

S A

F E

T Y



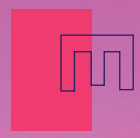
# Healthcare Together



# HIROC

## 2023 ANNUAL REVIEW

V  
^  
7  
U



# TABLE OF CONTENTS

04	CEO MESSAGE
06	BOARD CHAIR MESSAGE
08	HANDS-ON LEARNING
10	COMMUNITY
12	SUPPORT
14	OUR ESG JOURNEY
16	FINANCIAL UPDATE
18	2023 BOARD MEMBERS

# CEO MESSAGE

Dear Subscribers,

Thank you for your incredible and dedicated work in 2023! Your commitment to doing what is best for those you serve is very apparent.

We also appreciate your interaction with HIROC. Whether it was joining us virtually at our cyber workshops and risk management webinars, or at our in-person events like our regional safety symposiums, your involvement has helped us to foster fruitful partnerships and collaboration within our healthcare system. All of this, to fulfill our shared goal of improving safety and the quality of care and services to those we collectively serve.

## **Our Reciprocal is stronger than ever today because of your engagement.**

As you know, I've lived most of my working life in Canada's healthcare system and yet, I am still in constant awe of your resiliency and how you adapt to the ever-evolving dimensions of our healthcare system. HIROC is proud to be your partner in this work and to add our helping hand in initiatives such as:

- **Total minutes of formal learning offered by HIROC in 2023 = 5,000+ minutes** (Cyber forums, Risk Forums & Risk Management Residency Program classes)
- **Total amount awarded for the 2023 HIROC Safety Grants Program = \$302,000**
- **Number of HIROC pop-ups at partner events across Canada = 42 events**
- **Top 3 downloaded HIROC Resources:**
  - Documentation Guide
  - Top Healthcare Risk Report
  - Planning for Cyber Security Incidents– Crisis Comms Guide

We at HIROC are ready to show up when you need us.

Thank you for opening your doors to us, thank you for collaborating, but most importantly, thank you for your trust in HIROC. Thank you, as well, for your willingness to provide feedback, to tell us what works for you and what doesn't, and to ensure that the work we do at HIROC is responsive to what you, our Subscribers need.

We are, of course, pleased to hear your direct feedback on how the Reciprocal model works for you and to have confirmation that HIROC continues to be an insurance company that works for its members, and through its vision, is there for you, there for the system, and there for safety.

We also know how important it is to ensure we stay relevant and adjust to the ever changing environment in which we live. As an example, our aim to bring forth valuable knowledge that address the concerns and benefits that arise from the use Artificial Intelligence (AI) in healthcare. From HIROC's perspective, it is important for us to consider how we might use a risk informed and balanced lens to leverage AI to free-up our healthcare professionals and leaders, so that you can continue to spend time doing what you do best – support patients, their families and staff.

So much to discuss and so much to do! We look forward to our continued work with you to realizing our shared vision of creating the safest healthcare system.

Thank you for all you do.

**Catherine Gaulton**  
CEO, HIROC



# BOARD CHAIR MESSAGE



Dear Colleagues,

I've had the privilege of being the HIROC Board Chair for the past two years, and it's been such a rewarding experience. It has been an honour to work with such dedicated leaders in their endeavour to serve, both you our Subscribers, and those you serve, persons accessing healthcare across Canada.

**HIROC is your organization.** Our vision of partnering to create the safest healthcare system is an inclusive vision that includes all of your efforts, as you ultimately are owners of the Reciprocal.

When I've had the opportunity to connect with the healthcare community at meetings, forums, and special events, I often hear how HIROC is unique - how its dedicated team of employees has become trusted advisors to so many. Importantly, I also hear how HIROC's values and vision align with the entire healthcare community from coast to coast.

Last year, I shared a little bit about how HIROC's Board is guiding HIROC's ESG (Environmental, Social, and Governance) journey. In this Annual Review, you'll learn more about our framework and the priorities the organization is pursuing.

