Long Term Care Covid-19 Commission Mtg.

Meeting with Marsh Canada Ltd
on Tuesday, November 3, 2020

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MEETING OF THE LONG-TERM CARE COVID-19 COMMISSION

--- Held Virtually via Zoom, with all participants attending remotely, on the 3rd day of November, 2020, 2:00 p.m. to 2:36 p.m.

BEFORE:

The Honourable Frank N. Marrocco, Lead Commissioner
Angela Coke, Commissioner
Dr. Jack Kitts, Commissioner

PRESENTERS:

Sarah Robson, President and CEO of Marsh Canada
Greg Fisk, Managing Director, Healthcare Practice Leader, Marsh Canada
Trevor Mapplebeck, Managing Director, Marsh Advisory
Shani Briffa, Assistant General Counsel and Chief Compliance Officer

PARTICIPANTS:

Alison Drummond, Assistant Deputy Minister, Long-Term Care Commission Secretariat
Ida Bianchi, Counsel, Long-Term Care Commission Secretariat
John Callaghan, Counsel, Long-Term Care Commission Secretariat

Derek Lett, Policy Director, Long-Term Care Commission Secretariat
Adriana Diaz Choconta, Senior Policy Analyst, Long-Term Care Commission Secretariat
Jessica Franklin, Policy Lead of the Long-Term Care Commission
Lynn Mahoney, Counsel, Long-Term Care Commission Secretariat

ALSO PRESENT:

Olivia Arnaud, Stenographer/Transcriptionist

-- Upon commencing at 2:00 p.m.

COMMISSIONER FRANK MARROCCO (CHAIR): Let me just sort of tell you where -- one of the things we're trying to understand is the business side of these transactions because we've spent a fair amount of time focusing on the social side, but we understand there's a shortage, that there's 38,000 people on a waiting list and 5,000 people, more or less, in hospital who shouldn't be there.

And so we thought amongst ourselves that it would be helpful to -- and then we were advised that there was an insurance gap, and then we realized we really needed to just find out more about what this looks like, at least from the perspective of a private provider, just to round out our understanding of this.

So thank you very much for agreeing to come and help us with this. And we do have a transcript. We have a reporter, and we post the transcripts, just so that everybody understands what we're doing and what we're hearing.

And so with that, we're ready when you are.

SARAH ROBSON: Well, thank you very

much, Justice Marrocco. We appreciate the opportunity, and to all the Commissioners, we very much appreciate the opportunity to speak to the Commission today.

Joining me today -- my name is Sarah Robson, and I'm the president and CEO of Marsh Canada, and joining me today are my colleagues: Greg Fisk, who's the managing director and our healthcare practice leader for Marsh Canada; Trevor Mapplebeck, who's the managing director and national leader of our Marsh advisory team; and Shani Briffa, who's our assistant general counsel and chief compliance officer for Marsh Canada. Shani is also responsible for government relations and is our key liaison with insurance industry bodies.

Today, we're going to provide an overview of the current insurance marketplace, discuss the impact of the COVID-19 pandemic on the availability of insurance for the Ontario long-term care sector, and then to explore some potential insurance solutions to address the challenges that the sector is facing.

I'd like to start with a bit of background about the Canadian insurance industry

and Marsh & McLennan.

There are a number of players involved in the transfer of risk through the commercial insurance industry. Businesses rely on insurance to protect their balance sheets, customers, and employees. They secure insurance to transfer risk from themselves to the insurer; the insurer, in turn, transfers some or all of its risks to reinsurers. This is portrayed in the slide by the three large circles.

In the grey boxes below, brokers, like Marsh, facilitate the transfer of risk between policyholders and insurers while reinsurance intermediaries, like Marsh's sister company, Guy Carpenter, facilitate the transfer of risk between the insurance companies and their reinsurers. Brokers and reinsurance intermediaries work with a range of insurers and reinsurers to help their clients access the best possible terms and conditions for their risk.

In contrast, in the grey box at the top, agents typically represent a single insurance company and work exclusively on behalf of that company.

