



Risk Management and Purchasing Services

MINIMUM AMOUNTS OF INSURANCE

The exposure of the University and the public to the risks of others varies by the activity taking place. The risks associated with a small club meeting are much less than a softball tournament of 300 people. In turn, the risk associated with such a tournament is less than a capital building project worth \$10,000,000.

Best practices would suggest we quantify or “brand” types of risk. In that way, the University can fairly balance the degree of risk it assumes against the ability of others to assume their own risk.

Risks can be categorized into low, medium and high risk types. In the accompanying tables, parameters or conditions have been set out which determine low, medium and high risk for all parties – User Groups, Professional Service Providers, Contractors, Permit Holders, Licensees and Lessees.

User Groups / Permit Holders

Who are User Groups?

User Groups are any individuals or groups who use University premises or facilities for their own activities. These people can be an informal group or part of an organized association. Examples of User Group activities include public or private meetings, banquets, weddings, award dinners, reunions, concerts, trade shows, swimming competitions, carnivals etc.

Who is a Permit Holder?

Use of premises or facilities is normally arranged by way of a Facility Use Agreement or Permit. The agreement outlines the terms and conditions for use of University facilities. A Permit Holder is any party who signs a Facility Use Agreement.

What is the Laurentian University Event Policy?

Since not all events or activities that take place on University premises are sanctioned or sponsored by the University. The University has established a Policy that requires individuals or groups (User Groups) who wish to use University facilities or premises for their own activities provide proof of liability insurance. These User Groups can be an informal group or part of an organized association. As the User Group controls the activity, insurance must be in place that will protect the participants as well as the interests of the University.

Our current practice as set out in the Event Policy requires such groups provides proof of \$2,000,000 of liability insurance.

In all instances the University controls the facility as property owner and the User Group controls the activity as the organizer of the event. The University's concerns of liability are due to obligations of the Occupier's Liability Act. No matter the event or incident that may occur, the property owner cannot walk away from its responsibilities as Occupier.

Simply stated, the Occupier's Liability Act implies a duty of care. An Occupier of premises owes a duty to take such care as is reasonable, in all circumstances of the case, to see that persons entering premises are reasonably safe while on the premises.

An Occupier is anyone who has control of the premises and the power to admit or exclude others. Such control extends to the conditions of the premises, the conduct of the entrants and the activities permitted on the premises. It is obvious that both the University, as property owner and the User Group, as event organizer are occupiers. It follows that in all instances both parties need some means of protection such as insurance to offset the financial burden of legal actions that may be taken or imposed against them.

That said, unless the University transfers the risk of others, such as User Groups, the far reaching impact of Joint and Several Liability will have the University liable for all or part of the activity of others on University property. It is important to remember that if the University does not effectively transfer the risk of others, the University's own ability to obtain insurance will be jeopardized. Insurance premiums of institutions such as Universities have a factor built into their premiums for the degree of due diligence taken to control risk and transfer risk.

It should be made clear the University is transferring only the risk for those events the University does not control – no other. The way the University can transfer the risk is by way of Hold Harmless provisions in the Permit. There is also the requirement of insurance from the User Group. As well, the University is added as Additional Insurance on the User Group insurance policy.

LOW RISK

Low risk activities or projects meet all or some of the following conditions:

- Service does not involve any modification or maintenance to be performed to University property
- No engineering or architectural services required
- No damage to, destruction or loss of property anticipated or likely
- No loss of income or additional expenses anticipated or likely
- No bodily injury to others anticipated or likely

Examples of a low-risk activity are a meeting or a function of a community association / group or a family concert in a University facility. In all instances a function requires a permit (i.e. Facility Use Agreement). In some instances, the requirement for insurance may be waived by Risk Management and Purchasing Services.

Type of Insurance	Permit Holder
Commercial General Liability (CGL)	\$2 million per occurrence

MEDIUM RISK

Medium risk activities (events) or projects meet all or some of the following conditions:

- Some potential risk of damage to, destruction or loss of property anticipated or likely
- Some potential loss of income or additional expenses anticipated or likely
- Some potential of bodily injury to others anticipated or likely
- No engineering or architectural services required
- Recreation program with moderate physical activity
- Recreation program involving vulnerable people (children, seniors, disabled)
- Activity taking place at locations belonging to others.

Type of Insurance	Professional Services	Independent or Trade Contractor	Permit/License/Lease/Program
<i>Commercial General Liability</i>	\$2 million per occurrence	\$5 million per occurrence	\$2 million per occurrence
<i>Automobile Liability</i>	\$2 million per occurrence	\$5 million per occurrence	\$2 million per occurrence
<i>Umbrella or Excess Liability</i>	To bring General or Auto liability to \$2 M	To bring General or Auto liability to \$5 M	To bring General or Auto liability to \$2 M
<i>Professional Liability</i>	\$1 million each claim	None	None

HIGH RISK

High Risk activities meet all or a majority of the following conditions:

- A large number of members of the public are present or will utilize the end product
- High risk of damage to, destruction or loss of property anticipated or likely
- High risk of loss of income or additional expenses anticipated or likely
- High risk of bodily injury to others anticipated or likely.

