



Presentation to the Long-Term Care COVID-19 Commission

November 3, 2020

PRESENTERS



Sarah Robson
President & CEO
Marsh Canada



Greg Fisk
Managing Director,
Health Care
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Marsh Canada



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Mapplebeck**
Managing Director
Marsh Advisory



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Assistant General
Counsel & Chief
Compliance Officer

AGENDA

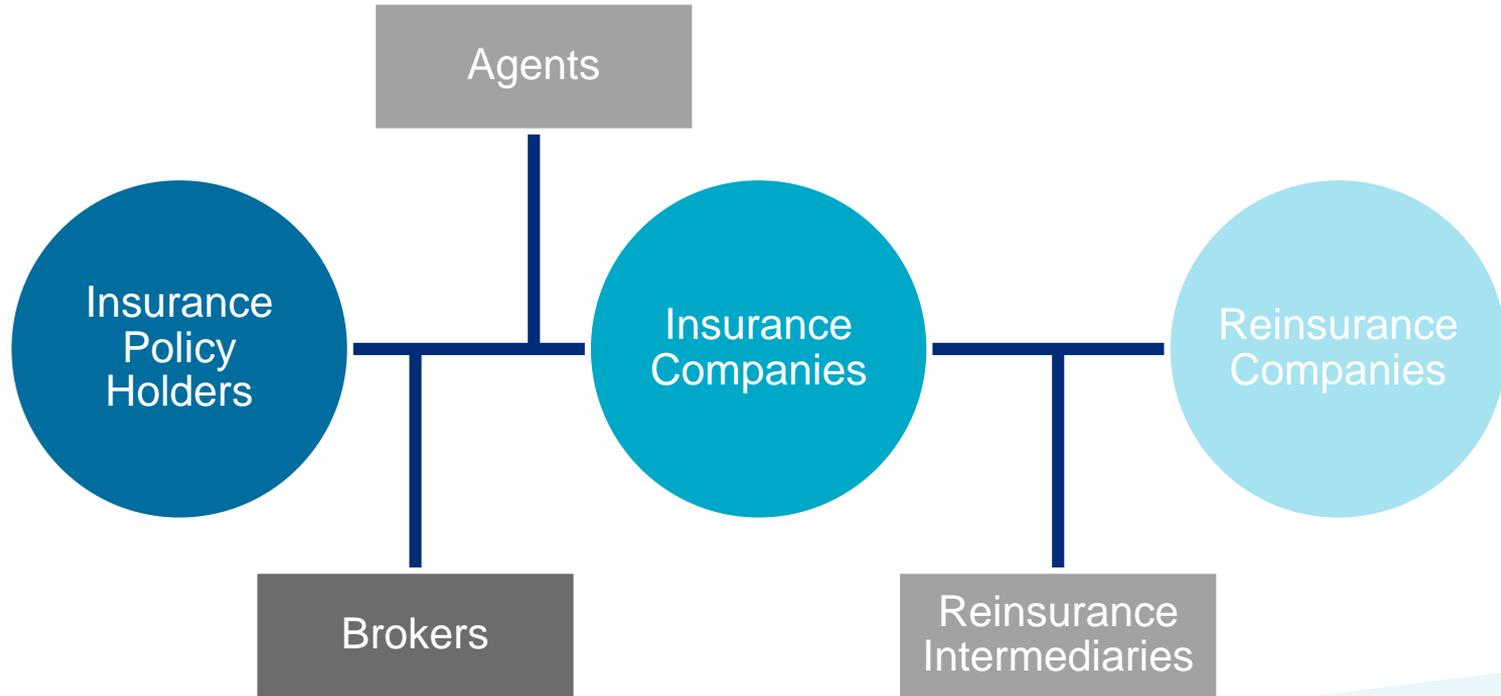
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ONTARIO LONG-TERM CARE SECTOR

Introduction



INSURANCE INDUSTRY OVERVIEW



MARSH & McLENNAN OVERVIEW

Marsh & McLennan is a global professional services firm with two operating segments, **Risk and Insurance Services** and **Consulting**, comprising four businesses, each a global leader in its field.