So to be clear, we at Marsh represent

the policyholders and work with a broad range of insurers to obtain the optimal terms and conditions available for their risk.

Marsh & McLennan is a global professional services firm with two operating segments: Risk and insurance services, and consulting. Marsh is a global leader in insurance brokering and risk management solutions. As a broker, we work with a wide range of insurers on behalf of our 14,000 clients in Canada.

As noted, we represent the buyer, and we have a comprehensive view on the entire marketplace for commercial insurance in Canada. In Canada, Marsh has more than 1,100 colleagues in 14 offices across the country from Vancouver to St. John's. Our clients cross all sectors of the Canadian economy.

In particular, and of relevance to today's discussion, we have a dedicated national healthcare practice. Guy Carpenter, as I mentioned before, is a global leader in reinsurance and capital strategies; Oliver Wyman provides strategy, economic risk management, and brand consulting; and Mercer is a leader in health, wealth, and career consulting and solutions.

Together, across Canada, our Marsh & McLennan companies represent over 3,000 employees. Marsh & McLennan has extensive experience in facilitating the development of public-private partnerships to address systemic risks like those posed by pandemics.

For example, in the aftermath of the terrorist attacks of September 11th, 2001, in the United States, Marsh & McLennan played an important role in helping policyholders, insurers, and that country's federal government develop the original Terrorism Risk Insurance Act of 2002.

We currently work with the National Flood Insurance Program in the United States to provide a financial backstop to their flood insurance program. In the United Kingdom, our company works very closely with government-backed entities, Pool Re and Flood Re, having been involved in their formation and subsequent management for many years.

We engage in jurisdictions around the world to help create similar partnerships to address urgent public needs. Since the beginning of the COVID-19 pandemic, Marsh has been working with governments in 40 countries around the world,

including here in Canada, to facilitate discussions about pandemic insurance relief.

We've seen significant impacts on our economy and our way of life in the past eight months as a result of this pandemic. This is not the first global pandemic we've experienced, but it is on track to become the most economically damaging. According to data from Metabiota, it is estimated that the economic impact of this pandemic globally could exceed $2 trillion. In comparison, the SARS outbreak in 2002 ended up costing the global economy a mere $56 billion.

This pandemic has had a wide-ranging impact on all aspects of Canadian life, but some of the most damaging effects have been felt by the healthcare sector and, more specifically, by long-term care.

As I mentioned at the beginning, we have deep experience in the healthcare sector, and we have a practice that is dedicated to the healthcare sector and industry.

And my colleague, Greg Fisk, is now going to take a few minutes to talk about how the pandemic has affected the insurance market for long-term care in Canada. Greg?

GREG FISK: Thank you, Sarah.

And thank you, Commissioners, for the opportunity to address you today.

First, I'm going to talk about the state of the insurance market pre-COVID or prior to March of 2020, and then I'll discuss what the market looks like today.

The insurance market for long-term care was experiencing challenges prior to the pandemic. For more than a decade, starting in the mid-2000s, commercial insurers' financial performance was largely driven by investment income that offset modest underwriting performance, capacity across all lines was abundant -- which helped keep prices down -- and generally providing insurers with mid-, single-digit operating returns.

In late 2017 and 2018, however, commercial insurance pricing started to increase, and in 2019, the market began a rapid transition driven by an increase in claims uptick severity and frequency.

So by January of 2020, insurance rates had actually increased in each of the last nine quarters on a global basis. In the first quarter of this year, global property insurance rates were

up by 15 percent, while financial and professional lines, including directors and officers insurance, rose by nearly 26 percent globally, and general liability increased by 5 percent.

In Canada, property insurance for the long-term care sector were increasing by approximately 20 percent on average, and deductibles were rising in the sector.

For this area, water damage claims drive property insurance losses; as a result, because of largely aging infrastructure, the residential infrastructure of the occupancy, and construction are key drivers to these claims.

Most of the lines were stable, and we weren't seeing significant changes in the kinds of coverage available, and significantly, prior to March, many property policies contained coverage for business interruption losses as a result of the contagious disease.

