

Municipality of East Ferris

Report to Council

Report No.: Fire Department-2019-03

Date: July 9, 2019

Originator: Frank Loeffen, Fire Chief

Subject: Enter into agreement with Fire Marque Inc.

RECOMMENDATION

1. That the Council for the Municipality East Ferris enter into an agency agreement with Fire Marque Inc., appointing them as our agent, for the purpose of filing claims on behalf of the Municipality and to recover, on our behalf, any insurance proceeds from the insurers of the affected parties which are recoverable in accordance with the terms of any policy agreement for the costs and expenses incurred by the Fire Department as a result of attending at the incident sites.

BACKGROUND

During the June 25th, 2019 Council meeting, Chris Carrier from Fire Marque Inc. made a presentation to Council outlining their services. Fire Marque Inc. is a Canadian company that specializes in recovering costs for municipalities for Fire Department's attendance at fire incidents. Fire Marque Inc. acts as an agent for municipalities to prepare and file claims with the insurers of properties where incidents occurred requiring services of the Fire Department. Fire Marque Inc. explained how insurance companies have clauses in their policies that provide coverage for the costs and expenses incurred by Fire Departments as a result of attending to fire and emergency incidents. They mentioned that many municipalities are not aware of this and they could be recuperating costs incurred if they filed claims with insurers. Fire Marque Inc. has established an industry recognized trademark program known as "Indemnification Technology". This program maximizes the cost recovery opportunities on behalf of Fire

Services by invoicing insurance companies directly for costs of fire service resources responding to fire incidents with respect to insured perils using pre-existing clauses within insurance policies. The majority of property insurance policies provide coverage to the insured for fire department costs incurred when called upon. The amount of coverage can range from \$500 to \$25,000 depending on the policy.

ANALYSIS/OPTIONS

After responding to a fire, the Fire Department completes a standard incident report (SIR), which is the current practice as required by the Office of the Fire Marshal and Emergency Management. Fire Marque Inc. would receive a copy of each SIR and then prepare the necessary documentation to submit to the insurance company. Fire Marque Inc. would submit a detailed invoice of services performed by the Fire Department to the property owner's insurance company with regard to costs for the incident. If insurance coverage is available, money up to the maximum for fire coverage would be collected to a maximum of the Fire Department's costs incurred. Property owners will not be responsible for paying any outstanding balance on the invoice that exceeds the fire coverage on the insurance policy. If there is no insurance coverage or no coverage for services provided by the Fire Department, Fire Marque Inc. would not pursue monies from the insurance company or property owner.

Fire Marque Inc. has the expertise, staff and infrastructure (Indemnification Technology) to provide the Municipality with a cost recovery service which would be formalized through an agency agreement. Fire Marque Inc. is experienced in incident reporting, insurance policy wording interpretation, data collection, and policy review with respect to insured perils, invoicing and record-keeping, and employ experienced former insurance professionals. The Municipality does not have the staff expertise to assess, review and determine indemnification technology invoicing with respect to insured perils.

Should the Municipality enter into an agreement with Fire Marque Inc., the Municipality would need to amend the Fees By-Law to include the recovery of costs through Fire

Marque Inc. The agency agreement would be for a term of 5 years with an option to renew for an additional 3-year period.

Alternative 1: Enter into an agreement with Fire Marque Inc.

Alternative 2: Status quo

FINANCIAL IMPLICATIONS

Fire Marque Inc. would apply a 30% agency fee to all emergency cost recovery proceeds and only receive this fee when invoiced accounts have been collected by Fire Marque Inc. No additional budget considerations will be required by the Municipality to fund this agreement. Fire Marque Inc. would only get paid if we get paid.

Indemnification technology proceeds are recovered from insured perils for Fire Department services and funds recovered are required to be remitted to the Fire Department to meet insurance and agency requirements. The emergency cost recovery proceeds may be used for equipment purchases, firefighter training, fire inspections and most importantly fire prevention and public education programs. A reserve account would need to be established in the financial records of the Municipality to account for any proceeds received and any disbursements.

