DATE: June 3, 2025
MEETING: enCompass Community Safety Agency Society
INVITEES: enCompass Board of Directors, Acera Insurance

PRIOR YEAR KEY HIGHLIGHTS

- **PRIOR MARKETING EXERCISE** – this was last completed in 2023, all markets were approached. We continued to stay with the existing insurer as the cost differential was a 1% difference. The existing insurer also provided a more attractive coverage offering at the time.
- **LARGE FIRE CLAIM** – the Calgary location had a significant fire (~$250,000) in the 23-24 policy period in a youth housing building. The insurer took an initial strong approach of looking to non-renew the account because of this.
  - **Unrelated to our account, the insurer incurred a major (multi-fatality, multi-million-dollar loss) in Canada. Intense scrutiny was taken to any/all youth housing related clients.**
- **WATER CLAIM** – in the 24-25 policy term the Red Deer location suffered a fair size water loss (~$125,000). While the insurer renewed the account, this did factor into the insurers approach and costs.
- **INSURER NON-RENEWAL ATTEMPT** – the insurer originally attempted to non-renew the account for the 24-25 renewal. This related to the Calgary youth housing loss and their concerns around the large claim and youth housing operations.
  - **Due to our National presence and partnership with all Western Canadian John Howard Societies we were able to leverage the insurer and convince them to provide coverage for another 12-month term.**

CURRENT RENEWAL MATTERS

- **MARKETING INTRICACIES** – When presenting an entire account/portfolio to insurers a significant amount of information is provided to insurers, so they understand the account and its risks. It is incredibly common for insurers to review and as probing questions to further understand and ensure the risk is within their appetite and comfort level. We often find that in a marketing year, even accounts that have been with insurers for many years have an existing (or new underwriter, as is the case for us) make further inquiries into an account. Appreciate underwriters are always vastly interested in knowing more about the risks they insure.
  - **Despite having advised the insurers numerous times, in many marketing years, of the programs/services that John Howard Societies (and related parties provide) they have decided this year to focus in on "Reintegration Services" as a focal point, specifically with enCompass.**
  - **From our perspective/experience, this is incredibly common. The mission critical aspect of this does not relate to enCompass alone, but rather ensuring the insurer is comfortable with "reintegration service" and to what extent. That probative question rests with, or without, enCompass most recent changes.**

- **REINTEGRATION SERVICES** – the current insurer is wanting to understand and further develop their comfort with the reintegration services, specifically as it relates to enCompass.
    - **This is simply happening as enCompass has a lot of detail on their reintegration services on their websites while other societies don't as much. This question with regards to insurers comfort level of these operations exists for all societies and we need to get finalization with insurers for enCompass and all societies.**
- **SOLUTIONS OBTAINED** – we have already secured a full insurance offering with another insurer who insures a significant amount of John Howard (and related entities). That solution is ready to go and secured already and has competitive terms.
    - **Our goal is to secure terms from the existing insurer as well so we have two solutions and options to choose from. This is the current work we are finalizing.**
- **GLOBALIZED POLICY ADVANTAGES** – there are a variety of advantages for organizations that procure insurance in a globalized fashion. Some of these would include: economies of scall (savings), higher limits more affordably, security and leverage in the marketplace, smaller societies benefit the most, longevity/sustainability (if one location has a loss but others don't the portfolio is still profitable).
    - **From a historical perspective, enCompass (formerly EJHS), has been carrying the "subsidizing" aspects of the account. With this years terms we're seeing ~5-10% in overall subsidizing that enCompass is burdening on behalf of the group. Meaning, the smaller societies are achieving a below average market pricing as a benefit to the economies of scale. That concept is common in all years past.**
- **GLOBALIZED POLICY CONSIDERATIONS** – the disadvantages can be similar to the above in that larger societies subsidize the smaller societies. The other aspects would be those societies that have no claims or losses and incur claims rating on the overall portfolio. There are also areas where less customization can be done or "a la carte" solutions as these are pooled programs.
- **STANDALONE POLICY ADVANTAGES** – this allows clients to select whatever coverages and limits they want and fully customize their program. They further allow clients with no claims to stand on their own as they are the most desirable accounts to the markets and on their own the rating can be better.
    - **We also have assurance and control of a standalone policy. The policy is in our name and can only be altered/changed by enCompass and no other parties. Security, control, and autonomy are advantages.**
- **STANDALONE POLICY CONSIDERATIONS** – as economies of scale are lost costs can increase, however for enCompass this won't be anything critical or catastrophic as you've never had a claim and have desirable buildings (non-combustible). Without a grouped policy if we have claims in the future (and other societies don't) we won't have the "subsidy" effect that we've been providing.

NEXT STEPS

1. **EXISTING INSURER TERMS** – we are in continued negotiations with the existing insurer to provide their terms for enCompass.
    i. **We are scheduled to have a meeting to review enCompass with this insurer on Friday for them to reconsider their position. This coming after months of continued negotiations.**
2. **RENEWAL PRESENTATION MEETING** – we'll want to meet with your operations side (DeAnn/Clarissa) sometime end of June to review the options.
    i. **We will ask the insurer (on Friday) for a 60 day total extension. Generally they will provide 30 days but we will make this request and see if they will accommodate giving everyone more time.**

CLOSING SUMMARY

We appreciate and understand that complexities have arisen related to procurement of insurance on a globalized basis. In preparation for this possibility, it's why we worked proactively months out to secure and ensure all competitive options and coverages were available for all societies, no matter what decisions or insurance structures were decided. Our commitment is to ensure those solutions we've already secured (and more we're working on) are available and best help support all parties.

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