imposed on people who provide specialized services or hold themselves out to the public as having special skills. They are expected by law to deliver their services competently and within the standards of their profession. Depending on your profession there are different ways to avoid or lessen your chances of having a claim.

1. Communication
  - Maintain clear lines of communication.
  - Develop a rapport with your clients to reduce the likelihood of a simple error turning into a claim.
2. Office Procedures & Practices
  - Maintain an office procedure manual and ensure your employed and volunteer staff have a clear understanding of the organization's practices and procedures.
  - Investigate as soon as possible if you suspect that any of your staff are not following the procedures as this could result in potential claims.
  - Do not delay in addressing any potential Errors and Omissions claims as this could make it more difficult to defend or may result in a denial of coverage.
3. Business Agreements & Contracts
  - Have all of your business agreements and contracts in writing as verbal agreements can be ambiguous.
  - Stay true to your field of expertise - if you are a lawyer, do not give accounting advice or if you do not know an answer say so and report back in writing.
4. Document, Document, Document
  - Maintain proper documentation. This is key in avoiding or minimizing claims.
  - Keep all documents, such as emails, notes to file, memos and even telephone conversations.
5. Deadlines
  - Always meet any deadlines you have provided.
  - Maintain an effective calendar system that is easy to use and provides critical dates.
  - Keep a copy of the calendar in at least two different places.
6. Mail
  - Documents received by mail should be date stamped.
  - Faxes and emails should all be dated.
7. Education
  - Adhere to accreditation standards required of the profession through education or training hours.

Do not assume you won't be sued and do not admit liability. You may be tempted to declare that you made a mistake; however, admitting liability can jeopardize your defence in the event of a claim.

### **Sexual Misconduct Liability or Abuse Limited Liability**

#### **Description:**

Sexual Misconduct Liability or Abuse Limited Liability coverage provides protection to the organization when an employee, member or volunteer, has been alleged to have committed or has threatened to commit an inappropriate sexual act while doing business for the organization. Abuse Limited Liability coverage also includes assault, corporal punishment, physical or mental abuse, harassment and transmission of a communicable disease.

A organization must assess their need for sexual misconduct coverage based on who your clients are and the

*(continued)*

services you provide.

There are few things worse for any organization to face than an allegation of improper sexual conduct. The emotional and financial toll (defending against and paying proven claims) can be devastating to all the individuals involved and to the organization itself. It is essential that your board understand the exposure the organization faces and have a sound risk management plan to reduce or eliminate your claim potential.

**Tips:**

Not every organization qualifies for this coverage, but an organization with a sound risk management plan and a good track record should be eligible. The use of insurance is to supplement the organization's risk management program, not replace it.

**Remember:**

Claims resulting from sexual misconduct are excluded under all other policies. If your organization has an exposure, it must be addressed.

**Risk Management:**

A risk management plan includes:

- Clearly defined roles.
- Responsibilities and guidelines for carrying out the activities of the organization.
- A comprehensive plan to screen employees, members and volunteers.

A written volunteer recruitment screening and selection policy is a valuable asset for an organization. A good screening process should be based on the needs and risks of the position you are recruiting for.

The basic key elements of a screening process are:

- A written application.
- A face to face interview.
- Reference checks.

For employees, members or volunteers that will be working in positions of trust, such as daycares, nursing homes, teaching, health/medical offices and those working with the organization's finances must have additional screening with the use of:

- Basic police background checks and vulnerable position screening.
- Certified criminal record checks.

Police record checks signal, in a very public way that the organization is concerned about the safety of its participants.

The process and cost of basic police background checks differs from province to province and from police department to police department. The general procedure for requesting a basic police background check is to have the individual attend their local police department, fill out an application and pay the fee. The fees vary but are usually between \$20 and \$40. A basic police background check should be completed, as a minimum, for those individuals who interact with vulnerable populations or those in your organization responsible for the finances.

A certified criminal record check can be obtained in Canada through the Royal Canadian Mounted Police (R.C.M.P.). The process can be initiated by going to your local police department and completing a more comprehensive application and providing them with a full set of finger prints that will be forwarded to the R.C.M.P.

For additional details, please refer to the Royal Canadian Mounted Police (R.C.M.P.) website - [www.rcmp-grc.gc.ca](http://www.rcmp-grc.gc.ca)

## **Umbrella Liability**

**Description:**

*(continued)*



An Umbrella Liability policy will provide added protection to the organization against catastrophic liability losses and is generally written over the general liability and automobile liability policies.

The key features of an Umbrella Liability policy are:

- Provides excess limits when the limits of underlying policies are exhausted through claim payments.
- Drop-down feature to become the primary policy when aggregate limits of an underlying policy are exhausted through payments of claims.
- Drop-down feature to become the primary policy when there is broader coverage available under the Umbrella policy than the underlying liability policy - subject to a self-insured retention (SIR) / retained limit.

**Tips:**

Purchasing an Umbrella Liability policy will usually be more cost effective for the organization than increasing the limits of liability on your general and automobiles liability policies separately.

**Remember:**

An Umbrella Liability policy is an effective way to ensure higher limits to protect your organization from the unexpected.

