

**Meeting Notes**  
**EAC-PPB: Liability Insurance Update**  
**7:30 pm, February 12, 2007**  
**Alberta Teachers' Association Boardroom**  
**11110 – 142 Street, Edmonton**

**Background**

Over the past several years, the provincial government, the City of Edmonton, the Edmonton Public School Board and other such agencies have been asking freelance editors and writers to sign contracts that include a clause requiring them to carry General Liability Insurance of not less than \$2 million. This requirement is presenting a wide range of problems:

- This type of coverage does not seem to apply to the type of work editors and writers do, and the people responsible for the contracts have difficulty explaining why it is needed and/or giving examples of situations that would apply.
- The cost of coverage can be high, particularly when the contract is for a small amount.
- Some insurance agents and brokers have only a vague idea of what editors and writers actually do (that is, what their roles and responsibilities are), and therefore have difficulty determining their eligibility for general liability insurance. In some cases, insurance companies get sidetracked by the concept of libel insurance, which is quite a different thing—this is required by publishers of newspapers and magazines, for example. The classic responses seem to be scenarios where an editor or writer visits the client's office and spills coffee on a computer keyboard, or someone in the client's office is injured by tripping over the contractor's briefcase. To our knowledge, neither of these events has ever occurred.

**The Panel**

Members of the panel included three PPB members from Edmonton and a representative of the insurance industry:

- Nordahl Flakstad, Flakstad Communications
- Brendan Wild, editor at MacEwan College
- Susan Beach, Beach's Writing and Editing Services
- Tom Baskett, Lundgreen & Young Insurance

**Summary of Remarks**

**Nordahl Flakstad** sought business insurance coverage when he began operating his own business seven years ago, and was surprised to learn that it was not available from the insurance broker who provided him with other types of insurance coverage. He was able to get this coverage elsewhere but then hit a snag when he asked the new insurance company for a letter of proof of coverage, as required by a provincial government client. The insurance representative asked, "What do you do?" and in his reply Nordahl happened to use the term "technical writer." Although those who write and edit for a living know that "technical writing" is interpreted broadly to refer to the writing of all sorts of informational and business documents, the representative apparently envisioned

him writing manuals that, if done incorrectly could cause terrible disasters such as airplanes falling out of the skies. Nordahl went on the hunt again and obtained coverage from another company, but at twice the cost.

Nordahl also mentioned that people in the communications business who require (or want) errors and omissions coverage may have to pay as much as \$6,000 a year.

In 2005, Nordahl and two other PPB members, Greg Skrypiczajko and Margaret Sadler, met government officials in Alberta Human Resources and Employment (now called Alberta Employment, Immigration and Industry). These officials said the general liability insurance clause in government contracts reflects the province's role as a guardian of the public purse and protector of the public interest. Governments use insurance as a way to manage risk and see it as a responsible business practice to protect taxpayers.

The people signing such contracts are involved in a wide range of activities, but the government imposes the same ("one size fits all") requirements on everyone. Contracts issued by this department require the \$2 million in general liability coverage, but not errors and omissions coverage. There are some hopeful signs that the government is seeing the light. Nordahl noted that a recent RFP from Alberta Employment, Immigration and Industry did not require the earlier insurance coverage. It is unknown whether this change in policy resulted from the EAC representations.

#### *Discussion*

Audience members indicated that they have occasionally been able to convince a client that the liability insurance clause did not apply and should be deleted. In other cases, contractors complained about the costs, saying an \$800 a year insurance policy did not work for their business when they were signing a contract for a total of \$2,000 and were otherwise doing jobs that did not require the insurance. Some potential clients in government have been known to reply, "Tack the cost onto your invoice." There was some concern that this approach was in conflict with the idea of protecting the public purse (taxpayers' money).

**Susan Beach** described her adventures in landing her first big contract with the City of Edmonton, which initially asked her for liability insurance along with a number of other things such as WCB coverage and incorporation. The clients insisted that none of these requirements could be waived, but they also urgently needed to get the work done. The leverage provided by the urgency, as well as Susan's efforts to "educate," eventually made it possible to cross out most of the troublesome clauses, but the \$2 million liability insurance clause was non-negotiable.

Susan called eight companies and five colleagues, and spent about 30 hours looking for insurance coverage. Many companies did not call back at all, others said they were not in that business and still others told her she also needed errors and omissions coverage. Eventually Susan struck gold. She obtained insurance from State Farm that included additional coverage for her office and computer—all for a total cost of \$269.

**Brendan Wild**, who is the PPB's national representative, checked with people at the national level about any steps that have been taken in relation to group insurance coverage, lobbying and so forth. He reported that the only types of insurance that EAC (FEAC at the time, in the early 1980s) has ever had for members is health, dental and disability from Mutual of Omaha. About a quarter of the membership was enrolled at the program's peak. Eventually, however, the demands on Mutual of Omaha increased when three members became critically ill, rates went up, the provider became less responsive, and the benefits decreased. Since that time, repeated attempts have been made to arrange insurance for EAC members, but no arrangement has secured a better deal than members were able to find on their own.

**Tom Baskett** said that even if you are "just the editor" you still have a risk of being sued. The suit will likely be thrown out of court, but in the meantime you have had to engage a lawyer and pay the fees thus incurred. He used the example of an architect who had had nothing to do with a project that caused Syncrude to lose \$760 million. Even so, the architect (along with many other people) was named in the lawsuit.

Therefore, from Tom's perspective, paying \$800 a year for liability insurance is a bargain. Your insurance will pay the costs if you are found liable, and pay the lawyer's fees if you are not.

Tom mentioned that the Insurance Bureau of Canada has excluded more professional work from the list of those subject to commercial professional liability. [This did not seem to apply to the discussion at hand, however, but rather to errors and omissions coverage.]

#### *Discussion*

The question was asked, "Has anyone in the room (all editors and writers) ever made a claim against their liability insurance?" The answer was no.

#### **Next Steps**

Theresa Agnew led a discussion of possible next steps, such as:

- Continuing to lobby and educate clients about why we don't think we need general liability insurance, possibly by developing a job description or letter or checklist
- Share information and contacts with colleagues, for example, where to go for affordable coverage

PPB members are invited and encouraged to provide their suggestions about next steps to Theresa Agnew, [agnewt@shaw.ca](mailto:agnewt@shaw.ca).