



To: Council
From: Kevin Amelotte, Director of Parks and Recreation
Date of Meeting: March 8, 2023
Subject: Facility User Insurance

Recommendation:

That Council direct staff to formally request that Halpenney Insurance Brokers Ltd. secure a policy to provide coverage for uninsured renters of Township facilities to be implemented as of May 8, 2023 and;
That Council direct staff to remove the option to decline insurance as part of the facility agreements when renting a Township facility as of May 8, 2023.

Executive Summary:

The Township of South Stormont is one of few municipalities within SDG that still offer facility renters the option to decline insurance coverage after acknowledging and accepting their personal risks of not carrying insurance. Not having an insurance policy that offers coverage to facility users increases the risk for the user themselves as well as the Township in terms of exposure in the event of an incident.

Staff have worked with Halpenney Insurance Brokers Ltd. (Halpenney) to research options and vendors to ensure the Township and facility users are best prepared and protected in the case of litigation due to negligence.

Background:

While many organizations/associations carry their own liability insurance, most individuals and some organizations do not. The option to provide insurance for renters of Township facilities through a facility user insurance policy coordinated through the Township of South Stormont to an insurance company was presented years ago. However, at the time, it would have made community use of Township space cost prohibitive. Rates have since become more affordable and the financial impact to renters will be practical.

Staff completed an application outlining the activities in Township facilities that do not typically carry their own insurance and submitted it to Halpenney. Halpenney circulated this application for quotation from insurance companies. After reviewing the submissions, a 5 million liability policy with Marsh Insurance has been assessed as the most suitable for the Township's coverage and to support the diverse activities hosted in our facilities while being the most cost-effective for renters. A sample of the best assessed policy is attached to this report for information.

If a renter carries their own insurance and can provide a Certificate of Insurance (COI) with the Township of South Stormont listed as "Additional Insured" then a facility user insurance rate would not have to be applied to their rental. For better understanding of the impact to facility users without their own insurance policy, three frequent rental scenarios have been outlined below:

1. Wedding in the South Stormont Community Hall for 230 people
A day long licensed rental in the Community Hall with Council Chambers is \$750 taxes included. The insurance coverage would cost the renter an extra \$103.95 making their total \$853.95 for their wedding venue. (12%)
2. Men's hockey group running weekday evenings at the Long Sault Arena
A weekly 90-minute ice rental for the 2023/2024 season will be approximately \$9200 and their insurance would be \$231 bringing their season total to \$9431. (2.4%)
3. A child's 4-hour birthday party in the St. Andrew's Fire Hall for 30 people
For a 4-hour rental, the facility user would be charged \$100 and their insurance would be \$4.64 bringing their rental total to \$104.64. (4.4%)

Unless the group is hosting a licensed event, the additional costs are minimal.

Although the cost of insurance is relatively nominal, it should be considered that after the Development Charges Study and review of neighbouring municipality's rental fees, there were already significant increases to 2023 facility rental rates. For this reason, staff are presenting Council with the option to cover the costs of facility user insurance coverage fees for 2023 and revisit charging facility user insurance to facility users ahead of the 2024 Fees and Charges By-Law.

Alignment with Community Strategic Plan:

Goal 5: Strong Community

Objective 5.2: Recreation and Culture

Risk and Asset Management Considerations:

There are risks of continuing without a facility rental insurance policy in place, largely due to joint and severable liability. Joint and severable liability means that if the municipality is found even 1% responsible in a case, they can be responsible for more than their share if the other negligent party(ies) does not carry sufficient coverage for their portion of the claims.

More information and examples of joint and severable liability can be found in the attached "Escalating Cost of Municipal Claims 2022" document under the "Joint & Severable Liability (The 1% Rule)" section.

Options:

Option 1: Implement mandatory facility user insurance requirements in May 2023 and absorb costs for May through December 2023; reassessing fees set out in By-law No. 2023-010 for 2024, if required.

Option 2: Implement mandatory facility user insurance requirements in May 2023, direct staff to amend By-law No. 2023-010 to include facility user insurance rates and begin charging insurance cost to renters unless a COI is provided.

Option 3: Postpone implementation of mandatory facility user insurance coverage and select a date to revisit.

Option 4: Other.

Financial Impact:

Option 1: If mandatory facility user insurance requirements are implemented as of May 2023, the estimated cost for 2023 will be \$8,000. Unless the Fees and Charges By-Law is amended to add these fees for facility users as proposed in

Option 2, the Township will cover these costs to ensure liability coverage. Worth noting is that the Township projects \$45,000 or more in revenue in 2023 than reported in 2022. This is a result of the increases in facility rental fees in the 2023 Fees and Charges By-Law.

Option 3: No financial impact to Township. Fees are passed on to facility users.

Option 4: No immediate financial impact.

Others Consulted:

Township Staff

SDG County, Lower Tier, Parks and Recreation Departments

Halpenney Insurance Brokers Ltd.

Prepared by:

Cara Lemkay, Parks and Recreation Coordinator