



RISK NOTE

SUBJECT: HCPP Property Coverage for Buildings

Most Health Care Agencies (HCAs) are covered by the Health Care Protection Program (HCPP) for damage to property they own or for which they are required to insure under the terms of a written contract. It is important to note the HCPP Property Agreement specifically states that “when a HCA leases a building or a portion of a building from a lessor the HCA cannot assume responsibility for insurance on the building or its fixtures” and “the lessor must arrange the insurance and add the cost to the lease”. In other words, although leased contents such as equipment or furniture are covered if the HCA is required to insure them under the terms of a written agreement, leased buildings are not covered.

The HCPP Property Agreement covers “all direct physical loss or damage except as excluded herein” subject to all the terms and conditions of the Agreement, including a deductible (currently \$10,000). HCPP manages the claims process and the Ministry of Health (the “Ministry”) provides funding for payment. Repair or replacement is subject to the approval of the Ministry of Health which has delegated authority to HCPP to approve payment of smaller claims.

The Ministry intends to pay the HCA only for losses occurring to property that is deemed necessary for the provision of health care services. This includes buildings designated as hospitals under the *Hospital Act*, mental health facilities designated under the *Mental Health Act*, diagnostic and treatment centres, as well as ancillary buildings. Any of these types of buildings is very likely to receive Ministry approval for repair or replacement. Likewise, the Ministry intends to pay the HCA for loss to contents of any facility that are deemed necessary for the delivery of health care services (including furniture, equipment, stock and tenant improvements).

In the event hospital premises or equipment is damaged or destroyed, the *Hospital Act* includes a provision which requires the HCA to set aside for the minister any payment it receives from an insurance policy covering the loss (or from other compensation received in regard to the loss)¹.

¹ BC *Hospital Act* Section 48 (1)(b)

http://www.bclaws.ca/civix/document/id/complete/statreg/96200_01#section48

As a result, there is likely no benefit to a HCA purchasing coverage outside of HCPP for any property that would be deemed necessary for the delivery of health care services. For buildings other than those described above, the Ministry may pay for emergency repairs required to secure the premises or prevent further damage, but the Ministry may not approve full repairs or replacement under the HCPP Property Agreement. These “other” buildings are most often used primarily for residential purposes (e.g. assisted living, mental health housing, or residential care facilities that are not designated under the *Hospital Act*) or holding properties purchased for potential future health care use.

If there is doubt about whether the Ministry will agree to repair or replace one of these “other” buildings, it may make sense for the HCA to arrange coverage outside of HCPP, particularly where repair or replacement (or coverage extensions such as the removal of debris) is critical to the HCAs operations. The HCA may contact HCPP to discuss coverage available through the province’s Optional Property Program, or can contact a licensed insurance broker for coverage via commercial insurance markets.

HCPP has developed the attached decision tool to help HCAs in deciding how best to cover property it owns or for which it is responsible to insure. If a HCA is in doubt or needs assistance, contact with HCPP for guidance is encouraged.

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