**Risk Management:**

Refer to the risk management information provided under Commercial General Liability, Non-owned Automobile Liability and owned Automobile Insurance.

## Commercial Automobile Insurance

**Description:**

If your organization owns a vehicle(s) you must insure these vehicles to meet the legislated requirements in each province.

**Tips:**

Your organization should ensure that everyone driving your vehicles has a valid driver's license. This coverage is not available if you do not have the recommended risk management in place. Refer to the risk management section below.

**Remember:**

This policy provides Third Party Liability, Accident Benefits, Collision and Comprehensive coverages to ensure your vehicles and drivers are fully protected.

**Risk Management:**

- Limit for Third Party Liability should be at least \$2 million.
- Basic Overview for Screening Paid and Volunteer Staff Motor Vehicle Record and Insurance Checks.

An organization can be held liable for injury and damages caused by its drivers, regardless of whether the driver is a paid or a volunteer, or whether the driver is in a vehicle you own or a personal vehicle owned by the employee or volunteer. A good screening process should be based on the needs and risks of the position for which you are recruiting.

The basic key elements of a driving screening process are:

- Confirmation of Valid Driver's License
- Motor Vehicle Record Check
- A written application
- A Face to Face interview

*(continued)*

- Reference Checks
- Proof of Personal Insurance

Motor vehicle record checks and proof of personal insurance requirements signals, in a very public way, that your organization is concerned about the safety of your participants.

The process and cost of basic Motor Vehicle Record Checks differs between provinces but can be obtained by the Ministry responsible for transportation in your province. The general procedure for requesting a Motor Vehicle Record Check is to have the individual attend their local Ministry office, fill out an application and pay a fee. The fees vary but are usually minimal.

In addition to a Motor Vehicle Record Check, any individual using their personal vehicle must provide proof of personal insurance. This can be requested by the individual who will be driving his/her vehicle from their insurance company.

For more information in on Motor Vehicle Records checks in:

- British Columbia [www.gov.bc.ca](http://www.gov.bc.ca)
- Alberta [www.gov.ab.ca](http://www.gov.ab.ca)
- Manitoba [www.gov.mb.ca](http://www.gov.mb.ca)
- Saskatchewan [www.gov.sk.ca](http://www.gov.sk.ca)
- Ontario [www.gov.on.ca](http://www.gov.on.ca)
- Quebec [www.gouv.qc.ca](http://www.gouv.qc.ca)
- Newfoundland and Labrador [www.gov.nf.ca](http://www.gov.nf.ca)
- Nova Scotia [www.gov.ns.ca](http://www.gov.ns.ca)
- New Brunswick [www.gnb.ca](http://www.gnb.ca)
- Prince Edward Island [www.gov.pe.ca](http://www.gov.pe.ca)
- Yukon [www.gov.yk.ca](http://www.gov.yk.ca)
- Northwest Territories [www.gov.nt.ca](http://www.gov.nt.ca)
- Nunavut [www.gov.nu.ca](http://www.gov.nu.ca)

## Coverage for Group Benefits and The Edge Benefits

### Description: Group Benefits

Protect your most important assets - your employees! A comprehensive group benefits plan provides financial security to you and your employees from unexpected accidents or illness. Design a customized benefits plan to meet the specific needs of your organization. A group benefits plan can provide coverage for life, critical illness and disability insurance, health, vision and dental expenses.

A group benefits plan gives your organization the tools it needs to thrive in a competitive market place. It is a valuable compensation tool that helps you attract and retain talented people into your organization. Having a group benefits plan gives you peace of mind that your employees will be taken care of and allows you to focus on running your organization. The result is lower turnover, increased workplace satisfaction and improved productivity.

### Description: The Edge Benefits

Protect your most important assets - your employees! A comprehensive group benefits plan provides financial security to you and your employees from unexpected accidents or illness. Design a customized benefits plan to meet the specific needs of your organization. A group benefits plan can provide coverage for life, critical illness and disability insurance, health, vision and dental expenses.

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### **Tips: Group Benefits**

- Premium paid by the organization on behalf of the employees is a tax-deductible business expense.
- The organization must:
  - Be in operation for at least 1 year.
  - Employ 3 or more full time, permanent employees working at least 20 hours every week.
  - Operate with no more than 50% funding from gifts and grants from individuals or other organizations.
  - Contribute at least 50% towards the cost of an employee benefits program.
  - Have a stable employee track record.

### **Tips: The Edge Benefits**

Please refer to The Edge Benefits website for full details.

## **Coverage for Group Retirement**

### **Description:**

Many Canadians are finding it increasingly difficult to put money aside for retirement. A group RRSP is a simple, cost predictable and pain free program that helps attract and retain employees. A group RRSP program provides investment solutions, education and regular account updates so your employees can make informed decisions they'll feel good about.

### **Tips:**

You can help your employees save for retirement by offering a group RRSP. The added benefit of such a plan will help attract and retain employees.

In addition, offering to match employee group RRSP contributions entices the employees to join the plan.

### **Remember:**

A group RRSP is a predictable, low-cost benefit to employees. Administration is simple and everything is processed through payroll deductions. You have control and flexibility over eligibility requirements and contribution levels. And finally, employer contributions are deductible expense in the year of contribution.