I want to take this opportunity to thank my fellow HIROC Board Members for an exceptional year. The crucial conversations we are having, the key questions we are posing, and of course, the lessons we are sharing from our respective organizations are driving change and having a positive impact on our universal healthcare system.

I remember quite vividly my first official meeting on the HIROC Board, how a group of individuals from various walks of life, who

represent various types of healthcare organizations and professions, were sitting down together to provide a voice for Subscribers' right across the country. It offered a glimpse of the opportunities that were ahead. Now, looking back, it is evident how the skills and attributes of the board, your colleagues and representatives, come together to leverage opportunities for the benefit of our Subscribers. The advancements are too numerous to mention but suffice it to say, HIROC has, through the pandemic and beyond, increased its responsiveness to the needs of Subscribers, has leveraged and increased your access to data to enhance your decision-making; and has been integral in the spread of your brilliance and resourcefulness to each other.

**What's transpired is real change. Real progress. All to support safety.**

On behalf of HIROC's board, I would like to thank Catherine Gaulton, HIROC's CEO for her exemplary work, her unwavering commitment, her business acumen, and her gracious ways. She is tirelessly in constant pursuit of HIROC's mission to "provide insurance, risk management, and innovate solutions to support safety and collaboration in healthcare" across Canada.

Thanks to all of you for your inspired efforts toward patient safety and excellent service across the country and your support of HIROC.

**Elizabeth Beader  
Board Chair, HIROC**

# HANDS-ON LEARNING

What differentiates HIROC from the rest, is our commitment to offering up valuable learning opportunities. We do this through curating unique experiences for Subscribers that revolve around safety. We are proud of that fact that 100% of learning is complimentary for HIROC Subscribers.

Your learning journey includes:

- HIROC's flagship initiative – HIROC Risk Management Residency Program and soon to be launching Board Residency Program and Learning Labs
- Learnings through HIROC Safety Grants
- Property and Facility tours to support mitigation recommendations (on-site at your organization and at a number of exclusive simulation experiences)
- Our Healthcare Safety and Risk Management "Office Hours" online webinars
- The annual HIROC Conference, regional safety symposiums, virtual cyber preparedness forums and much more!

I honestly took away so many things from each session at the Cyber Forum! From the importance of organizing a tabletop exercise within our organization, to reviewing our processes.

—FEEDBACK FROM CYBER FORUM ATTENDEE



# COMMUNITY

What motivates and drives HIROC is being around you and your teams. You give us the momentum to drive change and make things happen. We are so fortunate to be embraced by a community that is so vital to Canadians across the country. And so, we want to be there for you, where you are, to support continuous connection and learning.

For us community means:

- Showing up at 42 events across the country. The HIROC Pop-Ups have become a hot spot at your events, all with the goal of sharing knowledge, forging new partnerships, and solidifying meaningful connections
- Amplifying your successes in the HIROC Insider Newsletter
- Producing an award-winning healthcare leadership podcast, Healthcare Change Makers – surpassing 60+ episodes
- Learning about your Blueprint to safety successes, with the launch of Blueprint, a knowledge sharing series



It's great seeing the **collaboration of Subscribers nation-wide** at the HIROC pop-ups, who are all **sharing** their **experiences** and **knowledge** for a stronger system.

—VISITOR AT A HIROC POP-UP



# SUPPORT

What we're most proud of is our service-first framework. This has allowed us to remain nimble, always ready to meet your evolving needs. Take for example our COVID-19 Bulletins which you told us you valued. We know when HIROC can help take just one thing off your plate, you and your teams have more time to connect, collaborate and meet the needs of patients and families. And so, taking your feedback, we've morphed those much-loved bulletins to the Emerging Trends Bulletins and added on interactive Risk Forums to hear directly from you.

