

Staff Report

Report To: Corporate Services Committee
Report From: Doug Barfoot, Fire Chief
Meeting Date: May 27, 2021
Report Code: CR-21-053
Subject: Emergency Response Cost Recovery Services

Recommendations:

THAT in consideration of Staff Report CR-21-053 respecting Emergency Response Cost Recovery Services, the Corporate Services Committee recommends that City Council direct staff to bring forward a by-law to authorize the execution of a three-year agency agreement with Fire Marque Inc. for fire service cost recovery to retrieve eligible billable costs associated with fire suppression activities.

Highlights:

- Fire Department Operations are almost exclusively funded through taxation
- OSFES responded to more than 800 calls for service in 2020
- Municipalities have not had the expertise or resources to initiate claims for cost recovery from insurance companies
- Payments are not deducted from individuals who may have suffered a loss, and not deducted from those due to the policy holder, therefore the policy holders' premiums are not affected by such claims

Strategic Plan Alignment:

Optimize the City's operations while maintaining or improving quality of life.
This report supports the delivery of core services.

Background:

Fire Marque Inc. is a Canadian owned company who specializes in recovering eligible costs for Fire Services rendered at fire incidents and emergency responses through the property owner's insurance policies.

Fire Marque currently serves more than 100 municipal clients in Ontario and has been successfully meeting their agreement requirements for 11 years.

Fire Marque has developed a trademark program known as Indemnification Technology. This program was specifically designed to maximize the billing opportunities on behalf of fire departments invoicing insurance companies through the property owner's existing insurance policy.

The Indemnification Technology program was created by Fire Marque and there are no comparable services offered in the marketplace. Many Municipalities are engaging Fire Marque through sole sourcing as there are no other service providers available.

After responding to a fire, the Fire Department completes a Standard Incident Report (SIR), which is the current practice as required by the Ontario Fire Marshall's Office. Fire Marque receives a copy of each SIR and then prepares the necessary documentation to submit to the insurance company.

Fire Marque will submit a detailed invoice of services performed by the Fire Department to the property owner's insurance company with regard to costs of the incident. If insurance coverage is available, money up to the maximum for fire coverage will be collected. 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 or no coverage for the Fire Department services, no funds will be recovered.

This coverage is not related to automotive insurance policies or tiered medical responses.

This program takes advantage of existing billing opportunities on behalf of Fire Departments to retrieve eligible costs directly from insurance companies relating to insured perils within the property owner's insurance policies. The

property owner may get a copy of the request for information purposes only and only on the request of the insurance company.

Communities similar in size to Owen Sound, such as Collingwood, Brockville, Huntsville, Wasaga Beach and St. Thomas currently have agreements with Fire Marque.

Analysis:

The municipality is required to enter into an agreement with Fire Marque providing them the authority to retrieve these described expenses from the insurance provider. A municipal By-law is required to allow Fire Marque the authority to retrieve these expenses from the insurance companies on behalf of the Fire Department.

The property owner will not incur any additional costs. Only the coverage listed, and the limit indicated in the insurance policy, are eligible to be retrieved.

Most property insurance policies have clauses providing coverage to the insured for Fire Department costs when called to respond. The amount of coverage will vary and could range from \$500.00 to \$25,000.00.

Fire Marque will act on behalf of the municipality to recover eligible costs through an agreement. Costs will only be recovered if the property owner had insurance coverage.

Financial Implications:

Fire Marque will apply a 30 per cent fee and will only receive payment on invoices successfully collected by them. The agreement will lay out the process for all recovered proceeds to be remitted to our Fire Department to meet insurance policy requirements. Owen Sound will receive 70 per cent of recovered department costs. Municipalities have not had the expertise or resources to initiate claims for cost recovery from insurance companies.

There will be minimal time required on behalf of department staff to submit required documentation to Fire Marque.

Recovered cost would be applied against operating costs to reduce the overall tax burden.

A list of our emergency responses for 2020, which will meet the criteria for eligible costs, was provided to Fire Marque. An estimate on possible recovered costs was provided from this list. Providing all property owners had insurance coverage, it was estimated that Owen Sound would have received between \$29,000 and \$34,000 in 2020.

Consultation:

Tim Simmonds, City Manager

Chris Carrier, Fire Marque Inc.

Attachments:

Fire Marque Inc. Information for Property Owner's Brochure.

Fire Marque Inc. Powerpoint Presentation.

Recommended by:

Doug Barfoot, Fire Chief

Reviewed by:

Kate Allan, Director of Corporate Services

Tim Simmonds, City Manager

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Doug Barfoot, Fire Chief at dbarfoot@owensound.ca