Since 2007, the PDAC has provided insurance programs to our 10,000 members who operate in Canada and around the world. Through our three insurance partners—Integro Insurance Brokers, Partners Indemnity Insurance Brokers and Sterling Capital Brokers—members have the ability to choose from a variety of insurance programs that can be tailored to meet their specific needs, including a Consultants Package, Mining/Contractors Package and Group Benefits Program. What follows is some insight from each of the insurance firms about the uniqueness of insurance coverage for the mineral exploration and development sector.

Q. How has your insurance program been tailored to meet the needs and demands of PDAC members?

Integro/Partners Indemnity There are certain basic fundamentals associated with mining, but every mining company or consulting geoscientist is different and each has its own distinct risk profile. Factors such as public vs. private, production vs. exploration, individual consultant or consulting firm, above ground vs. below ground, geography, political environment, Board of Directors’ risk tolerance, financial stability, price of metals and lender’s requirements all play a role in shaping a mining company’s or consultant’s risk profile and their corresponding risk management approach.

Insurance is only one aspect of an overall risk management strategy, but for it to be effective an insurance program has to be designed to appropriately address the specific risk factors facing an organization so that it is neither under-insured nor over-insured. There is no “one-size-fits-all” solution for the mining industry. Therefore, we design a bespoke insurance program for every PDAC member we work with that addresses their specific risk profile.

Sterling The answer begins and ends with our brokerage services. Sterling Capital appreciates that no two PDAC members are alike. Each has their own unique needs and demands that vary widely, from newly launched enterprises to mature organizations that operate across the globe. However, what all PDAC members have in common are practical issues that can only be solved by a broker who asks good questions and comes prepared with a perspective that allows us to connect PDAC members to solutions not accessible by the general public. For example, do you need a cross-border disability program that recognizes the reality that your key employees travel to areas that many insurance carriers deem dangerous? We have you covered. Or do you need to look in your program costs for three-to-five years as you roll out your business and re-invest capital into growth? We have a solution for that. Perhaps you need a program that leverages the international scope and size of your company into material savings in both time and money through economies of scale at home? No problem, we have you covered.

Q. What are some of the unique characteristics or requirements of our members that you have to deal with when it comes to their insurance coverage?

Integro/Partners Indemnity As mentioned in the previous section, each mining risk has unique insurance requirements and we therefore customize a solution to align with their specific business needs. However, one pervasive business need affecting many mining organizations and professionals in this current economy is preservation of cash. Although our efforts are always aimed at reducing “total cost of risk” (a combination of premiums, deductibles and uninsured losses), there is greater emphasis now on streamlining an insurance program in order to minimize premium spent while maintaining a minimum level of protection. In addition to structuring a cost effective insurance program to preserve cash, we also investigate effective premium finance options (another source of capital) and arrange for multi-year placements to assist with budgeting purposes.

Sterling Most notably, our experience with PDAC members has shown that the typical brokerage services available in the market produce only one-dimensional solutions, as they cover members only in Canada. The travel coverage was consistently inadequate, leaving employees with hefty travel schedules at the mercy of an insurance carrier at the time of claim. Employees not headquartered out of Canada were rarely afforded similar coverage. And when members did use a local or multinational consultant to build a plan, they were rarely able to provide the combined reporting that the head-office team needed to effectively understand, manage and run their entire program. Solutions for these types of issues simply did not exist on the market. Through our strong relationships with key carrier partners, Sterling Capital is able to build customized plans that work for the unique and specialized needs of PDAC members.

Q. Going forward, what areas of your insurance program are you looking to expand or improve upon for our members?

Integro/Partners Indemnity Historically, Canadian mining organizations have proliferated operating in relatively benign jurisdictions and traditional insurance products have, generally speaking, adequately addressed the risks they face. Nowadays, however, and more so into the future, in order to discover new, economically viable ore bodies Canadians are having to explore and operate in far more remote, complex and hostile environments. To keep pace with this everchanging, and perhaps worsening risk landscape, we have developed specialty insurance products and risk management services that address burgeoning risks associated with hostile environments—accidental death and dismemberment, kidnap, ransom, extortion, political and medical evacuation, political violence and use of weapons and employer’s liability as respects the health and safety of personnel in hostile environments.

Sterling With recent input and feedback from PDAC members that use our services, we streamlined and improved our online enrollment system. This will provide members across the globe with a single interface to not only enroll onto a program that meets local benefit plan goals, but also allows the ad-hoc purchase of locally appropriate additional insurance. That could be critical illness, additional travel insurance or even specialized indemnity products that keep the corporation and the employee protected. The other, more obvious impact is that this allows a PDAC member to run a report at the touch of a finger and have a global understanding of precisely what their global benefits program is doing, and whether it is meeting their corporately defined goals.

For more information on the PDAC’s insurance programs, visit our website at: www.pdac.ca/members/insurance