

HIP | HOSPITALITY INSURANCE PROGRAM

2019-2020 BEVERAGE PROGRAM UPDATE

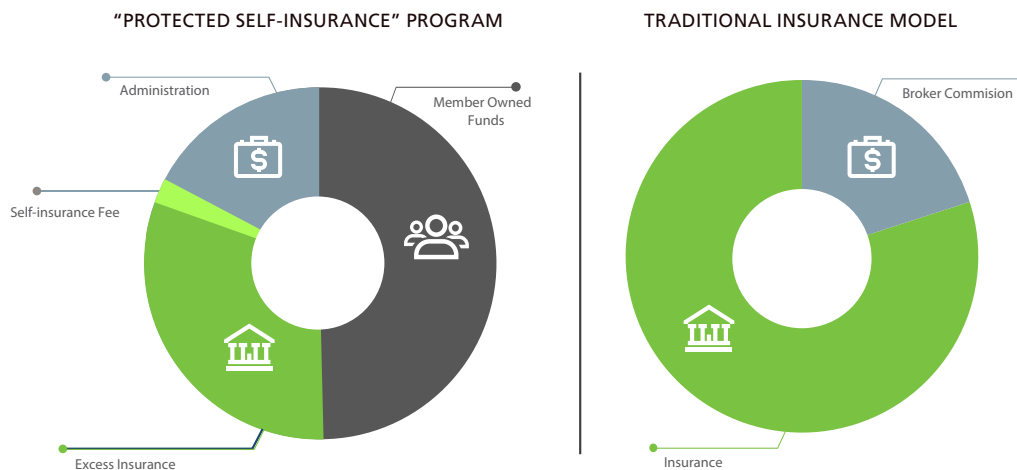
Over the past year, we have seen drastic changes occur within the commercial insurance market; in particular, with respect to the beverage-focused hospitality. Many association members that do not participate on the program are now struggling to acquire insurance or are receiving increases to premiums. Several insurance companies have made strategic decisions to no longer provide coverage for hospitality business in Canada. Of those insurers that remain willing to insure hospitality risk, they are doing so with a high degree of selectivity and, in many cases, significant rate increases are being applied. If your policy is renewing soon, and you are interested in an insurance program that will provide a long-term sustainable solution for your insurance needs, consider the Hospitality Insurance Program (HIP) offered through ORHMA. Please contact the HIP team at Western Financial Group Insurance Solutions office today.

Protected Self-Insurance Structure

Since its inception in 2004, The Hospitality Insurance Program (HIP) has provided hospitality establishments across Canada with access to a very unique and creative program structure. For over 15 years, this program has changed the way members acquire insurance from being purchasers to becoming partial owners of their insurance program. This structure, known as "Protected Self-Insurance," enables members the ability to influence the stability of their insurance program as well as the costs associated with insurance coverage. Under the HIP, a large portion of premiums are allocated to a member-owned "Protected Self-Insurance" fund. This fund also allows the unique opportunity to circumvent traditional insurance costs and provide for returns-of-premium when surpluses are built as a result of low-claiming years. This structure also limits the impact of outside market factors respecting members' insurance premiums as premiums paid to the insurance market are limited to Excess Insurance.

Benefits of Protected Self-insurance

- Members gain partial ownership in their Program
- Since inception in 2004; HIP members have retained \$6.8M in premiums - under a conventional structure these funds would have been retained as insurer profit
- Long-term cost stability
- Unlike traditional shopping of insurance – rates charged are representative of industry claims
- Administrative efficiencies generated in the delivery of risk management, underwriting, claims and policy issuance reduce costs for policy holders
- PSI fund can never be in a deficit position, fully insured by “A” rated insurers
- Superior Coverage – highly specialized and tailored to the lodging and beverage divisions
- Insured members have greater motivation to control losses because of ownership component



Please contact our sales team if you want to learn more about the Hospitality Insurance Program.

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