RISK AND INSURANCE



Insurance broking and risk management solutions



Reinsurance and capital strategies



Strategy, economic, risk management and brand consulting



Health, wealth and career consulting and solutions

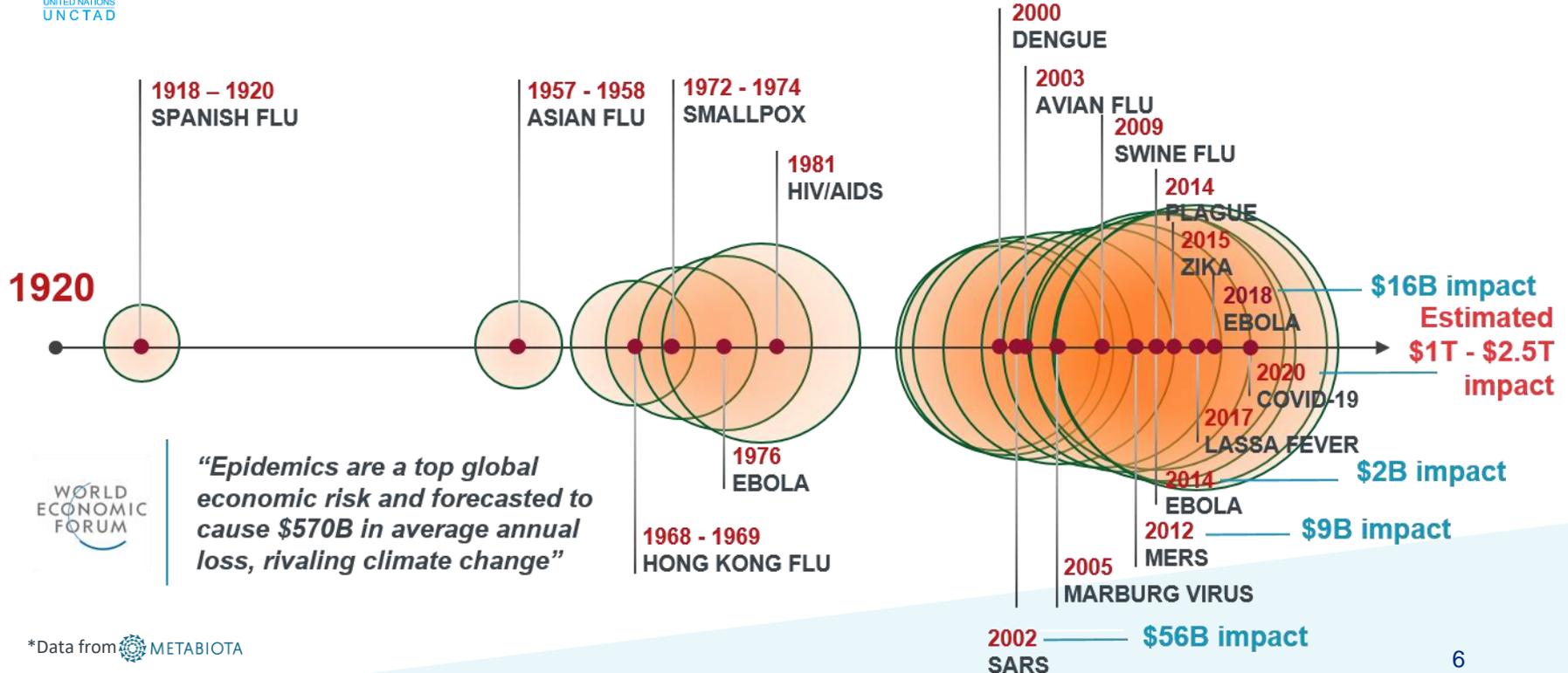
CONSULTING

GLOBAL EPIDEMIC THREATS

Deadly, Costly, Increasingly Frequent



“Apart from the tragic human consequences of the COVID-19 coronavirus epidemic, the economic uncertainty it has sparked will likely cost the global economy \$1 trillion in 2020”



*Data from METABIOTA

ONTARIO LONG-TERM CARE SECTOR

Insurance Market Overview



STATE OF THE INSURANCE MARKET

PRE-COVID

	PREMIUMS	DEDUCTIBLES	LIMITS/ CAPACITY	CONTAGIOUS DISEASE
PROPERTY / BUSINESS INTERRUPTION	 20%	 INCREASING	 STABLE	✓ NO EXCLUSIONS
GENERAL & PROFESSIONAL LIABILITY	 10 - 20%	 STABLE	 STABLE	✓ NO EXCLUSIONS
DIRECTORS & OFFICERS	 STABLE	 STABLE	 STABLE	✓ NO EXCLUSIONS

