

Report to Council

Report Title: Proposed Facility User Solution Insurance Coverage

Prepared By: Mark Coleman, Director of Community Services

Department: Parks and Recreation

Date: May 11, 2021

Report Number: REC2021-11 **File Number:** C11REC

Attachments: Facility User Solution Coverage Highlights
FCC Facility User Rates \$2,000,000

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number REC2021-11– Proposed Facility User Solution Insurance Coverage, prepared by Mark Coleman, Director of Community Services and in so doing authorizes staff to proceed with implementation for inclusion in rental agreements, communication with service clubs and user groups and bringing forward the Fees and Charges By-Law.

Report:

Background:

Through the Municipality's Community Centre facilities and parks properties for use and rent by third parties (individuals, businesses, service clubs, organized and unorganized groups) the Municipality and more specifically the Parks and Recreation Department hosts the majority of sport, recreation and cultural activities in the community.

As a practice, the Municipality has requested insurance coverage from formally organized groups and renters (minor sports groups, community service clubs, events involving alcohol) to minimize its exposure to risk and liability. The amount requested has evolved over the years from \$1 million to \$2 million coverage, and now more commonly the provision of \$5 million coverage with the Municipality named as additional insured.

However, the practice to date has been that not all facility renters have been or are requested to provide insurance coverage of their facility use. Many small private rentals and informal sports groups have not been requested or provided insurance coverage. As a best practice for Municipalities and within the insurance industry, it is recommended that the Municipality request insurance coverage from all facility and property users/renters.

For some individuals and groups this requirement may be beyond their existing insurance policy or lack thereof and requires that they seek out and purchase an insurance policy through a broker. This additional

requirement sometimes comes at a cost that the individual or group may indicate as prohibitive to them renting a facility or running of their event. As a result, the potential renter may decline proceeding with making a facility booking and/or Council may receive a request from a potential renter or user group to waive the requested insurance requirements, rental rates, or in some cases, that the Municipality provides at their expense the additional coverage.

Analysis:

Staff have approached the Municipality's insurance broker CMR Insurance and Insurer, Frank Cowan Company as to what option(s) may be available to address the recommended insurance requirements for facility user groups and renters.

Frank Cowan offers to its Municipal clients a separate Facility User Solution Program (FUG) that provides the facility owner with the knowledge that the person(s) renting or leasing its facilities have a low-cost affordable insurance option for 'low' and 'medium' risk events they are hosting and have added the facility owner as an 'additional insured' to that insurance. As an 'additional insured' the Municipality's interests are covered when a claim occurs as a result of negligence by someone renting or leasing the facilities. This policy directs and limits liability away from the Municipality's main general liability policy. See attachment highlighting the activities covered and excluded in the program. Under Ontario's laws, joint and several liability is a huge risk exposure and issue for municipalities.

This option would be an additional premium (see attached) to the Municipality's general policy.

Please keep in mind that the FUG program is geared toward small facility rentals like birthday parties, weddings and meetings. This program is not intended for large events like concerts. Sports tournaments are available for approved sports for 1-day events, over one day is a company referral.

Company referrals do take time and require additional information for review and may or may not be approved. The FUG is a deposit premium, meaning, at the end of the term, a Administration Log must be submitted with all rentals listed that used the FUG. This will be used to calculate the actual premium, the deposit premium will then be adjusted and a refund/additional premium will be determined and collected/refunded.

The main policy has a renewal date of Jan 1, 2021, if Council wishes to proceed, Frank Cowan Company would provide a short-term policy from inception to expiry of the main policy, with a prorated deposit premium, then the FUG will renew with the main policy.

Staff recommends that the Municipality implement this requirement for all Brockton facilities and renters starting June 1, 2021. With the extended closure of facilities due to the lockdowns associated with the COVID-19 pandemic, it would be an opportune time to implement this new policy for bookings to coincide with when facilities are allowed to re-open as conditions improve further into 2021.

Sustainability Checklist:

What aspect of the Brockton Sustainable Strategic Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Do the recommendations help move the Municipality closer to its Vision? | Yes |
| • Do the recommendations contribute to achieving Cultural Vibrancy? | Yes |
| • Do the recommendations contribute to achieving Economic Prosperity? | Yes |
| • Do the recommendations contribute to Environmental Integrity? | N/A |
| • Do the recommendations contribute to the Social Equity? | Yes |

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective? Yes

See quoted options attached. If Council wishes to apply this program to all or only certain facilities, either way those facilities must be specified. FUG will not extend to any facility not listed on the policy. There is no additional cost to insure all locations. The Municipality has the ability to recover the cost of the FUG policy by establishing the recommended set of fees and rates as a Schedule within its Fees and Charges By-law. (See sample Schedule attached).

Reviewed By:



Trish Serratore, Chief Financial Officer

Respectfully Submitted by:



Mark Coleman, Director of Community Services

Reviewed By:



Sonya Watson, Chief Administrative Officer