

Insurance and Bonding - Consultation Document -

Security Programs and Police Technology Division (SPPT) is developing regulations for the *Security Services Act* which will replace the current *Private Investigators and Security Agencies Act* and its regulations. Under section 21(4) of the *Security Services Act*, a security business licensee must “carry and maintain the prescribed insurance and other coverage.”

Currently, as a condition of licensing, security businesses must furnish a surety bond, issued by a surety licensed under the *Insurance Act*. The minimum surety bond amount required is:

- (a) \$5,000 where the security business licensee employs up to 5 licensed employees,
- (b) \$10,000 where the security business licensee employs not less than 6 and not more than 10 licensed employees, or
- (c) \$15,000 where the security business licensee employs more than 10 licensed employees.

The average annual fee for a bond is between \$250 and \$350. A person may make a claim against the surety bond if the security business fails to perform as agreed. SPPT has had few successful claims against surety bonds.

Other Canadian jurisdictions require security businesses to maintain commercial general liability insurance and / or surety bonds. Liability insurance pays losses arising from legal liability to third parties for damages or injury sustained. Information from other jurisdictions indicate that liability insurance is generally available to security businesses, with a \$2 million policy costing anywhere from \$600 to \$2500, depending upon annual business revenues.

SPPT would like to consult with the security industry regarding the types of insurance and over coverage that should be required under the new *Security Services Act*. The purpose of this consultation paper is to solicit your feedback on the following questions:

1. Should the regulations under the new *Security Services Act* require security businesses to acquire:
 - surety bonds
 - commercial general liability insurance, or
 - both surety bonds and liability insurance?
2. If surety bonds are required, are the current amounts sufficient?
3. If commercial general liability insurance is required, what should be the minimum policy coverage?

If you have any questions or want to provide feedback on this consultation document, please e-mail SPDSSA@gov.bc.ca by November 18, 2007.