STATE OF THE INSURANCE MARKET

POST-COVID

	PREMIUMS	DEDUCTIBLES	LIMITS/ CAPACITY	CONTAGIOUS DISEASE
PROPERTY / BUSINESS INTERRUPTION	 20%++	 INCREASING	 REDUCED	✘ EXCLUDED
GENERAL & PROFESSIONAL LIABILITY	 20%++	 STABLE	 REDUCED	✘ EXCLUDED
DIRECTORS & OFFICERS	 20%	 INCREASING	 REDUCED	✘ EXCLUDED

ONTARIO LONG-TERM CARE SECTOR

Observations



PROPOSED IMMUNITY LEGISLATION



- Will help preserve the ongoing viability of insurance coverage for the long-term care sector.
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REINSURANCE TREATY RENEWALS



- Insurers manage their risk portfolio through reinsurance.
 - January 1 reinsurance treaty renewals will provide enhanced clarity with respect to insurance coverage terms and conditions for the long-term care sector.
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INSURANCE MARKET CONDITIONS 2021



- Property insurance rates are expected to continue to rise into 2021 after record-breaking losses in 2020.
- Liability Insurance market for the Ontario long-term care sector will remain limited due to pre-existing market conditions and uncertainty around contagious disease risk.
- Underwriting scrutiny around compliance to guidelines will increase and become a condition of coverage.

ONTARIO LONG-TERM CARE SECTOR

COVID Impact



IMPACT ON ONTARIO LONG-TERM CARE SECTOR

- Limited market capacity will likely continue to be available because:

- A. Proposed Immunity legislation will limit COVID-19 litigation exposure
- B. New policy terms and conditions do not expose them to risk (i.e., contagious disease exclusions)



- Long-term care organizations (including non-profits) will continue to be exposed to:
 - Costs to defend against uninsured COVID allegations and cost to enforce immunity.
 - Costs to assume the contagious disease liability risk.
 - Costs to meet potential new standards of care needed to purchase insurance.
 - Increasing insurance rates.
 - Challenges attracting and retaining independent board members where insurance is unavailable.

ONTARIO LONG-TERM CARE SECTOR

Insurance Solutions



OPTIONS FOR (RE)INSURANCE AND RISK POOLING

A spectrum of risk-pooling models exists for difficult risk types, ranging from pure private partnerships to state-financed funds for non-insurable risks

PRIVATE



Semi-private pooling reinsurance schemes

- A joint entity would be set-up by e.g. insurers where risk can be pooled and knowledge shared
- Could be voluntary or legally mandated/compulsory (e.g. including any pricing restrictions)
- Financing primarily provided by the private sector and limited (if any) government financing initially and typically no committed reserve¹



Public-private partnership (PPP) reinsurance schemes

- A joint reinsurance entity is set up which is funded by premiums paid by insurers for reinsuring the risk (running costs and partly also building up the reserve)
- Government explicitly provides backing to the reserve (limited or unlimited) and could also finance the initial build
- Participation could be voluntary or legally mandated/compulsory



