

## PROPOSED APPROACH TO INSURANCE REQUIREMENTS FOR PROPANE FACILITIES

The Ministry of Consumer Services has been working with the Technical Standards and Safety Authority (TSSA), insurers and members of the TSSA's Propane Advisory Council to develop an approach to insurance requirements for propane facilities under the *Technical Standards and Safety Act, 2000* (TSS Act).

In August 2008, the then Minister of Small Business and Consumer Services appointed Dr. Michael Birk and Suzana Katz as independent advisors to review the storage, handling, location, and transport of propane in Ontario.

On November 7, 2008, the Propane Safety Review (PSR) report concluded that the building blocks for propane safety are in place and have served Ontario well – but improvement is always possible. The report contained 40 recommendations to enhance safety. This proposal responds to Recommendation 31 of the PSR report - *propane operators should be required to carry insurance as a condition of licensing*.

On May 28, 2009, the Minister introduced Bill 187, the *Technical Standards and Safety Statute Law Amendment Act, 2009*, that would amend the TSS Act including an amendment to create authority for the Minister to make regulations regarding insurance. If the TSS Act amendments in Bill 187 are passed by the legislature, a Minister's regulation would establish insurance requirements for propane operators as a condition of licensing by the TSSA.

### **Proposed Scope of Insurance Coverage**

The proposed approach to regulation is to establish a minimum level of insurance for the following types of propane facilities as a condition of licensing by the TSSA under Ontario Regulation 211/01 – Propane Storage and Handling:

- \$2 million for private fuel outlets, retail outlets, cardlock/keylock facilities and container refill facilities licensed under section 27 of the regulation.
- \$10 million for filling plants licensed under section 27 of the regulation.
- \$10 million for tank trucks and cargo liners licensed under section 28 of the regulation.

It is proposed that the type insurance coverage would include general / commercial liability coverage and vehicular / automotive coverage where applicable.

### **Requirement to provide proof of insurance and maintain insurance coverage**

As part of the application process for licensing of propane facilities, a propane facility operator would be required to verify that it has the required insurance coverage as indicated by a certificate of insurance issued by an insurer authorized under the *Insurance Act* (Ontario) or similar legislation from another Canadian jurisdiction. Self-insured companies would be able to provide a certificate to verify its self-insured status.

To ensure the required insurance is maintained and the TSSA license is valid, it is proposed that a propane operator and its insurers be required to notify the TSSA if the required insurance coverage is cancelled, suspended or expires.

Please note that this is only a proposed approach at this time. The ability to establish insurance requirements for propane operators is contingent on the Ontario Legislature passing the pertinent amendments in Bill 187 and proclamation of those sections of the Act into force.

### **Disclaimer**

Please note that unless requested and agreed otherwise by the Ministry of Consumer Services all materials or comments received from organizations in response to this consultation will be considered public information and may be used and disclosed by the Ministry to assist the Ministry in evaluating and revising the proposed regulatory amendments. This may involve disclosing materials or comments, or summaries of them, to other interested parties during and after the request for public comment process. An individual who provides materials or comments and who indicates an affiliation with an organization will be considered to have submitted those comments or materials on behalf of the organization so identified. Materials or comments received from individuals who do not indicate an affiliation with an organization will not be considered public information unless expressly stated otherwise by the individual. However, materials or comments by individuals may be used and disclosed by the Ministry to assist in evaluating and revising the proposed regulatory amendments. Personal information of those who do not specify an organizational affiliation, such as an individual's name and contact details, will not be disclosed by the Ministry without the individual's consent unless required by law. If you have any questions about the collection of this information, you can contact Lynne Gottschling at [Lynne.Gottschling@ontario.ca](mailto:Lynne.Gottschling@ontario.ca).