



# PUBLICATIONS

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0006

## WHO IS INSURING LAND AMBULANCE VEHICLES?

*Reprinted from June 2000  
COWAN NEWS*

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***The service agreement  
should clearly identify who  
is providing the  
Automobile Insurance.***

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In our June 1998 issue of Cowan News, we mentioned that the Ontario Ministry of Health intended to transfer the responsibility for all land ambulance services to the upper tier municipalities. By January 1, 2001, this transfer process is expected to be complete.

Prior to the transfer, land ambulance services were delivered by a variety of providers including private operators, hospitals, municipalities, volunteer agencies and the Ministry itself. Following the transfer of this responsibility to the municipalities, the variety of providers is expected to remain just as diverse. We have been approached by many of our clients representing all sides of the land ambulance service

arrangements including a municipality that has acquired this responsibility and an actual or proposed service provider.

To date, we have reviewed several Requests for Proposal and the corresponding operating agreements for the operation of the land ambulance services within a specified area. In many cases, the insurance sections of these contracts have not been very clear. In fact, the question of who is responsible for providing the automobile insurance for the ambulance vehicles has been particularly vague. Whether your contracts have been finalized, or you are in the process of selecting a service provider, or you are bidding on the contract in the hopes of providing this service, we recommend that the insurance issues be clarified.

The required classes of insurance including the

minimum acceptable limits should be clearly set out in the service agreement. For example, these may include: General Liability, including Medical Malpractice insurance and Non-Owned Automobile coverage; Property Insurance; and Automobile Insurance. Generally, these operating agreements will also include hold harmless and indemnity clauses.

Our main concern has been with the handling of the Automobile Insurance requirements. The contract conditions have either been unclear or non-existent in this regard. Unlike general liability, **you cannot transfer automobile liability** by the use of a hold harmless and indemnity clause. To further complicate the issue, these requirements will vary depending on each individual municipality's philosophy or preference.

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**Frank Cowan Company Limited**  
*Canada's Insurance & Risk Specialists*  
4 Cowan Street East  
Princeton, ON N0J 1V0

1 800 265 4000  
T/ 519 458 4331 F/ 519 458 4366



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Since the ownership of the ambulance vehicles will be transferred from the Province to the upper tier municipality, the municipality has the choice of either purchasing the required Automobile Liability Insurance itself, or entering into a long-term lease agreement with the service provider, making the service provider responsible for insuring vehicles in the municipality's name.


Once the issue of who will be purchasing the Automobile Liability Insurance has been decided, the next question should deal with the physical damage insurance for the vehicles. For the purpose of simplicity, it would make sense that the physical damage insurance be purchased by the same party that will be purchasing the Automobile Liability Insurance. If the municipality is providing

full Automobile Insurance coverage for the ambulance fleet, but contracting out the operation of this service, the service provider should be responsible for its legal liability for any damage caused to these vehicles. One method of guaranteeing this legal liability would be to require the service provider to maintain Non-Owned Automobile liability insurance with the appropriate extension (S.E.F. No. 94) and limits to cover the value of these vehicles.

From a risk management perspective, the recommended approach would be to require the service provider to arrange the Automobile Insurance including physical damage cover, since it is the service provider that will have full care, custody and control of the ambulance fleet and be providing the drivers/operators of these

vehicles. In order to proceed in this manner, it would be necessary for the municipality to enter into a lease agreement with the service provider.

Some municipalities, however, for financial or other reasons, may choose to maintain the Automobile Liability Insurance themselves. They may even choose to self-insure the physical damage for these vehicles.

Whatever approach you decide to take in this respect, your intentions should be clearly identified in the service contract, since this will have an impact on the cost of providing this service and further ensure that all respondents to an RFP are bidding on a consistent basis. 

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Princeton, ON N0J 1V0

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T/ 519 458 4331 F/ 519 458 4366