Supporting you and your teams also means:

- Publishing in real-time cyber alerts
- Meeting with your leadership teams and Boards to offer guidance on critical decisions around insurance, claims, risk and safety
- Participating in rounds
- Creating useful tools and resources to support risk mitigation
- Bringing a variety of stakeholders together to learn from one another and share wise practices



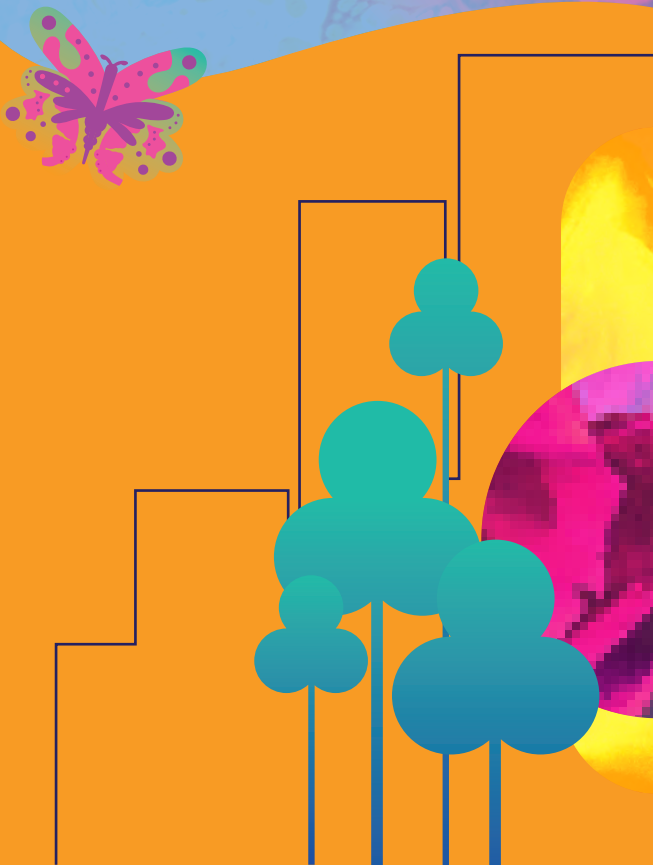
HIROC staff is very knowledgeable, approachable, and collaborative. You aim to understand our complex and nuanced roles in the healthcare system. We appreciate the partnership you offer us in navigating risks, safety, and quality.

\_\_FEEDBACK FROM SUBSCRIBER ENGAGEMENT SURVEY



# OUR ESG JOURNEY

HIROC's Board of Directors in collaboration with the entire team at HIROC has embarked on a journey to define, enact and monitor HIROC's Environmental, Social and Governance (ESG) strategy. HIROC's commitment includes understanding how we are having an impact.



## ACTIONS & CURRENT MEASURES



### ENVIRONMENTAL

- Energy efficiency
- Waste management and recycling processes
- Water management
- Transit use
- Environment-related subscriber property losses/trends (water, fire)



### SOCIAL

- Employee engagement results
- Diversity measures
- Subscriber satisfaction
- Subscriber retention
- HIROC brand recognition



### GOVERNANCE

- Board diversity
- Policies reviewed/renewed
- Audit results
- Corporate culture results
- Whistleblower incidents
- Board members participating in orientation
- Board members completing governance education
- Regulator-required solvency measure

## FRAMEWORK & GOALS



### ENVIRONMENTAL

- Be stewards of nature
- Promote stewardship of nature (i.e. with subscribers)



