



Governance Committee Meeting – October 16, 2015
Directors' & Officers' Liability Not for Profit Insurance
Chad McCleave

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.

Insurance Strategy

For 2015/16, our Insurance Broker, HUB International HKMB Limited, went out to two insurers to market this policy. Only AIG came back with a quote, which was \$1,920.00 less than the previous year. In our briefing meeting on March 27, 2015 HUB informed us that although the market is still relatively flat right now for insurance, indications are that insurance premiums will be rising in the years ahead.

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	misallocation of funds misstatement of financial information conflict of interest	\$15,000,000 (aggregate)
Employment practices liability	wrongful dismissal of employment harassment of any kind employment related libel, slander, defamation or invasion of privacy	\$15,000,000 (aggregate)

This policy will pay (on behalf of each and every individual insured of the organization) loss arising from a claim first made against such individual insured(s) during the policy period from April 1, 2015 to March 31, 2016 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.

	Policy Period 2015 - 2016	Policy Period 2014 - 2015	Difference in Policy
Premium	\$19,980	\$21,900	(\$1,920)
Coverage Amount	\$15,000,000	\$15,000,000	nil
<ul style="list-style-type: none"> • Sub-limit for environmental defense cost if the organization becomes insolvent 	\$10,000,000	\$10,000,000	nil
Deductibles	\$25,000	\$25,000	nil

Over the last year, the premium and coverage amounts have decreased by \$1,920.

Committee Action Required

None