For general and professional liability insurance prior to March, we saw premium increases of between 10 and 20 percent but no real changes to deductible or other terms in the early part of the year. It was simply managing costs. That said, the marketplace for liability insurance for the

long-term care sector is quite limited with approximately five key insurers, sort of three domestic and two in the U.K., operating in this space.

We're seeing a number of liability claims in Ontario, which makes this region an unprofitable region for many insurers due to increased litigation costs that are driving up claims for both severity and frequency.

And prior to March this year, the market for directors and officers liability insurance was generally stable. Pricing was stable, we weren't seeing limitations on contagious disease coverage, and premiums were stable as well.

So what does the market look like now after March? Things are very different.

For the Ontario long-term care sector, we are seeing significant increases and reduced capacity for insurance across the board. Property premiums are increasing 20 to 30 percent, deductibles are increasing -- this is specific to property insurance -- and there is reduced capacity and limits available for mostly the larger organizations.

Contagious disease coverage is no

longer available for business interruption insurance. For general liability and professional liability insurance, premiums are increasing in excess of 20 percent. Key insurers remain but have removed coverage for contagious disease or COVID altogether.

The global reinsurance market for contagious disease has all but collapsed, and at this time, insurers are not accepting new business in the senior care segment or long-term care segment. And very significantly for directors and officers insurance, premiums are increasing in excess of 20 percent, deductibles have increased, limits have been reduced, and contagious disease risk is now being specifically excluded.

At this time, I'd like to discuss how these factors have affected a variety of different business class in the sector and kind of go through some different themes.

So first is the reduced capacity or reduced limits available, particularly for liability and directors and officers insurance. This is an issue particularly felt by larger operators who are no longer able to purchase limits to the same extent. We've had clients forced to

reduce insurance limits from 50 million to 25 million for both liability and D&O insurance simply because there's no insurance available.

This has potential for a significant impact because these larger organizations have more exposure to larger class action-type claims. Also, lower limits may not meet lending requirements, which may impact the ability to secure needed financing.

For higher deductibles, this issue is felt by small- and mid-size organizations who do not have capacity to take on more risk or the internal infrastructure to manage claims internally. Higher deductibles may also not meet lending requirements, which tends to impact the larger organizations.

I thought I'd provide you with a couple of examples, real-life examples of recent renewals.

So in one case, we've had a client with a single location: Deductible has increased from $5,000 to $10,000, and total insurance cost has increased from $45,000 to $60,000. Another client that had multiple locations: Deductible has increased from $50,000 to $100,000, and total insurance costs increased from 1.2 million to

1.8 million.

These are, undoubtably, very difficult market conditions, but the real crisis and the real reason we're here today is the inability for Ontario long-term care organizations to access any insurance to protect themselves against COVID claims.

Small and non-profit operators cannot attract or retain board members who are willing to accept indemnity from the organization as their only means of protection. Small, mid-size, and non-profits are also not capitalized to assume costs of significant COVID actions against them. Large organizations have been targeted in these class actions and will assume this risk without protection of insurance.

So some observations and what we look forward to in 2021: Unfortunately, I expect conditions to persist for the short term. Ontario Government's proposed immunity legislation is a very positive step forward and will help preserve the ongoing viability of insurance coverage for the long-term care sector; however, it's not yet finalized and has yet to be tested. Questions remain.

And as Sarah mentioned earlier, insurers manage their risk portfolios through reinsurance. The upcoming January 1st reinsurance treaty renewals will provide enhanced clarity with respect to insurance coverage terms and conditions for this sector, so we will definitely know more by Q1 of this next year. And we anticipate that in the insurance market -- the insurance market will continue to be challenging.

Property insurance rates are expected to continue to rise into 2021 after record-breaking losses in 2020. The liability insurance market for the Ontario long-term care sector will remain limited due to those pre-existing market conditions I discussed earlier and the uncertainty around contagious disease risk, and underwriting scrutiny around compliance to guidelines will increase, and it's expected that it will become a condition of coverage moving forward.

So in terms of impact on the next slide, for Ontario's long-term care sector, insurance market capacity -- albeit limited -- will likely continue to be available because of two key factors.