Public funds for non-insurable risks

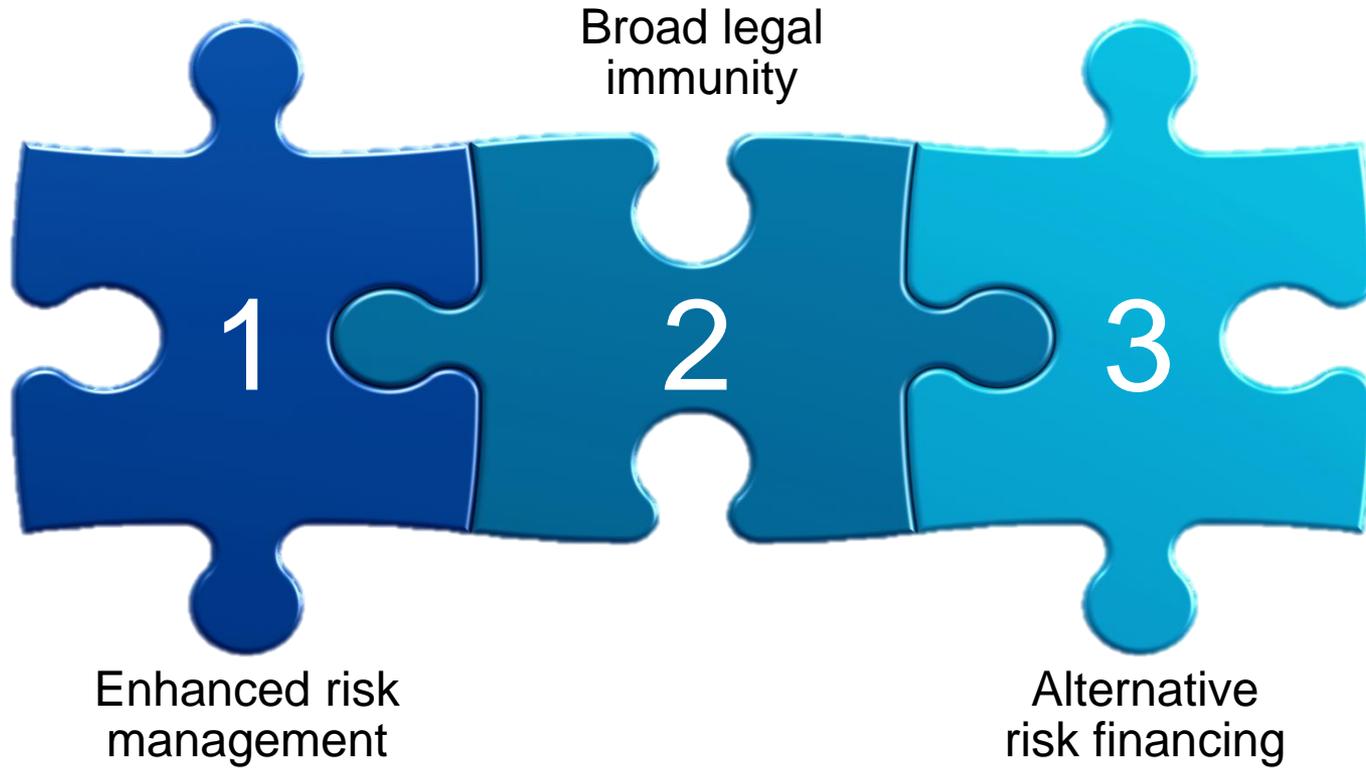
- A pure government set-up, without any direct private involvement (apart from aligning coverage)
- Fund set up with a reserve, built up over time, that can be used to pay out claims in the case of a pandemic event
- Claims towards the fund should be aimed at covering risk events that cannot be covered by existing insurance offerings

PUBLIC

Relevant option space for managing pandemic risk

Given their global nature, pandemics are unlikely to offer (re)insurers any diversification. We expect some form of public support will be required to enable a (re)insurance market.

A HOLISTIC APPROACH



ONTARIO LONG-TERM CARE SECTOR

QUESTIONS?





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ONTARIO LONG-TERM CARE SECTOR

Presenter Biographies



BIOGRAPHY

SARAH ROBSON

Managing Director – President & CEO of Marsh Canada Limited



Sarah Robson is the President and CEO of Marsh Canada. In this role, she sets the strategic priorities for the organization and oversees Marsh's operations nationally in 15 cities across Canada. In 2019, Sarah was appointed to the additional role of Country Corporate Officer for Marsh & McLennan in Canada, working closely with local leaders of the other MMC operating companies to strengthen MMC's position in the marketplace and enable long-term revenue growth.

Sarah joined Marsh more than 25 years ago and has held a number of progressively responsible positions in North America. Throughout her career, Sarah has been a strategic advisor to risk managers, C-suite executives, and boards of directors primarily with respect to D&O risk management. Sarah is also a founding member of Marsh's Global FINPRO Advisory Board. Among her many assignments was the management of the metro New York FINPRO practice and managing Marsh's relationship with AIG.

A passionate student of governance & Directors & Officers Liability issues, Sarah is a graduate of the Directors' Education Program at the Rotman School of Management, sponsored by the Institute of Corporate Directors at the University of Toronto. She designed and facilitated the module on D&O Insurance & Indemnification at Rotman for nine years.

Sarah has a BA (Honours, Economics) from Queen's University, Kingston, Ontario, and is an active member of the Professional Liability Underwriter's Society (PLUS). She is also a member of the Board of Governors for Junior Achievement Central Ontario. In 2019, Sarah was named one of *Business Insurance's Women to Watch*.

BIOGRAPHY

GREG FISK, FCIP, CRM

National Healthcare Practice Leader, Managing Director, Toronto



CURRENT RESPONSIBILITIES

Since 2013, Greg has lead the Marsh Canada National Industry Practice for Healthcare, which includes colleagues in 13 offices across the country. Greg also leads a group of three industry departments in Toronto with a large portfolio of clients operating in the Healthcare, Life Sciences, Cannabis, Public Entity industry segments.