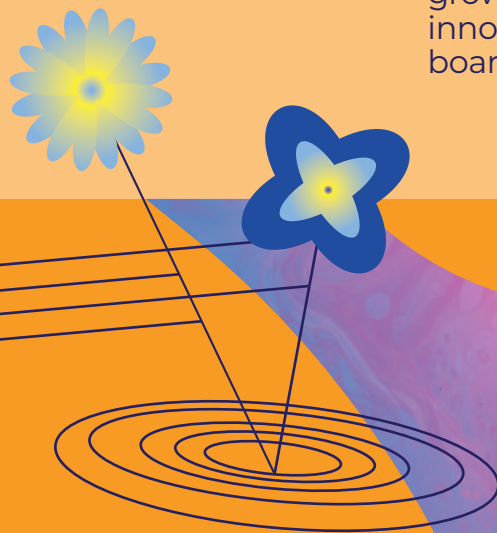
### SOCIAL

- Improve culture, wellbeing and relationships with employees, subscribers, partners



### GOVERNANCE

- Integrate ESG considerations in business decisions and practices
- Support diversity, growth and continued innovation of board members



To date, HIROC is proud that we have been able to lead the way on a variety of fronts including:

- Implementing a staff-driven initiative that aims to divert unnecessary items to landfills (HIROC Swap Space)
- Ongoing training to staff to support their mental health, wellbeing and safety
- Creation of a Diversity, Equity, Inclusion and Belonging (DEIB) Committee which has already conducted surveys, followed by focus groups, and now an action plan to address identified areas of focus
- Adoption of a Board and Organization DEIB Policy
- Adoption of a First Nations, Inuit, Cree and Metis Land Acknowledgement
- Inclusion of DEIB as part of the Board recruitment process
- Specific oversight of HIROC's Investment Manager in relation to their ESG practices
- Continuous learning as a strategic priority
- HIROC named Globe & Mail Top 100 GTA Employer for an eighth consecutive year
- Continuance of Employee and Subscriber Engagement Surveys and strategies to address areas for improvement
- Partnering with Subscriber leadership teams and Boards to ensure effective knowledge translation of top risks – all aimed to support HIROC's vision of partnering to create the safest healthcare system



# FINANCIAL UPDATE

The Reciprocal maintained strong financial stability for its Subscribers in 2023 with net income of \$166 million compared to prior year of \$33 million. Subscribers' Equity increased to \$988 million from \$827 million. The Minimum Capital Test (MCT) ratio, a measure of solvency and financial strength, increased from 235% to 259%, well above the 150% regulatory requirement for commercial insurers.

## Insurance Service Result

On an undiscounted basis, HIROC's Insurance Service Result was a loss of \$35 million. The undiscounted combined ratio, which is an important metric for HIROC, was 112%. This represents undiscounted insurance service expenses and net expenses from reinsurance contracts divided by insurance service revenues (or premiums).

Undiscounted gross claims expenses represent 98% of premiums which was higher than the targeted 92%. There were no significant changes in the claims frequency and severity of liability claims during the year. The frequency and severity of property claims have continued to increase due mainly to water damage claims.

The Reciprocal purchases reinsurance to limit its risk and protect the Equity of its Subscribers. Undiscounted reinsurance contract expenses, net of reinsurance recoveries, were 5% of premiums.

Operating expenses and premium taxes remain low as a percentage of premiums at 6% and 3%, respectively.

## Investment Result

HIROC's total portfolio return was 9.8% for the year, higher than the benchmark return of 8.9%. The returns for the 4-year period was 4% exceeding the benchmark of 2.8%.

HIROC's fixed income portfolio rebounded from poor performance in the prior year which was impacted by an economic environment of increasing interest rates. The fixed income return in 2023 was 7.2% compared to the benchmark of 6.1%. The return for the 4-year period was 1.9% compared to the benchmark of 0.5%.

HIROC's Canadian equities return was 11.5% for the year while the S&P/TSX Capped Composite Index was 11.8%. U.S. equity performance was 25.3% which exceeded the S&P 500 index of 24.7%.