The proposed immunity legislation will

limit COVID-19 litigation exposure. Insurers that remain in the marketplace have implemented new policy terms and conditions to limit their own exposure to COVID risk; however, long-term care organizations, including the non-profits, will continue to be exposed to costs to defend against uninsured COVID allegations and the cost to enforce any immunity, costs to assume contagious disease liability risk after the emergency period is over, costs to meet potential new standards of care needed to purchase the insurance, the increasing insurance rates themselves, and they will continue to have challenges attracting and retaining independent or volunteer board members where insurance is unavailable.

We need to develop new ways to protect these organizations. So now my colleague, Trevor Mapplebeck, is going to walk us through some potential insurance solutions for the long-term care sector. Trevor?

TREVOR MAPPLEBECK: Thank you, Greg.

And thank you again, Commissioners, for the opportunity to speak and address you today.

The interdependent nature of pandemic risk necessitates close cooperation by the public

and private sectors in managing its impacts and ultimately restoring confidence in the working of the markets, the economies, and society certainly at large.

As Greg referenced, the insurance market is reducing or eliminating coverage for infectious disease events for the sector. The scale of impact of the pandemic cannot be managed by the Canadian property and casualty insurance industry alone. The data from the Insurance Bureau of Canada and PACICC, which is the Canadian property and casualty insurance insolvency fund, shows that the capital and surplus available would be wiped out in under three months if liability and business interruption loss events were to be covered.

There are, however, options that can and should be explored by the sector. From the left side of this slide, there is an opportunity for the sector to develop risk-sharing or pooling schemes, including the creation of either a single entity or group captive insurance company. Captives are, in essence, licensed and regulated insurance risk financing structures incorporated by an individual or group of organizations to fund for

future losses.

While this is a plausible solution, it's not a quick solution, nor is it likely possible without additional financial support, given the capital that would be required from the sector or individual organizations to fund large-scale systemic risk.

So the key to building a more proactive and agile response to the next pandemic will be an insurance and risk management partnership that helps to close gaps and incentivizes pandemic risk preparedness and mitigation efforts across all levels of government as well as the corporate or organizational level. This, in turn, will facilitate access to capital from lenders and equity markets, giving them better confidence, if you will, in the credit risk exposure of the sector at large.

Will also limit large-tail risk to insurers. As I mentioned earlier, the insurance industry is just not well-enough capitalized to withstand catastrophic systemic risk. It will create greater certainty for businesses and employees, and ultimately, it will enhance the resilience of the Canadian economy.

Like public-private pooling programs for catastrophic perils -- such as flooding and terrorism, as Sarah alluded to at the outset -- and crop hazards, pandemic risk pooling programs will likely vary by country based on the unique risk profiles and risk tolerance of each economy.

Successful models will leverage the credit of central banks to drive affordability and create the economic incentives needed for all stakeholders to enact the measures to mitigate pandemics.

We have recently presented to the Federal Government on the need to create this type of public-private partnership to better insulate the economy and to enact -- sorry, and from the financial impact of the next pandemic.

So given the fact that most of the Ontario long-term care sector are for-profit organizations, there is an opportunity to develop a go-forward strategy of risk-pooling or sharing that is developed by the sector for the sector; however, there are several complementary requirements needed in order to develop this possible strategy.

One, the development of minimum risk management standards around sanitization, care, and

facility maintenance along with an auditable program around these standards. This would be certainly complementary to the inspections already undertaken by the Ministry.

COMMISSIONER FRANK MARROCCO (CHAIR): Can I stop you there for a minute?

TREVOR MAPPLEBECK: Certainly.

COMMISSIONER FRANK MARROCCO (CHAIR): We're interested in inspections. So would it be sensible if, as part of this risk-pooling, there was an insistence that government contribute a vigorous inspection program?

Because we have heard evidence about the inspection program that was in effect, really, on the eve of this pandemic occurring.

