



MEMO

DATE: November 24, 2020

TO: Evan Howatson, ED Labour and Agreements, MoH
Elain Woodward, A/Manager Strategic Priorities and Engagement, MoH

CC: Mark Armitage, ADM Health Sector Workforce & Beneficiary Division, MoH
Teri Collins, ADM Health Services Division, MoH
Tony Baena, PARC
Karim Kassam, Optima Living

FROM: Lee Coonfer, CEO

RE: Issues Arising from Unsustainable Insurance Premium Increases and Liability Exposure Risks

Evan and Elaine,

First of all, I want to thank both of you for attending the initial briefing call with myself and BCSLA Board members, Tony Baena and Karim Kassam, to discuss our members' concerns with the unexpected and unsustainable Insurance Premium Increases and the absence of Liability Coverage available to operators.

Issues that BCSLA and Its Members Would Like to Address

As per our phone discussion, the issues, as we see them, are threefold:

1. Sudden Rise in Insurance Premiums and Increased Deductibles

It was communicated during our call that BCSLA members experiencing a 30 to 35% increase in their insurance premiums is commonplace. This has been propagated by a number of factors: Overall economic downturn from the pandemic, loss of one of the largest insurers exiting from the Canadian insurance market (Allianz), and overall uncertainty on liability coverage required on the part of the insurers. Our members are also seeing increased deductibles with less coverage value in certain areas such as comprehensive liability, fire and earthquake insurance. The added costs are unsustainable during a normal economic climate and, quite frankly, unacceptable in today's environment where sites are incurring additional costs across the board. While insurance is a cost of doing business, the increases are not sustainable.

Ask of Government:

Work with BCSLA to communicate efforts being made in BC that have resulted in a lesser risk environment relative to other jurisdictions. Underwriters need to be made aware that risk and regulatory frameworks are not the same across Canadian jurisdictions.

2. Liability Exposure Risk

BCSLA members attempting to renew their insurance policies have all been told that products offering Liability Protection are no longer available for seniors living operators nor for any new seniors living development. The obvious impact here is a significant exposure risk for current operators and the difficult, if not impossible, environment this creates for new development which is sorely needed to supplement current capacity and can't go forward without access to capital which is dependent on strong liability coverage.

Ask of Government:

Is there a role for the Government of BC to play in raising awareness of this situation at the federal level for a coordinated approach to this significant issue?

3. Liability Protection Inherent in the Current EPA

Although we were given assurances that nothing will happen in the near future to the Liability Protection offered in the current EPA, we must prepare for the eventual winding down of this legislation before issue #2 is resolved.

Ask of Government:

Is there a way in which the Government can provide assurances to seniors living operators that the Liability Protection inherent in the current EPA will not be removed until the Liability Exposure Risk has been resolved?

Next Steps

Although we do very much appreciate your time and assistance with this matter, we recognize that our questions will not be answered now and require additional dialogue and direction from the Minister. As such, we would like to request the opportunity to brief the Deputy Minister and new Minister, once they have been announced and sworn in.



BC SENIORS LIVING ASSOCIATION

This is an issue that not only affects us but impacts both government and private industry and across many sectors including hotels and restaurants. We strongly urge government to support our efforts with the insurance sector to bring these costs in line and equally importantly ensure that operators have the ability to get appropriate liability coverage.

We look forward to working with you towards a solution and thank you again for your time and attention to these matters.