

AGENDA
FIRE & EMERGENCY SERVICES COMMITTEE

Special Meeting on New Fire Department Insurance Proposal

Aug 15, 2019 Directly Following Regular LRFES Meeting

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1. Call to Order
2. Presentation by Alex Dumaresq Deputy CAO on How We got Here
3. Review of Memo Sent to all Fire Departments by FESC Chair Brian Keizer
4. Question and Answer with Edmund Nix of BFL Canada
5. Vote on Proposal by Fire Department Representatives Present (50% + 1)

Motion:

Moved that the representatives of the Fire Departments of the Municipality of the District of Lunenburg accept the recommendation of the Fire & Emergency Services Committee to proceed with Option 2 for Fire Department General / Liability Insurance, as presented and discussed at the Special Meeting of the FESC held at Hebbville Fire Hall on Thursday August 15, 2019, and further to accept the proposed insurance grants distribution so that no department pays more as a result of accepting Option 2.

6. Adjournment



Municipality of the District of Lunenburg

Fire & Emergency Services

MEMORANDUM

Date: August 6, 2019

To: Fire Chief's & Lunenburg Regional Fire & Emergency Services (LRFES)

From: Chris Kennedy, Fire & Emergency Services Coordinator

Subject: Request from FESC Regarding Group Insurance Proposal from BFL Canada

As you all know the Fire & Emergency Services Committee's (FESC) Insurance Subcommittee has been working on insurance for a group personnel policy. During this process the Municipal Joint Services Board issued a Request for Proposals (RFP) for insurance on General Insurance and Liability. Two companies responded to the RFP, and BFL Canada's proposal was rated as the best value, based on their stronger qualitative evaluation and better pricing.

The RFP used a much higher deductible that would have made claims for many departments very challenging financially. In discussion with Ed Nix of BFL Canada, who has extensive knowledge of our fire services, the FESC reviewed three insurance program options to compare insurance costs with different deductibles. The FESC recommends option 2 because it:

- was closest to our present policy's deductibles,
- will result in cost savings; and
- includes other benefits not presently in our group policy.

Appendix "B" of this memo is an executive summary from BFL Canada on coverages included in Option 2. There was a good discussion and comments on the proposals, and the committee was supportive of the significant savings and coverage improvements using the option 2 proposal versus the other two options.

Due to the way the insurance industry standards and premiums are formulated, eight departments saw an increase in premiums in Option 2. The committee agreed that no single department should see an increase in their premiums going to a new insurance provider. In further discussion, FESC members directed MODL staff to look at the present insurance grant amount and formulate a plan to address this issue, so **no single department would pay more.**

The insurance cost summary (Appendix A) shows the current insurance premiums and compares them with the proposed Option 2 insurance program with a revised insurance grant. As directed, the proposed insurance program provides improved coverage, overall savings for the fire service on premiums, and no department will pay more for insurance.