TREVOR MAPPLEBECK: Unquestionably, Justice Marrocco, yes. I think that enhancing the auditable inspection program that is in place right now would certainly create kind of further incentive, if you will, for the insurance community/insurers to create a greater appetite for affording coverage, insurance coverage for the sector at large.

COMMISSIONER FRANK MARROCCO (CHAIR): So would it be reasonable to say enhancing the

inspections not only has a humanitarian side, if you like --

TREVOR MAPPLEBECK: Mm-hm.

COMMISSIONER FRANK MARROCCO (CHAIR): -- but it also has a business side because it minimizes the risk a little bit?

TREVOR MAPPLEBECK: Unquestionably, yes. I mean, resident care and safety, obviously, is paramount to everything, but creating the additional inspections, the additional standards, risk management protocols, in our language, would certainly help facilitate the insurance industry's capability to address this.

If you will, I'll give you an example. We have created these type of structures for the agriculture sector in Canada and have developed minimum risk management standards for organizations before they're permitted access to insurance. And so not to create kind of a barrier, if you will, but more an incentive for organizations to adhere to minimum guidelines for minimum risk management protocols that obviously would be geared first and foremost to resident care and safety, but certainly around the sanitization, cleanliness maintenance, operational maintenance of the actual facilities or

buildings themselves as well.

COMMISSIONER FRANK MARROCCO (CHAIR): And the maintenance of proper personal protective equipment supplies and that sort of thing and an interest in a proper balance between -- and trained staff --

TREVOR MAPPLEBECK: Yeah, without question.

COMMISSIONER FRANK MARROCCO (CHAIR): -- all reduce risk.

TREVOR MAPPLEBECK: Yeah, everything we can do to create confidence, if you will, in the risk transfer partners/insurers that we are seeking to manage and minimize risk will be beneficial, unquestionably. I guess we need to take into context whether, you know, if the creation of these additional standards will create some economic challenge for the operators as well.

COMMISSIONER FRANK MARROCCO (CHAIR): Commissioner Kitts?

COMMISSIONER JACK KITTS: Do the insurers use information to, I guess, decide on insurance premiums or what they are based on their own inspections or inspections by others?

And the second is, have any long-term

care homes in Ontario been denied insurance, or have their insurance premiums increased because of recognition of increased risk?

TREVOR MAPPLEBECK: Greg, perhaps you can address those two? And then I can add some context as well.

GREG FISK: Yeah. For Question No. 1, have insurers gone out and done the inspections on these homes? Traditionally, no. The premiums have been set largely as a result -- largely determined on loss experience and claims experience where insurers would look at claims trends to determine the level of premium in the underwriting, but I can tell you that is changing and has changed.

There is an expectation from the insurance community that -- or a hope -- that this type of enhanced risk management on the part of the government will take place in that insurers will be scrutinizing their insurance compliance to those rules and regulations and make that a part of the underwriting requirements moving forward.

COMMISSIONER JACK KITTS: Thank you.

COMMISSIONER FRANK MARROCCO (CHAIR): Was there a recognition before COVID that there might have been some deficiencies in the inspection

procedure or the inspection regime?

GREG FISK: Yes, I believe that's the case. It's been a difficult class.

COMMISSIONER FRANK MARROCCO (CHAIR): All right. Would this have been articulated anywhere or reduced to writing anywhere so that we could look at it or subpoena it, but look at it?

GREG FISK: In terms of just market conditions and the overall -- for this sector in Ontario?

COMMISSIONER FRANK MARROCCO (CHAIR): No, no, but where someone's saying, listen, we're concerned about your inspection regime; it's increasing risk, but there's no pandemic, so it's just at the conversation stage.

And then you have the pandemic, and it's highlighted; then, you suddenly realize, well, they don't have a plan. They don't have personal protective equipment. We've got a disaster on our hands here.

GREG FISK: Yeah, I'm not aware of --

COMMISSIONER FRANK MARROCCO (CHAIR): Okay.

GREG FISK: -- anything that I've read.

COMMISSIONER FRANK MARROCCO (CHAIR):

All right. Thank you.

Sorry, Mr. Mapplebeck. I think I interrupted there.

