

## Explanatory Notes

Under the Building Code (Ontario Regulation 332/12), design firms are required to carry insurance as a condition of registration under Article 3.2.4.7, Division C. Details on the minimum requirements are outlined in Article 3.6.2.3. Registrants must verify that they have purchased insurance policies that meet the ministry's requirements.

Under the Building Code, Sentence 3.2.4.3.(7), an application for registration, renewal or reinstatement is required to contain evidence, in such form required by the Director, provided by the applicant or registered person, that the applicant or registered person is covered by the insurance required under the Building Code.

Insurance providers or brokers are required to provide a certificate of insurance to verify that the firm seeking registration, renewal or reinstatement has the required insurance. They may use this standard form or, as an alternative, a certificate created by the insurance provider on the condition that it provides evidence that the applicant's insurance meets requirements under the Code to the satisfaction of the ministry.

### 1. Insurance Provider

The insurer must provide sufficient identity to be contacted by the ministry to clarify or verify information. The provider listed in the form may be the insurance carrier, insurance broker or managing general agent.

### 2. Insurance Policy Number

The insurance policy number ties the certificate to a particular insurance policy, which may provide more detailed information on the insurance coverage.

### 3. Policy Period

Under this program, the registration period is generally for one year. For design firms, however, the registration period may be less, depending on the firm's insurance coverage. If an insurance policy is issued for less than one year, it must be valid for **not less than 90 days**. The dates of registration will align with the policy period, from the effective date (or date of registration if it follows the effective date) to the expiry date. The ministry cannot grant registrations for dates outside the firm's insurance.

### 4. Legal Name of Insured Designer Firm

The insured designer firm can be a corporation, partnership or sole proprietorship. The certificate of insurance (COI) must use the firm's legal name. The application for first-time registrants, and the registered name in QuARTS for existing registrants, must also use the legal name. In other words, the names on the registration and on the COI must match. Each registered entity must provide proof of insurance. For example, one COI cannot be used as proof of insurance for two separate firms, and two legal entities (e.g., two incorporated firms or an incorporated firm and an individual) cannot both be listed as the insured.

## 5. Limits of Indemnity

The ministry requires the per-claim and the aggregate amounts. Limits of indemnity are based on fee billings. For new registrations, estimate fee billings for the 12 months following the issuance of the insurance policy.

Applicants may be insured for more than the required minimum amount but not for less. If the insured carries more insurance than required, indicate the **actual** per-claim limit and aggregate amounts. Otherwise, the minimum per-claim and aggregate amounts are as follows:

Fee Billings	Per-Claim Amount*	Aggregate Amount
\$50,000 or less	Minimum \$250,000	Minimum \$500,000
More than \$50,00 but less than \$100,000	Minimum \$500,000	Minimum \$1 million
\$100,000 or more	Minimum \$1 million	Minimum \$2 million

\*Investigation, defence costs and settlement may only be included in the per-claim limit if the per-claim limit exceeds \$2 million.

## 6. Defence Costs

Defence costs must be **in excess** of the per-claim limit unless the per-claim limit exceeds \$2 million.

## 7. Deductible

The maximum deductible is the lessor of five per cent of the fee billing categories or \$70,000, as follows:

Fee Billing Categories	Maximum Allowable Deductible
\$50,000 or less	\$2,500
Between \$50,000 and \$100,000	\$5,000
Greater than \$100,000	Five per cent of the fee billings up to \$70,000

The insurer may pay the entire amount of the damages payable to a third party but may only claim reimbursement from the insured for the maximum deductible amount.

## 8. Cancellation

The insurer can only cancel a policy for non-payment of premiums. In such a case, the insurer agrees that it will provide written notice to the Director at least 30 days before the cancellation date. If the insured registered designer firm cancels its registration, the insurer is not required to notify the ministry of the subsequent cancellation of the insurance policy.