A partnership with Fire Marque Inc. would provide the Municipality with a new revenue stream that will have no negative impact on our residents but could positively affect our budget. With very little time commitment, we could realize revenues that could be allocated immediately to some of the action items established in our Strategic Plan and assist with the funding of future expenditures such as capital purchases, more advance training and improving public education.

RECOMMENDED OPTION

It is recommended that we enter into an agency agreement with Fire Marque Inc., appointing them as our agent, for the purpose of filing claims on behalf of the

Municipality and to recover, on our behalf, any insurance proceeds from the insurers of the affected parties which are recoverable in accordance with the terms of any policy agreement for the costs and expenses incurred by the Fire Department as a result of attending at the incident sites. We currently do not have the expertise on staff to pursue claims against insurers and assess, review and determine indemnification technology invoicing with respect to insured perils. This partnership would provide a new revenues stream for the Municipality with no negative effect on our residents.

Respectfully Submitted,

I concur with this report and recommendation:


Frank Loeffen, Fire Chief


Jason Trottier, CAO/Treasurer



Indemnification Technology®

Frequently Asked Questions from Fire Chiefs

☐ Is the Fire Marque program going to cost my municipality any money?

No. There is NO cost.

☐ Will local insurance rates go up as a result of the Fire Marque program?

No. Property insurance policies already have Fire Department expense coverage in it.

☐ Why do Auto premiums go up after an accident and Property premiums don't?

Auto policies are rated on the driver's driving record including their age, sex, experience, vehicle use, as well as the type of vehicle driven. Any changes (such as an accident or ticket) will result in a driving record adjustment and therefore, may result in a premium change.

Property insurance is rated on the building and contents. Some of the factors underwriters consider include: how close a building to a fire hydrant, what the replacement cost of the building is and whether there is an alarm system, a wood stove, etc.

☐ When Fire Marque's invoice is more than the insurance coverage, what happens then?

The insurance company will pay the claim to the limit of the policy's coverage. The municipality absorbs the balance.

☐ Property taxes include the cost of the fire department services, so is the department charging again for their service?

No, you are not charging again. The Property Owner has already paid for Fire Department expense coverage in their insurance policy. Indemnification Technology® makes it possible to tap into that coverage.

East Office
P.O. Box 2018
Thornton, ON
LoL 2No

www.firemarque.com
Toll Free 855-424-5991
Tel: 705.424.5991
Fax: 705.424.5702

West Office
2050, 11300 Tuscany Blvd. N.W.
PO Box 27148 Tuscany
Calgary, AB T3L 2Vo

☐ Does Fire Marque Inc. have a legal right to claim reimbursement of these expenses?

Yes. In addition to the user fee bylaw, Fire Marque Inc. set up an agreement with your municipality. This gives Fire Marque Inc. the legal right to collect funds through Indemnification Technology®. All municipal agreements are available under the Freedom of Information Act.

☐ Do the funds Fire Marque Inc. collects go to the Fire Department?

Yes, all funds must go to the Fire Department. That is clearly stipulated in the legal agreement between Fire Marque and your municipality.

☐ What happens if the insurance company simply doesn't pay?

In such cases, Fire Marque makes a request to the Superintendent of Insurance to investigate in accordance with the Insurance Act. When an insurer charges a premium for a coverage, they are obligated to pay the claim as per the coverage.

☐ What happens if there is a disagreement with the costs?

Fire Marque invoices are in accordance with the MTO and the municipality's by-laws. Should a disagreement arise, Fire Marque sits down with the insurance company and discusses the costs to reach a resolution.

☐ What happens with any personal information collected?

As per Fire Marque's Privacy Policy, personal information is deleted from our records after the file is paid or closed.

☐ Will the Fire Department charges reduce the insurance payout or the amount of insurance coverage for the property policyholder?

No. The coverage for Fire Department expenses is an additional coverage in a property policy.



Indemnification Technology®

East Office
P.O. Box 2018
Thornton, ON
LoL 2No

www.firemarque.com
Toll Free 855-424-5991
Tel: 705.424.5991
Fax: 705.424.5702

West Office
2050, 11300 Tuscany Blvd. N.W.
PO Box 27148 Tuscany
Calgary, AB T3L 2Vo