TREVOR MAPPLEBECK: No, that's quite all right. I think we were just seeking to touch on this holistic approach, and certainly from our firm's perspective, what may be necessary in order to move forward with an alternative type of strategy.

So we've just kind of talked at length about development of those minimum risk management standards, again, complementing or enhancing what is already done by the Ministry.

A second key component of that, certainly, is that we would need a group of long-term care operators who are willing to participate in a risk-sharing or pooling scheme, sorry; in essence, a group of like-minded organizations who share a common risk management philosophy.

Third, these organizations must be able to provide some initial capital to support the development of a risk finance strategy, specifically for infectious disease risk, which can certainly be a challenge for smaller, privately

held organizations who have fewer sources of capital available to them.

And finally, there would still remain a need for governmental support through a combination of the immunity legislation and a level of financial backstop to protect the risk-sharing pool, especially in early years where the capital is not sufficient to manage systemic risk.

So if we consider other public-private partnership-type structures that have been created around the world, oftentimes, there's a level of, in our case, provincial and/or federal and the U.S. state and federal funds that would be made available, almost acting as a source of financial guarantee or reinsurance in behind the structure.

Now, of course, this is not an Ontario-only challenge; rather, it's one of national concern. So any strategy must contemplate the factors above across the country, especially as immunity legislation may differ or perhaps not even be afforded at all in some provinces or territories.

Similarly, for those organizations whose operations extend beyond Canada, governmental response in other countries must be incorporated

into these risk strategies. We are seeking to track immunity in other provinces and across each U.S. state at this point in time; however, any strategy that is looked at should likely ring-fence Ontario and/or certainly Canada overall.

So with that, I'll hand it back to Sarah to wrap things up for us. Sarah?

SARAH ROBSON: Thanks, Trevor.

And thank you again for the opportunity to speak with the Commission today.

As we outlined in our presentation, the challenges facing the long-term care sector in Ontario and across Canada are indeed complex.

A holistic approach to the problem is essential, in our view. An insurance solution in and of itself will not be sufficient. We must take a collaborative approach across the broad range of stakeholders, including government, the long-term care sector, and the insurance industry.

That concludes our prepared remarks. We'd be happy to answer any additional questions that the Commission may have.

COMMISSIONER FRANK MARROCCO (CHAIR): Commissioner Kitts?

COMMISSIONER JACK KITTS: I just want

to go back to the question of whether any of the long-term care homes were denied insurance based on just being too high a risk, because if you're looking at risk sharing, you're going to want to know who you're sharing with.

And so are you aware of any long-term care homes that were denied insurance over the past five years?

GREG FISK: Oh, I'm sure, you know -- we don't -- it's a limited market. There's only a few different insurers that operate in this space. So in some cases, insurers have denied based on claims history. So when a submission is put forward and an underwriter feels that the claims history is just too high, then certainly, they'll refuse to quote at that time.

COMMISSIONER JACK KITTS: And who would be informed of that?

GREG FISK: The home. The organization would be informed.

COMMISSIONER JACK KITTS: Okay. Thank you.

COMMISSIONER FRANK MARROCCO (CHAIR): Is there a -- maybe we should know the answer to this, but we don't. At least, I don't.

Is there a requirement that you have to have a minimum level of insurance coverage in order to be licensed, in order to carry on?

GREG FISK: I'd have to get -- I'm not sure. Generally, limits are set by various things. It could just be the client's own requirement, or it could be -- there could be a contractual requirement via a lender.

But if the Ministry itself requires a certain level to be maintained for each of these organizations, I'd have to get back to you on that.

COMMISSIONER FRANK MARROCCO (CHAIR): Yeah. And the reason I ask the question is certain professions will insist that you have coverage in order to practice that profession.

And I was just curious whether there was a similar requirement, and correct me if I'm wrong, but it would seem to be a sensible thing to do because if you can't get insurance, then you just shouldn't be -- somebody else should be running the business who can.

GREG FISK: Right.

TREVOR MAPPLEBECK: Yeah, so not unlike lawyers, there is a level of mandatory insurance coverage for doctors, for medical doctors, but I

think the facilities themselves, the residences themselves make their determination on how much insurance they buy and why.