Type of Insurance	Professional Services	Independent Contractor	General Contractor*	Permit / Event
<i>Commercial General Liability</i>	\$2 million per occurrence	\$5 million per occurrence	\$5 million per occurrence	\$5 million per occurrence
<i>Automobile Liability</i>	\$2 million per occurrence	\$5 million per occurrence	\$5 million per occurrence	\$5 million per occurrence
<i>Umbrella or Excess Liability</i>	To bring CGL or auto liability to \$2 M	To bring General or Auto liability to \$5M	To bring General or Auto liability to \$5M	To bring General or Auto liability to \$5M
<i>Professional Liability</i>	\$2 million per claim	None	None	None
<i>Builders Risk Property Insurance</i>	None	Installation Floater - Full value of project	Full replacement value of project	None
<i>Contractors' Equipment Insurance</i>	None	Full replacement value of contractor's equipment	Full replacement value of contractor's equipment	None
<i>Boiler & Machinery Insurance</i>	None	None	Full replacement value of project	None

All other people and groups who use University property or facilities for activities or events are considered High Risk Users. High Risk Users are principally large community events including promoter-sponsored shows or productions that attract a large number of people and are staged in our major facilities.

It is recommended that contracts or agreements be forwarded to Risk Management and Purchasing Services for review prior to contracts being signed to engage high risk users. There may be added insurance requirements that should be included in order to protect the assets of the University.

For construction valued at \$10M or more; use of compacting equipment; blasting or demolition; terms of reference for Provincial or Federal funding; minimum CGL \$10 million per occurrence may be required.

Contractors

All work done by Contractors is by way of contracted services. In all University contracts and purchase orders, there are specific clauses that assign responsibility for work performed or services rendered to the contractor. All such documents must be completed and approved prior to commencement of work. The contractor must further indemnify, save the University harmless from their negligence and have the University added as Additional Insured. In this way, the contact of services has legally transferred the risk of the contractor's work to the contractor.

In such instances that the court finds the contractor's actions to be negligent, the courts will determine the contractor must make payment for such damages. Such payments are made against the assets of the accused defendant (contractor). It is important to note there are many contractor services that are registered as a numbered company. Others lease all their equipment and divest personal assets to other family members. However, the liability insurance policy is considered an asset. In some instances the insurance policy may be the only asset the plaintiff (The University) may have for restitution. That is why the University ensures all contractors have insurance and have sufficient limits of insurance for the exposure.

The University has banded the risk presented by Contractors by the activities they are undertaking. The schedule for Minimum Amounts of Insurance outlines such activities. Consultation has been undertaken with various other universities across Canada to determine fair and equitable limits of liability insurance. The limit of \$2,000,000 for *Medium Risk* and \$5,000,000 for *High Risk* are the median of choices. They provide an equitable limit that adequately protects the University and public while keeping the Contractor's insurance costs reasonable. All liability insurance costs are the responsibility of the Contractor.

Professional Service Providers

Just as with Contractors, all work done by Professional Service Providers is by way of contracted services or purchase orders. Therefore much of what has been said about contractors applies to professional service providers.

The risks of general negligence associated with professional services are somewhat less than that of a contractor. However, above the liability concerns that have been described for the contractor, the professional service has additional risk concerns. Services may include the provision of maps, plans, audits, procedure reports, studies, management services, health services etc. General liability does not protect against the negligence of professional services. Therefore professional liability insurance is also required.

There is no direct relationship between the cost of professional services and the potential amount of damages due to negligence. A \$25,000 professional fee for the design of a small building addition can still result in a million dollar claim if the roof collapses.

Similar to our review of contractors, the University has banded the *Medium* and *High risk* professional services and assigned minimum limits of liability for each in the above table. All liability insurance costs are the responsibility of the Professional Service Provider.

Licensees and Lessees

Licensees and Lessees have contractual arrangements with the University that allow them to conduct business in or on University property or jurisdiction. Their business pursuits are independent of the University and include a wide and varied set of activities.

Due to their independent business activities, the risks of general negligence directly associated with the University is somewhat diminished. There should be some concern however, for the damage that may be incurred to University property and any associated bodily injury to University staff and the public.

The University has banded this risk exposure a medium weighting and assigned minimum limits of liability. All liability insurance costs are the responsibility of the Licensee or Lessee.

Optional Insurance for Third Parties

In some instances optional types of insurance may be required of the contractor or professional service provider depending on the project undertaken. This additional insurance requirement can be included in the terms and conditions of the agreement. Since each instance may be unique, Risk Management and Purchasing will provide an explanation or detail as required.