## IFRS 17

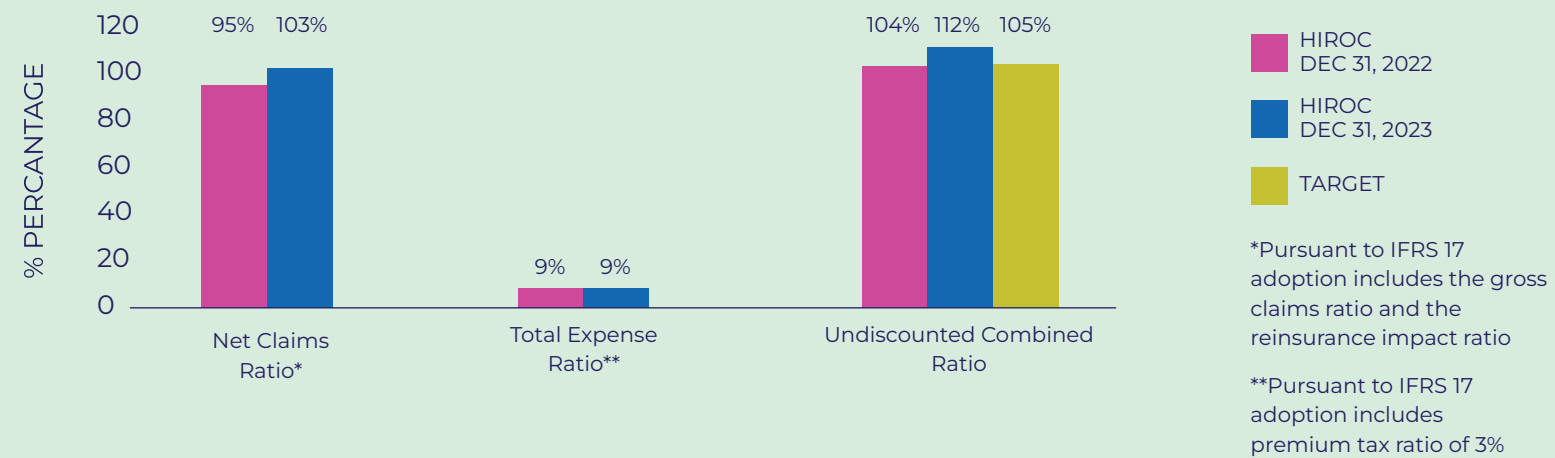
International Financial Reporting Standard 17 Insurance Contracts (IFRS 17) came into effect on January 1, 2023. This resulted in an overall increase in Subscribers' Equity of \$81 million as of that date driven mainly by a one-time decrease in insurance contracts liabilities. It is important to note that this change in financial reporting was not reflective of a change in the Reciprocal's financial performance.

## Surplus Distribution

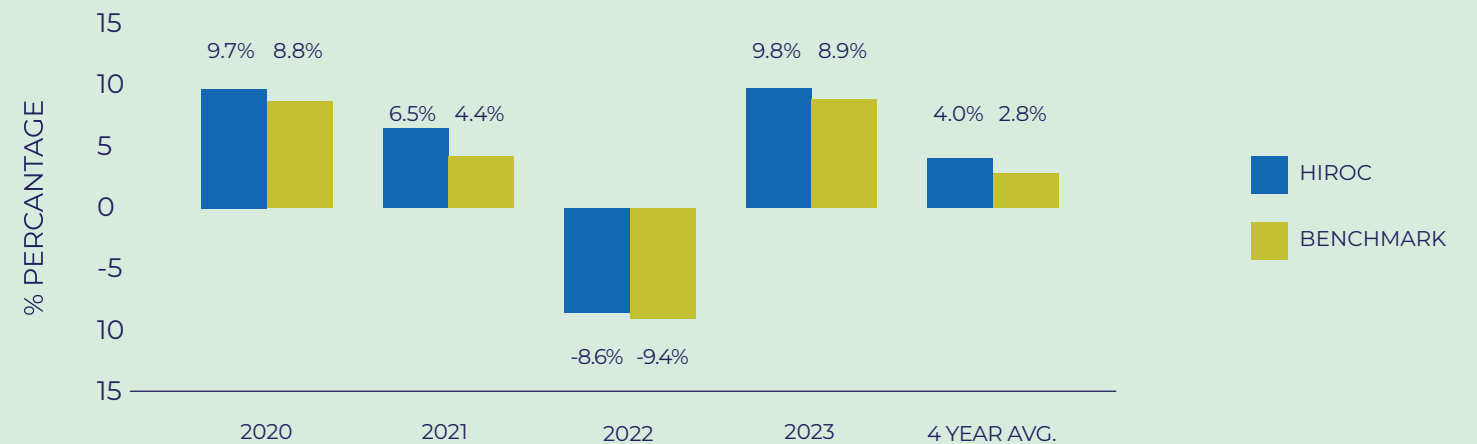
HIROC continues to maintain its financial strength allowing for the absorption of losses and being able to withstand adverse economic conditions. In 2023, HIROC made a surplus distribution of \$10 million to qualifying subscribers. The ability to approve surplus distributions is dependent

