

## Background

Waterfront Toronto has maintained Directors' & Officers' Liability insurance with the current insurer, AIG Insurance Company of Canada (formerly Chartis Insurance Company Canada), since April 16, 2002. By purchasing Directors' & Officers' insurance with the same insurer, the individual insured(s) and organization gained the benefit of having no gap in coverage, therefore resulting in continuous coverage of this policy from the inception date.

The D & O liability insurance coverage was reviewed by the Governance Committee at its meeting on April 6, 2017 and the Committee agreed that coverage was appropriate.

## Insurance Strategy

For 2017/18, our Insurance Broker, HUB International HKMB Limited, went out to three insurers to market this policy. AIG and CHUBB came back with quotes while Travellers declined. The AIG quote was \$1,810.00 less than the previous year, while the CHUBB quote was \$170 less than AIG. In our briefing meeting on March 23rd, 2017, HUB informed us that although CHUBB's quote came in lower, AIG's policy was a better product and Waterfront Toronto benefits from maintaining continuous coverage.

## Coverage

This policy provides coverage in the event the individual insured(s) are sued in conjunction with the performance of their duties as they relate to Waterfront Toronto. For example, this policy covers all defense costs from an environmental claim if the organization becomes insolvent.

Potential Loss Exposure	Examples	Policy Limit of Liability
Breach of fiduciary responsibility	<ul style="list-style-type: none"> <li>• Misallocation of funds</li> <li>• Misstatement of financial information</li> <li>• Conflict of interest</li> </ul>	\$15,000,000 (aggregate)
Employment practices liability	<ul style="list-style-type: none"> <li>• Wrongful dismissal of employment</li> <li>• Harassment of any kind</li> <li>• Employment related libel, slander, defamation or invasion of privacy</li> </ul>	\$15,000,000 (aggregate)
Crisis Management Fund for D&O		\$10,000

This policy will pay (on behalf of each and every individual of the organization insured) loss arising from a claim first made against such individual insured(s) during the policy period from April 1, 2017 to March 31, 2018 and reported to the insurer pursuant to the terms of the policy.

Coverage will automatically apply to persons who become individual insured(s) after the inception of this policy (April 16, 2002). **Individual insured(s) is defined as a past, present or future duly elected or appointed director, officer, employee and volunteer of the organization.**

Furthermore, D&O insurance is typically written on a “claims-made” basis. This means that a claim will be covered regardless of when the cause of the claim occurred – as long as the claim is made when the policy is in force.

	<b>Policy Period 2017 - 2018</b>	<b>Policy Period 2016 - 2017</b>	<b>Difference in Policy</b>
Premium	\$18,170	\$19,980	(\$1,810)
Coverage Amount	\$15,000,000	\$15,000,000	nil
<ul style="list-style-type: none"> <li>• Sub-limit for environmental defense cost if the organization becomes insolvent</li> </ul>	Sub-limit \$10,000,000	Sub-limit \$10,000,000	nil
<ul style="list-style-type: none"> <li>• Additional limit of liability for defense costs</li> </ul>	Unlimited Canadian, \$2,000,000 for US	Unlimited	Geographic limit change
<ul style="list-style-type: none"> <li>• Employed lawyers professional liability extension</li> </ul>	\$1,000,000	\$1,000,000	nil
Deductibles			
<ul style="list-style-type: none"> <li>• Directors and Officers liability – non-indemnifiable losses</li> </ul>	nil	nil	nil
<ul style="list-style-type: none"> <li>• Employment practice</li> </ul>	\$25,000	\$25,000	nil
<ul style="list-style-type: none"> <li>• All other losses</li> </ul>	\$25,000	\$25,000	nil

Over the last year, the premium and coverage amounts have decreased by \$1,810.

#### **Committee Action Required**

None