



# RAC Radio Amateurs of/du Canada Inc.

*Member Society of the International Amateur Radio Union - Membre de l'Union Internationale des Radioamateurs*

December 16, 2010

## **Fast Facts on the New RAC Insurance Program**

In order to help in the dialogue around the new RAC Insurance Program we have put together some points to help members understand what has transpired:

1. **The existing Policy could not be renewed:** The previous insurance provider informed RAC during the year that they were reconsidering the policy and may not renew citing concerns over risk. We argued that risk was low as there had never been a claim. They did not cancel with RAC until early December. The cancellation was non-negotiable.
2. **RAC was prudent and proactive:** Having been forewarned, and to be prudent, a RAC committee was formed over the summer, led by a highly experience insurance professional, who is also of ham of over 40 years, to scour the market for the best coverage and value RAC could get. MONTHS of volunteer work went into this.
3. **Cost of Insurance has increased:** In the intervening years since the old policy had been negotiated, the costs of this type of liability insurance have risen dramatically. As well the tolerance for risk, as evidenced by the withdrawal of the previous insurer, had changed. Insurers were demanding new conditions and requirements if they were to provide insurance to the RAC organization.
4. **RAC polled Clubs to determine needs:** RAC surveyed the Clubs that were in the Insurance program as to their activities, events and requirements. These were used to insure that the coverage would match the requirements.
5. **Coverage "Gap" uncovered:** Based on the information supplied to RAC by the Clubs, the insurers indicated that the previous policy may not have provided the coverage that many over time assumed it did. The RAC Insurance team were determined to eliminate any gaps and provide a solid option at the best price possible. New conditions are being demanded by

Insurers. The new reality is that to provide the kind of solid coverage demanded by RAC members for amateur radio types of activities, including ARES, the Insurer made certain requirements and stipulations.

6. **Club Incorporation is required by the Insurer, not RAC:** To be perfectly clear, the conditions and requirements to be eligible for coverage are determined by the Insurer, not RAC. Would that it be different, but it is not. For instance, RAC doesn't require a Club to be incorporated for anything, even Affiliation (although it is encouraged for a Club's own protection). **This requirement is set by the Insurer and was the same with the previous insurer.**
7. **Insurer not RAC requires Affiliated Club membership for individual coverage:** RAC doesn't insist its members be part of an Affiliated Club. This is the Insurer's requirement, not RAC's, and only if the individual RAC member wants to be eligible for personal coverage. Again, these requirements were stipulated by the Insurance Company, not RAC.
8. **Discrimination by RAC ? :** The Insurer's insistence that only RAC members of an Affiliated Club would be eligible for personal coverage came as a surprise to the RAC Insurance team and we worked vigorously to have this requirement removed, without complete success. The insurer had its reasons for this which we are lead to believe are of a legal nature, and they were immovable on it. Regardless, we worked hard and developed a "work around" for those RAC members not in an Affiliated Club. We got the Insurer to accept a compromise whereby a RAC member could join ANY RAC insured Affiliated Club and instantly be eligible for coverage. Again, RAC didn't invent this requirement the Insurer did. We simply tried to find a way to make it more workable for our members. And we spent a huge amount of personal volunteer time achieving this. We are examining the possibility of establishing a national insured RAC Affiliated Club for 2012 which could be joined for essentially the individual insurance cost.
9. **"Cash grab " ? :** The RAC insurance program operates on a not for profit, cost recovery basis. The fees collected from Clubs for insurance are used for, and only for, payment of the premium RAC has to pay for the master policy. **RAC DOES NOT MAKE ANY MONEY FROM THIS PROGRAM.** Far from being a "cash grab", RAC has lost money on the this program for years and even now carefully struggles to try and break even.
10. **Cost is too high :** The cost of this kind of coverage from insurers has more than doubled in recent years. RAC has no choice but to charge more just to try and break even. These costs are beyond the control of RAC. Insurance companies have advised that the cost of equivalent coverage for a club would be higher in the open marketplace. Bear in mind that RAC has to PREPAY the complete policy insurance premium, up front at the beginning

of the year and then try an re-coup it, club by club. The insurance companies insist on payment at the commencement of coverage so RAC is on the hook for the total cost from the get go.

11. **Fee for Non RAC Club members is too high:** Should RAC members be subsidizing non RAC members in their Club for coverage ? The higher fee for non RAC members in a Club is the only way to try and provide some fairness and equity. As RAC is doing all the work and taking all the risk, financial and otherwise it seems logical that RAC members in a club should benefit.
12. **Not enough time:** This was an unfortunate reality. The previous insurer would not let us know definitively whether they would renew or not until early December. We had to have an alternate plan ready to go, which we did, and then act as quickly as possible. We polled clubs in October for information and tried to get all our ducks in a row as best we could. We ALL would have liked more time for this but it was not in the cards.

If you have any questions or require more information, please contact the RAC Insurance Manager, Jerry Beneteau at [VE3EXT@primus.ca](mailto:VE3EXT@primus.ca)

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