

Insurance Considerations for Residents' Associations

The subject of Insurance is often raised by Residents'/Ratepayers' Associations (RA's) who are members of FoNTRA. Some RA's are Incorporated/some are not. Of the incorporated RA's, some do not have any insurance; some have Directors & Officers Liability (D&O); some may also have Commercial General Liability (CGL). The cost of the insurance is a significant challenge to arranging coverage for many RA's.

On the benefit side to having insurance, it covers the RA and its Directors, Officers and, possibly, volunteers for a range of potential legal liabilities, including claims arising from injuries/accidents at public events. It can also serve as insurance coverage that will be requested when renting or using a third party facility (such as a meeting room in a church). Increasingly, third parties are requesting such insurance coverage. As well, potential Board Members will often question whether or not the RA holds insurance, as they want to be protected from the risk of lawsuits for their volunteer efforts. We live in an increasingly litigious society and the frequency of lawsuits (legitimate or not) has skyrocketed over the past 25 years.

Another benefit to having insurance is that legal fees incurred in defending a lawsuit are included in the insurance coverage. Even if a RA is not found ultimately liable for a CGL or D&O claim, the defence costs incurred may well be in the multiple thousands of dollars. Without a policy in place, the RA and/or Directors/Officers will need to cover the legal expenses out of their own pockets.

Review this resource document for a discussion of CGL and D&O policies as they apply to non-profits:

Insurance Coverages Nonprofits and Charities Need to Understand, David Hartley, manager, Insurance & Liability Resource Centre for Nonprofits.

http://sectorsource.ca/sites/default/files/resources/files/nonprofit_insurance_coverage_20090403.pdf

For more detailed information and advice on CGL and/or D&O policies, your RA should consult a licensed Insurance Broker and/or a Lawyer.

In April, 2018 FoNTRA felt that it would be helpful to survey the member RA's to (a) determine what insurance arrangements the RA's currently have (b) to get feedback on their opinions on the need for insurance coverage and (c) to find out if they were interested in being given information to pursue obtaining insurance coverage. The information collection could also be useful to RA's who do have insurance for comparison purposes, to determine if they are obtaining good coverage for the costs.

The survey was distributed to 35 RA's and responses were received from 23 – of these, 20 are incorporated and 3 are not. 10 of the 20 incorporated RA's carry Directors & Officers Liability and/or Commercial General Liability insurance.

An unincorporated RA may wish to review the legal risks to their Directors, Officers and members (the principles governing their liability are different from those governing incorporated RA's) – perhaps a lawyer in their RA could provide clarification/advice.

The reasons provided by the 13 RA's for not having insurance were: don't know where to obtain insurance; Board hasn't considered the need for coverage; Board doesn't think it is necessary, after consideration or can't afford the cost.

For the RA's that have Directors & Officers Liability, the Limits of Insurance values range from \$1,000,000 to \$5,000,000 with Premium Costs ranging from \$500 to \$1200, dependent on the specific circumstances for each RA.

For the RA's that have Commercial General Liability, the Limits of Insurance values again range from \$1,000,000 to \$5,000,000 with Premium Costs ranging from \$500 to \$1,800, again dependent on each RA's circumstances.

If a RA is interested in discussing the insurance survey described above, FoNTRA would be pleased to talk with them. Please contact Geoff Kettel.

FoNTRA has spoken with the following brokers who would be pleased to talk with your RA about possible CGL and/or D&O coverage and costs:

Cade Associates Insurance Brokers Ltd.

4800 Dundas St. West Suite 100 Toronto ON M9A 1B1

416-234-9980

www.cadeinsurance.com

clientservices@cadeinsurance.com

Canadian Insurance Brokers (Daniel Goldhar)

1 Eglinton Ave E, Suite 415 Toronto ON M3P 3A1

Direct: 416-583-5854 Main: 416-486-0951

danielg@cibi.ca

R. Robertson Insurance Brokers Ltd. (Greg Robertson)

150 Bridgeland Ave #203 North York ON M6A 1Z5

416-780-9906 (224) / 877-489-9906

www.rrcottageinsurance.com

grobertson@rrib.com

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