Appendix A – Cost Comparison – Current vs. Proposed

MUNICIPALITY OF THE DISTRICT OF LUNENBURG - FIRE DEPARTMENTS
INSURANCE COMPARISON

Fire Department	Fiscal 18/19 Premium	Existing Grant	Net insurance Premium (18/19)	Option 2 Premium (\$2500 deductible)	Proposed Grant	Net Insurance Premium (proposed, Option 2)	Savings
Big Tancook	5,246	1,184	4,062	5,709	1,647	4,062	0
Blockhouse	10,604	2,394	8,210	9,201	2,096	7,105	1,105
Conquerall Bank	9,659	2,181	7,478	9,004	2,051	6,953	526
Cornwall	7,314	1,651	5,663	7,004	1,596	5,408	254
Dayspring	11,394	2,572	8,822	9,700	2,210	7,490	1,332
District 1 & 2	1,654	373	1,281	1,840	559	1,281	0
Hebb's Cross	8,364	1,888	6,476	8,245	1,878	6,367	109
Hebbville	9,595	2,166	7,429	8,092	1,843	6,249	1,180
Hemford	8,275	1,868	6,407	7,723	1,759	5,964	443
Indian Point	4,046	913	3,133	5,736	2,603	3,133	0
Italy Cross	7,518	1,697	5,821	9,416	3,595	5,821	0
LaHave	11,173	2,522	8,651	10,102	2,301	7,801	850
Laplant	6,073	1,371	4,702	6,268	1,566	4,702	0
Maders Cove	1,430	323	1,107	1,818	711	1,107	0
Martins River	9,531	2,152	7,379	8,861	2,019	6,842	537
Midville	7,617	1,720	5,897	7,204	1,641	5,563	335
New Germany	14,085	3,180	10,905	12,706	2,895	9,811	1,094
Northfield	13,654	3,082	10,572	10,706	2,439	8,267	2,305
Oakhill	13,743	3,103	10,640	12,076	2,751	9,325	1,316
Petite Riviere	10,515	2,374	8,141	8,292	1,889	6,403	1,738
Pleasantville	10,563	2,385	8,178	8,420	1,918	6,502	1,677
Riverport	10,933	2,468	8,465	9,629	2,194	7,435	1,029
Tri-District	17,927	4,047	13,880	15,863	3,614	12,249	1,631
United Communities	7,733	1,746	5,987	8,069	2,082	5,987	0
Walden	5,425	1,225	4,200	4,989	1,137	3,852	348
Wileville	6,270	1,415	4,855	6,860	2,005	4,855	0
Total	230,341	52,000	178,341	213,533	53,000	160,533	17,808



Appendix “B” Executive Summary BFL Coverage

July 22, 2019

District of Lunenburg Fire Commissions and Fire Departments
Program Summary with two alternative options and comparative summary to the current insurance program with Cowan.

RFP Specifications as submitted by BFL – Option 3 on the comparative premium summary

Coverage Values/Limits

\$25,000,000 Auto, General Liability, Errors and Omissions Liability

\$25,000,000 Non Owned Automobile Liability

\$5,000,000 Environmental Liability

\$1,000,000 Forest Fire Fighting Expense

\$250,000 Legal Expense

\$500,000 Wrongful Dismissal Legal Expense

\$500,000 Legal Liability for Damage to Hired Automobiles

\$1,000,000 Employee Dishonesty

\$1,000,000 Depositors Forgery

\$200,000 Inside/Outside Robbery and Holdup

\$200,000 Computer and Funds Transfer Fraud

\$200,000 Audit Expenses

\$100,000 Social Engineering

Replacement Cost on Truck – no limit on age

Vehicle lists as provided and updated July 2019. **All vehicles** carry All Perils (Collision and Comprehensive combined)

Buildings and Equipment lists as provided. All locations on Broad Form coverage, Replacement Cost, including Flood, Earthquake and Sewer Backup. Equipment breakdown is included. Same as Cowan.

Deductibles (RFP response)

General Liability - \$10,000

Environmental Liability - \$5,000

Errors and Omissions Liability - \$5,000

Legal Expense - \$0 – nil

Wrongful Dismissal - \$5,000

Crime Coverages - \$0 – nil except Social Engineering Fraud is \$25,000

Trucks – All - \$2,500 regardless of size/value

Property - \$10,000

Flood - \$50,000
Earthquake – 3% or \$100,000 whichever is greater



Option 1 on Comparative Premium Summary

The following are the variances from the RFP standard (Option 3)

- Property deductible reduced from \$10,000 to \$5,000
- General Liability deductible reduced \$10,000 to \$5,000

No other changes were made to the core RFP standard coverages/limits/deductibles

Option 2 on the Comparative Premium Summary

The following are the variances from the RFP standard (Option 3)

- Property deductible reduced to \$10,000 to \$2,500
- General Liability deductible reduced from \$10,000 to \$5,000

No other changes were made to the core RFP standard coverages/limits/deductibles

Existing Cowan (2018 Renewal) v BFL Program variances (RFP responses to Cowan Program) – only differences/variances are provided for here

