

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 10, 2013**

Item 40, Report No. 52, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on December 10, 2013, as follows:

***By approving the following:***

***That the recommendation contained in the report of the Commissioner of Legal and Administrative Services/City Solicitor, dated November 26, 2013, be approved.***

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**FACILITY USERS GROUP INSURANCE**

**The Committee of the Whole recommends that consideration of this matter be deferred to the Council meeting of December 10, 2013.**

**Recommendation**

The Commissioner of Legal and Administrative Services/City Solicitor in consultation with the City Clerk, Manager of Insurance and Risk Management and Director of Recreation and Culture recommends:

1. That the City adopt a mandatory insurance program for facility rentals owned or controlled by the City of Vaughan, effective January 15, 2014;
2. That the costs for the insurance program premium be borne by the rental applicants;
3. That all new applications processed on or after January 15, 2014 for the rental of City facilities include insurance requirements; and
4. That the Mayor and City Clerk be authorized to execute any necessary documentation.

**Contribution to Sustainability**

The provision of General Insurance and Risk Management Services is a key component of ensuring the financial stability of the Corporation. The requirement for insurance coverage for all renters of City facilities reduces the Corporations risk exposure and mitigates any financial consequence resulting from this use.

**Economic Impact**

The City of Vaughan will be required to provide Jones Brown Insurance Brokers and Consultants, who will be providing the insurance coverage with an initial deposit of approximately \$2,000.00 to initiate the program. The City will retain an equivalent amount from the premiums collected from facility renters to offset the deposit. Collected premiums and applicable taxes will be remitted to the insurer on a regular basis. The implementation of this program will have no effect on the City's present insurance and risk management program with OMEX.

There will be an impact to staffing resources both in the City Clerk's Office and Recreation and Culture Departments to launch and administer the mandatory insurance program. In 2012, the Recreation and Culture Dept. processed approximately 7,000 rental contracts. This additional responsibility for approximately 7,000 rental contracts may result in possible staff overtime and / or additional part-time hours to maintain customer service standards. Recognizing Recreation and Culture strives to recover 95% of its costs; insurance costs will include a 10% administration fee as an offset.

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#### **Communications Plan**

The attached E-Blast (Attachment # 1) was sent to existing facility renters on September 17, 2013 advising them of this program. As well, notices have been posted at all community centers and on the City's website. To date, no comments have been received.

In addition, as part of the Risk Management presentation at the Sports Congress, held on October 23, 2013, a mandatory insurance program was discussed.

If Council approves this recommendation, notices will be posted on the City's website, future editions of the recreation guide and at community centers where City facilities can be booked, to alert renters of the effective date when this program comes into effect.

#### **Purpose**

The purpose of this report is to obtain approval to implement a mandatory Facility Users Group Insurance Program through Jones Brown Insurance Brokers and Consultants and to require that all facility renters provide a minimum of \$2M of general liability insurance at their own cost, effective for all rental contracts processed on or after January 15, 2014. In addition, this report recommends that all applications for the rental of City facilities include the insurance requirements.

#### **Background - Analysis and Options**

The most recent Request for Proposal for General Insurance and Risk Management services for the City of Vaughan required proponents to submit as part of the proposal a program to provide rental users of City facilities access to insurance to cover any liability that they may face resulting from their activities. The City's insurer, OMEX has provided such a program through Jones Brown Insurance Brokers and Consultants.

The benefits of implementing the program are two-fold. From the renter's perspective, the program may cover up to \$2M for legal fees and / or damages awarded for liability arising from the use of the facility. The program also offers cross-liability, which covers claims that may arise between participants. Currently many renters rely on their homeowner's policy which may or may not adequately provide insurance coverage. Homeowner's policies will not include participant coverage, thereby exposing all other participants to damages and legal costs.

From the City's perspective, this insurance coverage also provides protection for the owner. In the event of a claim, the insured party will typically name the party or company renting the facility and the City of Vaughan in a civil action. Under the doctrine of joint and several liability the City may only need to be found 1% liable in order to be responsible for payment of the entire claim where the other parties to the claim do not have the financial resources or adequate insurance to cover their portion of a damage award.

In an effort to protect the City's assets and mitigate financial impact arising out of rental contracts, other municipalities and school boards have adopted a mandatory insurance program for facility rentals which obligates a renter to provide a Certificate of Insurance naming the facility owner as an additional insured. The insurance provides financial protection for both the renter and the municipality.

Eligibility to the insurance program is available to any person(s) or organization that procures a rental contract for a City facility. Facility renters must purchase coverage through this program based on pre-determined rates (plus administration fee), for their activities, subject to the limitations and exclusions outlined in the policy wordings. Coverage ONLY applies for the activity disclosed in the rental contract and ONLY while using a City facility. Coverage applies to employees and / or volunteers including executives, managers, coaches, trainers, officials and participants while acting in the scope of their duties.

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Exemptions will apply to the City's recreational affiliate groups covered under OMEX's policy and Community Service Organizations who maintain insurance coverage through their professional associations as well as those groups who hold existing insurance coverage satisfactory to the City Clerk's Office.

Facility renters will be able to purchase insurance at the time of booking. The program can be administered by Recreation and Culture staff, in consultation with the City Clerk's Office. The Sample Rate Matrix (Attachment # 2) outlines premiums (excluding a 10% administration fee) for various activities that can be covered by the program. Staff will also request that special events such as street parties, processions, parades etc. be included in the coverage. Rates will be rounded for ease of administration.

There will be an impact to staffing resources both in the City Clerk's Office and Recreation and Culture Departments to launch and administer the mandatory insurance program. In 2012, the Recreation and Culture Dept. processed approximately 7,000 rental contracts. This additional responsibility for approximately 7,000 rental contracts may result in possible staff overtime and / or additional part-time hours to maintain customer service standards. Recognizing Recreation and Culture strives to recover 95% of its costs; insurance costs will include a 10% administration fee as an offset.

In 2014 staff will monitor the impact and if warranted request additional resources as part of the 2015 budget process.

#### **Relationship to Vaughan Vision 2020/Strategic Plan**

In consideration of the strategic priorities related to Vaughan Vision 2020, the report will provide:

Service Excellence – Demonstrates excellence in service delivery; and

Organizational Excellence – Ensure Financial Sustainability- Manage Corporate Assets.

#### **Regional Implications**

There are no Regional Implications as a result of the recommendations contained in this report.

#### **Conclusion**

A Facility User Groups program will provide user groups with an easily accessible insurance program in an affordable and simple format. The program protects the municipality by transferring risk to the facility user, who in turn is supported by adequate insurance protection.

#### **Attachments**

1. E-Blast to Facility Renters
2. Sample Matrix- Facility User Groups Program Rate

#### **Report prepared by:**

Joseph A.V. Chiarelli, Manager Special Projects Licensing & Permits, ext. 8737  
Terri Cosentino, Client Services Manager, ext. 8078

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)