on favourable investment returns and the internal capital target. The eligibility of a Subscriber to participate in surplus distribution is dependent on their equity position which is largely impacted by the length of time they have participated in the Reciprocal.

## UNDISCOUNTED INSURANCE SERVICE RESULTS METRICS



## INVESTMENT RETURN



# 2023 BOARD MEMBERS

## *Board Chair*

### **Elizabeth Beader**

Trustee  
Thrive Group  
Hamilton, ON

## *Vice-Chair*

### **Jo-Anne Marr**

President & Chief Executive Officer  
Oak Valley Health  
Markham, ON

### **Maureen Adamson**

#### *Chair*

Scarborough Health Research Institute  
Scarborough, ON

### **Robert Andrews**

#### *Trustee*

Eastern Regional Integrated Health Authority  
St. John's, NL

### **Kenneth Baird**

#### *Vice President, Clinical Supports and Transition*

NL Health Services  
St. John's, NL

### **Tyler Bragg**

#### *Vice Chair*

Saskatchewan Health Authority  
Saskatoon, SK

### **Sarah Chow**

#### *VP Corporate Support & CFO*

Michael Garron Hospital  
Toronto, ON

### **Remi Ejiwunmi**

#### *Senior Partner, Registered Midwife*

Midwives of Mississauga  
Mississauga, ON

### **Michael Lam**

#### *Chief Program Officer,*

Financial Operations  
Alberta Health Services  
