

# Reciprocal News

*Helping to Manage Your Risk*

## The MEARIE Group's Reciprocal Newsletter

A publication designed for the benefit of Ontario's Electricity Industry.

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## Power Interruption and Conditions of Service

**A**s this summer's severe weather patterns continue, we often see in the media stories about downed power lines or power outages. How does your LDC respond to customer inquiries or claims after these outages? How can you defend against these claims to the CGL policy?

The Distribution System Code requires every LDC produce a Conditions of Service document for use in communications with customers. Conditions of Service do not guarantee an uninterrupted supply of power. Section 2.3 Conveyance of Electricity - the Limitation on Guarantee of Supply is often used as a "defence" or

"denial" for potential claims related to unscheduled power interruption [including Force Majeure] events where you as an LDC have no liability. To rely on this defence you need to be able to demonstrate your customers have been made aware of your Conditions of Service.

How do you inform customers of your Conditions of Service? Do you provide a copy when a new account is set up? Do you post your Conditions of Service on your website? You cannot rely on a defence if you do not make your customers aware of your Conditions of Service.

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## Power Interruption and Conditions of Service (Continued from page 1)

The following are some suggestions as to how you can enhance your customers awareness of your Conditions of Service.

- **At the time of a new Connection Agreement, provide the customer a copy of Conditions of Service or instructions on where to find it on your website**
- **Include in the signed agreement, customer confirmation they acknowledge receiving/reviewing Conditions of Service**
- **Regular communications or bill inserts providing references and highlights of Conditions of Service, encouraging customers to review the same**
- **Make a copy of Conditions of Service available where customers visit your cashier**
- **Post Conditions of Service on your company website on the Home Page or with a link that is obvious and easy to find/follow, don't make customers search for it**
- **On customer's bills make reference to Section 2.3. Limitation to the Guarantee of Supply and Section 2.3. Notification to Customers Using Life Support in your Conditions of Service and invite their review.**

As with any risk management activity, documentation of your activities is very important. Make customer notification and awareness regarding your Conditions of Services part of your Corporate Policies & Procedures. Maintaining records of how/when you communicate this information is vital.

If you would like to discuss how to make your customers more aware of your Conditions of Service, or other risk management issues please contact Gary Durie, Risk Analyst electronically at [gdurie@mearie.ca](mailto:gdurie@mearie.ca) or telephone at (905) 265-5355.

The MEARIE Group's Reciprocal News is an electronic publication intended for subscribers of The MEARIE Group's Property and Casualty Insurance programs. It is published on a periodic basis and is intended for information purposes only. For further information, visit [www.mearie.ca](http://www.mearie.ca) or contact Gary Durie, Risk Analyst, Underwriting and Risk Services at [gdurie@mearie.ca](mailto:gdurie@mearie.ca).

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