

Request for Decision

P6M Initiative - Fire Marque

Presented To: Finance and
Administration
Committee

Presented: Tuesday, Nov 17, 2015

Report Date Monday, Oct 19, 2015

Type: Managers' Reports

Recommendation

THAT the City of Greater Sudbury approves the necessary changes to the Miscellaneous User Fees By-law to support an agency agreement with Fire Marque Incorporated to maximize billing opportunities on behalf of Fire Services by invoicing insurance companies for costs of fire department attendance with respect to insured perils.

Finance Implications

If approved, this initiative will result in an increased estimated revenue of \$70,000 which would be included in the 2016 operating budget. The actual revenue will be monitored during 2016 and if required, the 2017 budgeted revenue will be adjusted accordingly.

Background

As outlined in the Community Services Committee meeting dated July 7, 2014, Fire Marque Incorporated provides a specialty service regarding a new revenue stream for fire departments. The majority of commercial and home insurance policies provide coverage for fire department charges incurred when the fire department is called upon and attends a fire emergency. The amount of insurance coverage can range from \$500 to \$25,000.

Fire Marque Incorporated uses a process referred to as "Indemnification Technology?" which requires data collection, review of insured perils, policy wording interpretation, invoicing, follow-up and record keeping. The Indemnification Technology? program was created by Fire Marque and there are no comparable services offered in the market place. Municipalities are engaging Fire Marque through a sole sourcing process due to lack of other service providers.

Fire Marque Incorporated has the knowledge, staff and infrastructure to perform cost recovery from insurance companies through an agency agreement. They are former insurance professionals who are

Signed By

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Division Review

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Recommended by the Department

Tim P. Beadman
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Recommended by the C.A.O.

Kevin Fowke
Acting Chief Administrative Officer
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experienced in insurance policy wording interpretation, data collection, policy review with respect to insured perils, invoicing and record keeping. Fire Marque deals directly with the insurance companies and not the policy holders.

An agency agreement is signed between the municipality and Fire Marque Incorporated who would act as an agent on behalf of the municipality in the recovery of costs related to the provision of fire services. There is no charge to the municipality for this service as any costs associated with the recovery of funds is recouped through the 30% service charge which is only paid when money has been collected from the insurance companies. The revenue that is generated must be used in the areas of fire prevention, public education, training programs, firefighting and capital purchases for Fire Services.

Currently, Fire Services has the authority to invoice property owners under By-law 2014-84 Fire Services – Establishing and Regulating By-law and By-law 2015-8 Miscellaneous User Fees. If the City of Greater Sudbury enters into an agency agreement with Fire Marque Incorporated, an amendment to the Miscellaneous User Fees By-law would be required to include wording around Fire Response Fees – Indemnification Technology.