



TO: GENERAL COMMITTEE

SUBJECT: INSURANCE BILLING SERVICES FOR FIRES AND INSURED PERILS

PREPARED BY AND KEY CONTACT: J. LYNN, FIRE CHIEF EXT. 3256

SUBMITTED BY: J. LYNN, FIRE CHIEF

GENERAL MANAGER APPROVAL: J. SALES, GENERAL MANAGER COMMUNITY OPERATIONS 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: CARLA LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That staff in Barrie Fire and Emergency Service be directed not to bill insurance companies for collection of insurance fees for fires and insured perils.

PURPOSE & BACKGROUND

2. Fire Marque made a presentation to the Finance and Corporate Services Committee on November 17, 2011 regarding billing services for the collection of fees on behalf of Barrie Fire & Emergency Service for fires and insured perils from insurance companies.
3. On November 17, 2011, Finance and Corporate Services Committee passed a motion as follows:

"That staff in the Barrie Fire and Emergency Service Department investigate the feasibility of using an outside agency for insurance collection related to house fires and insured perils and report back to General Committee, such report to include information on potential procurement processes." (FCSC November 17, 2011)(File: F00)
4. Members of the Finance and Corporate Services Committee asked several questions and requested Barrie Fire & Emergency Service investigate further and report to General Committee on the number of incidents, whether any other companies provide this service and make recommendations.
5. The City of Barrie's Purchasing Branch in collaboration with BFES issued a Request for the Expression of Interest to test the market for companies that provide Collection of Insurance Fees for Fires and Insured Perils. Two companies responded to our Expression of Interest, Excel Collection Services and Fire Marque. After a review of the submissions by Barrie Fire and Emergency Service it was determined that Fire Marque of the two submissions appears to be the only known source which could meet the City's requirements.

ANALYSIS

6. After reviewing the information, staff feels that the public perception would be that they pay for fire services through property taxes and their expectations are that the fire service would respond and mitigate the incident. As seen last year with the extra fee to attend to motor vehicle collisions for city residents, the public would see this as a money grab from their insurance companies for services that they already contribute to through property taxes.

7. This service is relatively new in the fire service (two years) and as such has not developed a history of success to date. As far as we can determine no municipality the size of Barrie or larger has subscribed to this service.
8. The possibility exists that some members of the public that may think they will receive an invoice for attendance of the fire service and may delay or not call the service when it is truly needed, adding to the possibility of further injury or property loss.
9. It is further possible that insurance companies could increase the fire insurance premiums in municipalities that utilize these services to offset their costs across the municipality, not just those that require the fire service. The increase in fire insurance premiums could offset any reduction in the tax based levy.
10. Fire Marque would apply a 30% fee in year one, 25% in year two, 20% in year three for their services, the public may feel the municipality is funding a private enterprise with municipal funding.
11. Historical data shows that Barrie Fire & Emergency Service attends on a 5 year average a total of 105 fire loss incidents annually with 65 being structure fires with fire loss. Barrie Fire and Emergency Service responded to a total of 83 structure fires with dollar loss in 2011.
12. Barrie Fire & Emergency Service does not currently track data on insured peril losses per se as it is not required for reporting purposes. That being said a cursory review would lead us to believe that we would attend approximately 50 incidents per year that could be classified as insured peril losses other than fires.
13. Staff believes that once the Fire Master Plan has been updated and Station 5 opens, a request in 2013 Business Plan for funding for a Fire Underwriters Survey could result in a reduction of fire insurance premiums for the commercial and residential sectors of the city, resulting in a savings to the public. Staff feels this is a better solution to ensuring a balance between tax based costs and overall costs of living in Barrie.
14. Fire Underwriters Survey is a national organization that establishes fire insurance grading classifications for residential, commercial and industrial properties. Insurance companies rely on the fire Underwriters Surveys to establish their risk exposures and premium calculations for property insurance. The survey looks at water supply, the operational capabilities of the fire service, fire prevention and public education and communications to determine ratings in each category.
15. The last survey was conducted in 2004, since then there have been significant improvements in the water system and major expansion and improvements in the fire service.

ENVIRONMENTAL MATTERS

16. There are no environmental matters related to the recommendation.

ALTERNATIVES

17. There are three alternatives available for consideration by General Committee:

Alternative #1

General Committee could direct staff to enter into an agreement with Fire Marque.

This alternative is not recommended as staff believes this would not be in the best interest of the public or the City of Barrie.

Alternative #2

General Committee could alter the proposed recommendation by directing staff to bill insurance companies directly without the use of a third party.

This alternative is not recommended as Barrie Fire and Emergency Service does not currently have the staff or expertise to assess, review, and determine if there are recoverable fees from insurance companies.

Alternative #3

General Committee could request that a competitive bid process be conducted.

This alternative is not recommended as staff believes that at this time Fire Marque could meet the requirements for the City of Barrie.

FINANCIAL

There are no direct financial implications associated with the recommended motion.

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

18. The recommendation included in this Staff Report is not specifically related to the goals identified in the 2010-2014 City Council Strategic Plan.