Calgary, AB

### **Lori Marshall**

#### *President & Chief Executive Officer*

Chatham-Kent Health Alliance  
Chatham-Kent, ON

### **Marie-Josée Martel**

#### *Trustee*

Hôpital Montfort  
Ottawa, ON

### **Mike Nader**

#### *President & Chief Executive Officer*

Winnipeg Regional Health Authority  
Winnipeg, MB

### **Dr. David Pichora**

#### *President & Chief Executive Officer*

Kingston Health Sciences Centre  
Kingston, ON

### **Bruce Squires**

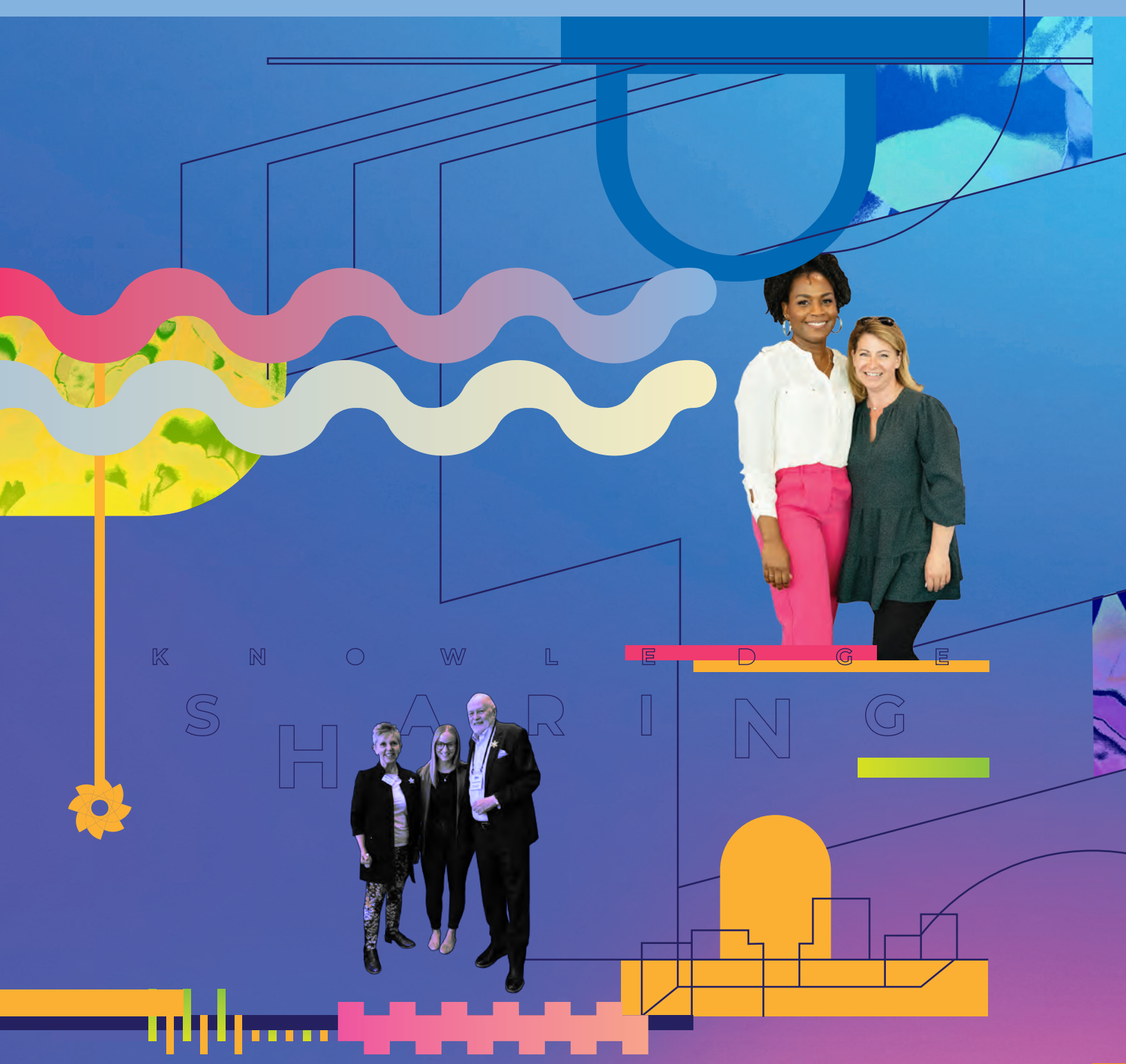
#### *President & Vice President*

McMaster Children's Hospital and  
Women's & Children's Health,  
Hamilton Health Sciences  
Hamilton, ON

### **Marc Toppings**

#### *Vice-President & Chief Legal Officer*

University Health Network  
Toronto, ON



KNOWLEDGE SHARING

## PARTNERING TO CREATE THE SAFEST HEALTHCARE SYSTEM

**HIROC.com**

HIROC is a trusted healthcare safety advisor, committed to offering a full spectrum of insurance products and support throughout a claim. Combined with sage counsel and risk management solutions, HIROC works with its partners to increase safety.

4711 Yonge Street, Suite 1600  
Toronto, ON M2N 6K8  
416.733.2773  
Toll Free: 1.800.465.7357

1200 Rothesay Street  
Winnipeg, MB R2G 1T7  
204.943.4125  
Toll Free: 1.800.442.7751

