



## 2023-24 Corporate Insurance Renewal

Item 5

October 24, 2023

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2023-124

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** General Counsel & Corporate Secretary

**Date:** October 6, 2023

### **PURPOSE:**

The purpose of this report is to seek BIFAC's and the Board of Directors' (the "Board") approval of the renewal of the 2023-2024 corporate core and non-core insurance programs for Toronto Community Housing Corporation ("TCHC").

### **RECOMMENDATIONS:**

It is recommended that BIFAC approve and recommend that the Board:

1. Approve the 2023-24 core and non-core corporate insurance program renewal, with an annual cost as outlined in Confidential Attachment 1 to this report; and
2. Authorize the appropriate staff to take the necessary action(s) to implement the above recommendation.

### **REASONS FOR RECOMMENDATIONS:**

#### **Background**

Pursuant to the *Housing Services Act, 2011*, the Housing Services Corporation ("HSC") is responsible for delivering a province-wide insurance program for its members, which includes all local housing corporations and

prescribed non-profit housing providers. As a local housing corporation, TCHC is required to participate in the HSC insurance program.

At TCHC, the corporate insurance program is an essential component of its risk management response. The TCHC corporate insurance program is administered through the Risk Management and Insurance Unit and is comprised of the following components:

- **HSC Core Program:** Insurance coverage acquired through HSC, which includes commercial general liability, property, crime, boiler and machinery, and directors' and officers' liability; and
- **Non-Core Program:** Insurance coverage acquired through HSC, as excess and additional coverage beyond what is contained in the HSC Core Program, such as cyber coverage and additional insurance coverage and limits, as required.

TCHC partners with HSC and its program broker, Marsh Canada Limited ("Marsh"), throughout the year to continually review its risk profile and takes necessary action to ensure adequacy of coverage limits, sub-limits and deductible levels for the entire insurance program.

### **2023-24 Insurance Renewals**

In June 2023, the corporate insurance program renewal process for the 2023-24 term was initiated. This process is undertaken through the two phases listed below.

#### *Phase 1: Total Insurable Values & TCHC Locations*

First, TCHC partnered with HSC and Marsh to review the schedule of TCHC locations that are covered by its insurance, including the declarable insured values. This ensures that the appropriate locations across the TCHC portfolio are captured to be afforded coverage under the corporate insurance program.

In August 2023, TCHC provided Marsh with an updated location schedule that included adjusted values representing the most current replacement cost. The 2023-24 adjusted replacement cost values compared with assigned property values in the prior year are outlined in Confidential Attachment 1 to this report.

Since TCHC's 2022-23 Corporate Insurance Program renewal, it transferred approximately 305 addresses and 822 units out of TCHC portfolio as part of the Tenants First Initiative. This transfer resulted in a reduction in TCHC's overall property values. As a result, of these transfers, the overall impact of the inflationary increase to TCHC's property values is partially mitigated.

### *Phase 2: Insurance Coverage & Premiums*

HSC and Marsh initiated a review of available insurance industry underwriters in the United Kingdom and with domestic markets and commenced negotiations aimed at securing program participants. TCHC relies upon HSC's undertaking a comprehensive analysis and discussions through which it recruits insurers to participate in the HSC insurance program, secured throughout the global insurance market. At the conclusion of the review and negotiations, finalized insurance premiums will then be applied to the insurance program for each respective program participant.

The annual premium for the 2023-24 corporate insurance program arising from the advice provided by HSC and Marsh is set out in Confidential Attachment 1 to this report, along with a comparison of the 2023-24 TCHC corporate insurance premiums compared to the previous year.

For the 2023-24 corporate insurance program, the increase of the annual premiums can be primarily attributed to the following factors:

- First, challenges in the current insurance market continue to be the primary driver for the increase in the annual insurance premiums. These challenges are characterized by a high demand for insurance coverage against a reduced supply of insurers, resulting in increased premiums;
- Second, due to TCHC's delivery of shared services to Toronto Seniors Housing Corporation ("TSHC") arising from the transfer of the seniors portfolio to TSHC in June 2022, TCHC is required maintain Property Manager's Errors and Omissions insurance; and
- Third, TCHC has applied an annual inflationary increase to its property values to better reflect current replacement costs, resulting in increased insurance premiums.

**SIGNATURE:**

*“Darragh Meagher”*

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Darragh Meagher  
General Counsel & Corporate Secretary

**ATTACHMENT:**

**Confidential** TCHC Corporate Insurance Costs for 2023-24

**Attachment 1:**

**Reason for** Matters that are not required to be disclosed under the  
**Confidential** *Municipal Freedom of Information and Protection of*  
**Attachment:** *Privacy Act*, including but not limited to a proposed or  
pending transaction with a third party.

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