- BFL \$25M limits for Auto, General Liability, Errors and Omissions v \$10M for Cowan
- BFL \$100,000 Social Engineering Fraud v \$0 for Cowan
- BFL \$1M Forest Fire Fighting Expense v \$2M Cowan
- BFL \$200,000 Inside/Outside Robbery v \$1M Cowan
- BFL \$1M Depositors Forgery v \$250,000 Cowan
- BFL – Unlimited replacement cost on trucks (no age cap) v Cowan 25 years
- BFL Truck Deductibles - \$2,500 on ALL trucks regardless of size/value v Cowan is \$1,000 for light, \$2,500 medium, \$5,000 and \$10,000 on heavy/high value trucks.
- BFL provides All Perils on ALL trucks, Cowan has 4 units with no Physical Damage Coverage

Based on the deductible option selected for the property, the deductibles will vary when comparing Cowan to BFL. For example – if Option 2 is selected with the \$2,500 deductible, that compares favourably with Cowan who has a \$1,000 or \$2,500 deductible.

Deductibles on the trucks vary, with BFL's standard \$2,500 deductible, a significant number of trucks in the fleet would see a reduced deductible from \$10,000 or \$5,000 with Cowan to BFL's \$2,500.

Department/Commission	Option 1 - \$5000 deductible	Option 2 - \$2500 deductible	Option 3 - \$10,000 deductible	Current Premium	Comparison vs Option 1	Comparison vs Option 2
Big Tancook	\$5,685	\$5,709	\$5,163	\$5,246	439.00	463.00
Blockhouse	\$8,983	\$9,201	\$8,210	\$10,604	-1,621.00	-1,403.00
Conquerrall Bank	\$8,701	\$9,004	\$7,829	\$9,659	-958.00	-655.00
Cornwall	\$6,891	\$7,004	\$6,269	\$7,314	-423.00	-310.00
Dayspring	\$9,501	\$9,700	\$8,779	\$11,394	-1,893.00	-1,694.00
District 1 & 2	\$1,835	\$1,840	\$1,612	\$1,654	181.00	186.00
Hebb's Cross	\$8,063	\$8,245	\$7,341	\$8,364	-301.00	-119.00
Hebville	\$7,876	\$8,092	\$7,154	\$9,595	-1,719.00	-1,503.00
Hemford	\$7,543	\$7,723	\$6,821	\$8,275	-732.00	-552.00
Indian Point	\$5,649	\$5,736	\$5,077	\$4,046	1,603.00	1,690.00
Italy Cross	\$9,078	\$9,416	\$8,256	\$7,518	1,560.00	1,898.00
LaHave	\$9,815	\$10,102	\$8,993	\$11,173	-1,358.00	-1,071.00
Lapland	\$6,178	\$6,268	\$5,606	\$6,073	105.00	195.00
Maders Cove	\$1,814	\$1,818	\$1,591	\$1,430	384.00	388.00
Martins River	\$8,669	\$8,861	\$7,947	\$9,531	-862.00	-670.00
Midville	\$7,073	\$7,204	\$6,451	\$7,617	-544.00	-413.00
New Germany	\$12,441	\$12,706	\$11,617	\$14,085	-1,644.00	-1,379.00
Northfield	\$10,466	\$10,706	\$9,642	\$13,654	-3,188.00	-2,948.00
Oakhill	\$11,600	\$12,076	\$10,628	\$13,743	-2,143.00	-1,667.00
Petite Riviere	\$7,876	\$8,292	\$7,286	\$10,515	-2,639.00	-2,223.00
Pleasantville	\$8,173	\$8,420	\$7,351	\$10,563	-2,390.00	-2,143.00
Riverport	\$9,412	\$9,629	\$8,690	\$10,933	-1,521.00	-1,304.00
Tri-District	\$15,406	\$15,863	\$14,483	\$17,927	-2,521.00	-2,064.00
United Communities	\$7,856	\$8,069	\$7,084	\$7,733	123.00	336.00
Walden	\$4,925	\$4,989	\$4,403	\$5,425	-500.00	-436.00
Willeville	\$6,714	\$6,860	\$5,992	\$6,270	444.00	590.00
	\$208,223	\$213,533	\$190,275	\$230,341	-22,118.00	-16,808.00
				Average Savings	-850.69	-646.46
				Maximum Savings	-3,188.00	-2,948.00
				Maximum Extra	1,603.00	1,898.00
If XS Removed (Per Dept)	Commission	FD	Total			
	-\$172	-\$381	\$10,000			