EXPERIENCE

Greg joined Marsh in 2004 and, since that time, has provided services relating to insurance negotiation, placement, and management of risks for national and global organizations. Greg has worked in a number of industry sectors including: healthcare, real estate, life sciences, government, education, manufacturing, communications, construction, retail; and mining. Greg has extensive experience leading teams and supporting clients through program design, budget planning, and the establishment of service levels to meet each client's own goals for operational management and growth.

He works with his teams to develop marketplace strategies, craft solutions for unusual business and insurance risks, and works one-on-one with clients and colleagues to identify risks and develop effective solutions to avoid and/or mitigate financial and operational volatility.

EDUCATION

- B.A. Dalhousie University, Nova Scotia

AFFILIATIONS

- Fellow, Chartered Insurance Professional (FCIP)
- Canadian Risk Management (CRM) designation

BIOGRAPHY

TREVOR MAPPLEBECK, CRM

Managing Director – Marsh Advisory National Leader



CURRENT RESPONSIBILITIES

Trevor is the Client Advisory Services Leader for Marsh Canada and a member of the Canadian Executive Committee. In his role, Trevor is responsible for strategy, resourcing and client management across a variety of advisory services including Strategic Risk (Cyber, Enterprise Risk Management, Business Continuity), Data/Analytics and Alternative Risk, our Loss and Risk Mitigation and Engineering services, and our Claims Solutions practice.

Trevor is directly engaged with clients in various risk advisory roles, including designing captive and other financing strategies to help clients better understand and evaluate their risk and risk appetite. Trevor also works with clients to incorporate risk into key decision-making processes through risk management framework design, quantitative analysis and economic evaluation of risk financing strategies. His role incorporates evaluating the optimal use of captive insurance companies, indemnity funds and other alternative forms of risk finance to design programs that provide financially efficient solutions and strategies for insurable and non-insurable risks.

EXPERIENCE

Prior to taking on this role, Trevor was the Prairie Zone Leader (covering Alberta, Saskatchewan and Manitoba operations) for Marsh Canada, responsible for colleague engagement, client retention and ensuring our clients have access to the best of Marsh's global capabilities, and for generating growth strategy. Prior to taking on this role in 2017, Trevor was the National Sales and Specialties Practices Leader for Marsh Canada, responsible for driving strategy for new business development/growth across Canada.

He also had responsibility for delivering value added services to clients across a wide range of specialty product areas, including Executive Liability (FINPRO), Cyber, Environmental, Structured Credit and Political Risk, Machinery Risk and the Canadian US Primary Casualty offerings.

Previously Trevor had been a management consulting Partner with Oliver Wyman in the Energy Risk and Trading Consulting Practice. In that capacity, he assisted clients around the world in understanding, managing and capitalizing on risk through development of Enterprise Risk Management programs and strategic financing models (including Risk Adjusted Return on Capital, or RAROC) integration with key management processes.

EDUCATION

- B.B.A. (Honours), Wilfrid Laurier University, Waterloo, Ontario

AFFILIATIONS

- Canadian Risk Management (CRM) designation
- Canadian Securities Course (CSC)

BIOGRAPHY

SHANI BRIFFA

Assistant General Counsel, Chief Compliance Officer



CURRENT RESPONSIBILITIES

Shani Briffa is the Assistant General Counsel, Chief Compliance Officer for Marsh Canada and the Government Relations lead in Canada for Marsh & McLennan. In this role, she provides strategic and practical advice regarding legal and regulatory issues, commercial contracts, employment issues and adherence to Canadian privacy laws, sanctions laws and the insurance regulatory regime governing the Marsh business.

EXPERIENCE

Prior to joining Marsh in 2014, Shani was an associate lawyer with the international insurance law firm Clyde & Co. Her practice focused on providing advice to domestic and foreign insurers and reinsurers regarding coverage issues and policy wordings and representing them in arbitration and mediation. During her nine years of practice, she acted as claims monitoring counsel in various complex commercial actions, conducted reinsurance claims audits, and chaired the firm's Articling Program.

EDUCATION

- Bachelor of Law, Dalhousie Law School, Halifax, Nova Scotia
- Bachelor of Arts (Honors) University of Western Ontario, London, Ontario

AFFILIATIONS

- Toronto Insurance Conference – Board of Directors