

# HIP BV PSIP Relaunch & Overview

## PROTECTED SELF-INSURANCE STRUCTURE

The Hospitality Insurance Program (HIP) has provided the hospitality industry across Canada with access to a unique and creative program structure. For over 15 years, the program has changed how members acquire insurance, from purchasers to partial owners of their insurance program.

This structure, known as "Protected Self-Insurance", enables BCHA members to influence the stability of their insurance program and the costs associated with insurance coverage. Under the HIP, a large portion of premiums gets allocated to a member-owned "Protected Self-Insurance" fund.

This fund also allows the unique opportunity to circumvent traditional insurance costs and provide for returns of premiums when surpluses are generated due to low-claiming years. This structure also limits the impact of outside market factors respecting members' insurance premiums as premiums paid to the insurance market are limited to Excess Insurance.



**BUSINESS PROPERTY &  
LIABILITY INSURANCE**



**BUSINESS LIFE INSURANCE**



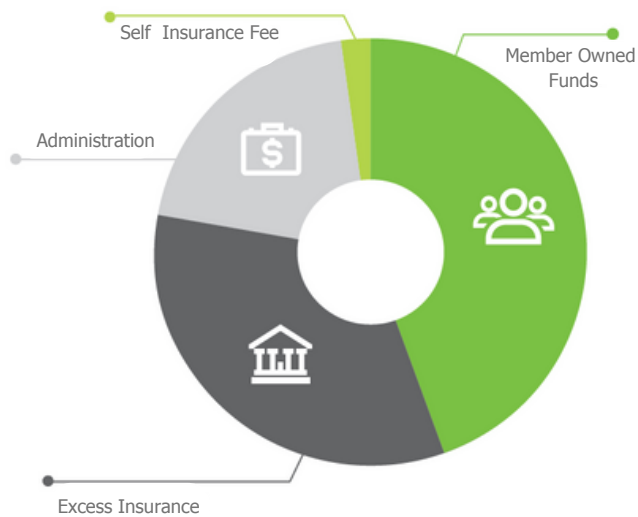
**EMPLOYEE BENEFITS**



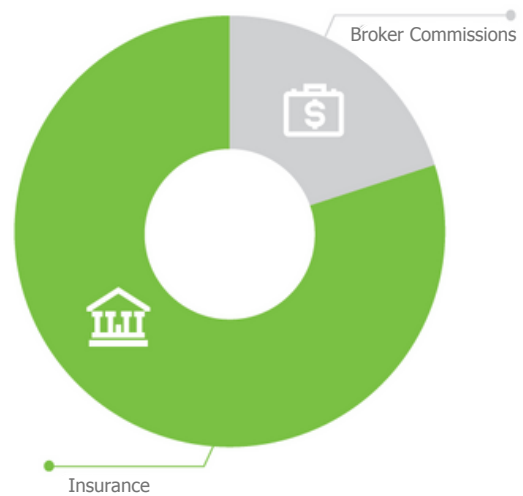
**COMMERCIAL AUTO &  
TRANSPORTATION  
INSURANCE**

# PSIP STRUCTURE VS. TRADITIONAL STRUCTURE

"PROTECTED SELF-INSURANCE" PROGRAM



TRADITIONAL INSURANCE MODEL



## BENEFITS OF PSIP STRUCTURE



- Members benefit from partial ownership of their program
- Since its inception in 2004; members received \$2.6M in returns of premiums - under a traditional structure, these funds would remain in the insurance industry and not be returned
- Unlike traditional shopping of insurance - rates charged are representative of industry claims
- Administrative efficiencies generated in the delivery of risk management, underwriting, claims, and policy issuance reduces costs for policyholders
- PSI fund can never be in a deficit position, fully insured by "A" rated insurers
- Superior coverage - highly specialized and customized to the BCHA industry and to the establishments which they represent
- Insured members have greater motivation to control losses because of the ownership component