As Greg alluded to, the contractual obligations from either a lender who requires an order to offer the loans, that there's a certain level of insurance in place both for property insurance and liability risk or professional liability exposure, but also if they are not the building owner; in other words, if there's a landlord that owns the building, then there would again be a contractual obligation, but that certainly is more around the value of the property itself as opposed to any liability risk.

COMMISSIONER FRANK MARROCCO (CHAIR): Well, I do have one question, and that is this: If you were us and you were going to recommend three things to facilitate a proper insurance market on a long-term basis, if you were us, what would you recommend? What three things would you recommend?

And I appreciate you had no notice of this question because, quite frankly, until I listened to your presentation, I hadn't thought of the question, but...

TREVOR MAPPLEBECK: Well, I think if we

take it back and consider the financial wherewithal, the capital base of the Canadian property and casualty insurance marketplace, that part of the economy can just ill-afford to provide broad-based infectious disease risk.

I think any infectious disease risk that was contemplated in the past was more about an individual facility kind of infectious disease outbreak, like an influenza, within a single operation.

So I'd say given that as kind of fact, if you will, we'd probably be leaning more toward the conversations that -- and similar to the conversations we're having with the Federal Government and the Provincial Governments right now around the need for governmental financial support for the creation of a solution.

So I'd say, baseline, let's look at the risk management protocols that should be in place for the sector overall and ensuring that those risk management protocols, standards, policies are reviewed on a regular and consistent case, i.e., probably more frequently than annually.

Secondly, engagement with a group of stakeholders, including the insurance industry,

because there would still be a level of participation required by the insurance industry overall.

And so if we think about the creation of minimum standards or risk management protocols, a recognition that there's a role for the insurance industry both for distribution and for a level of baseline capital support, but then unquestionably the need for governmental financial support as well, whether that's direct participation in risk -- i.e., providing direct capital -- or perhaps more like the terrorism reinsurance pool in the U.S., it provides a level of, in essence, financial guarantee that it's there and available when called upon.

So I would say, Justice Marrocco, those would be kind of the three factors that I would consider, and perhaps Greg or Sarah may have some additional context.

COMMISSIONER FRANK MARROCCO (CHAIR): Well, thank you. That's helpful. That's extremely helpful.

I don't know if the other Commissioners have any questions, any further questions?

Well, then, I think it falls to me to

say we really do appreciate the time and effort that went into this -- I guess long-term care insurance 101 -- and we do appreciate it. We see the problem, and we're just trying to understand it so that if we decide to make some recommendations, they'll be sensible.

And in that sense, we would be more -- if after this is over and you're reflecting on this, there's something else you thought should be brought to our attention, we would really appreciate receiving it and Ms. Briffa contact our counsel and convey it that way or any other way you want, but that may be the easiest way to do it.

From our perspective, though, thank you for a very thorough initial briefing about what this looks like. It's very helpful to us.

SARAH ROBSON: Thank you very much, Justice Marrocco, and we very much appreciate the opportunity to spend some time with you today, and rest assured that we'll continue to be thinking about potential solutions as well as we advocate for coverage for our clients as well.

So thank you very much. If you have any further questions of us, please don't hesitate to reach out through your counsel.

COMMISSIONER FRANK MARROCCO (CHAIR): Thank you, Ms. Robson. That's very kind of you.

COMMISSIONER JACK KITTS: Thank you.

COMMISSIONER FRANK MARROCCO (CHAIR): Well, thank you all very much, and good afternoon.

SARAH ROBSON: Thanks very much.

-- Adjourned at 2:36 p.m.

REPORTER'S CERTIFICATE

I, OLIVIA ARNAUD, CSR, Certified Shorthand Reporter, certify:

That the foregoing proceedings were taken before me at the time and place therein set forth;

That all remarks made at the time were recorded stenographically by me and were thereafter transcribed;

That the foregoing is a true and correct transcript of my shorthand notes so taken.

Dated this 3rd day of November, 2020.

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