

MUNICIPALITY OF THE DISTRICT OF LUNENBURG
Minutes of the **Special Meeting** of
FIRE AND EMERGENCY SERVICES COMMITTEE
Held at Hebbville Fire Hall, 205 Century Drive, Hebbville
Thursday, August 15, 2019 – 8.14 p.m.

ATTENDANCE

Blockhouse Fire Department
Conquerall Bank Fire Department
Cornwall & District Fire Department
Dayspring & District Fire Department
Hebbville Fire Department
Hemford & District Fire Department
Indian Point Fire Department
Italy Cross/Middlewood & District Fire Department
LaHave Fire Department
Martin's River Fire Commission
Midville & District Fire Department
New Germany Volunteer Fire Department
Oakhill & District Fire Department
Petite Riviere Fire Department
Pleasantville & District Fire Department
Riverport Fire Commission
Tri-District Fire Services
United Communities Fire Commission
Walden Fire Department
Wileville Fire Department

FESC: Brian Keizer, District 1 & 2 Fire Commission, Chair
Deputy Chief Steve Patterson, Cornwall Fire Department, Vice Chair

Staff: Chris Kennedy, Fire Services Coordinator
Alex Dumaresq, Deputy Chief Administrative Officer
Sandra Challis, Administrative Assistant

Other: Ed Nix, representative of BFL Canada

1. CALL TO ORDER

Mr. Keizer called the meeting to order at 8.14 p.m.

2. PRESENTATION ON PROGRESS TO DATE ON GENERAL LIABILITY INSURANCE

Alex Dumaresq gave a presentation to the Committee to explain the situation behind the General / Liability Insurance subject. The following points were made:

- Municipal and Fire Service General Insurance had previously been purchased in bulk through UNSM (now called the Federation of Nova Scotia Municipalities).
- The Municipal Joint Services Board (MJSB) required new insurance, as their existing policy was not serving their needs, and the other local municipal organizations saw an opportunity to jointly procure. The six units are: MJSB, MODL, MODL Fire Services, LCLC, Town of Bridgewater and Town of Mahone Bay
- It was recognized that each of the units had different needs for insurance, with different assets and different exposures for risk. An RFP was issued, based on a hypothetical insurance policy register; trying to standardize where possible. Insurance needs of Fire Services differ from those of the original MSJB policy register and negotiation would be expected following the award of the contract, as the hypothetical policy was really for comparison purposes.
- Two responses were received, Cowan (the current provider) and BFL. The units agreed they did not have sufficient expertise to provide quality analysis of the quotes, so a consultant, Sigma, was hired to provide a recommendation
- Sigma evaluated the bids based on set of defined criteria, they identified that BFL were slightly better than Cowan from a qualitative standpoint (92/100 compared to 90/100), and BFL were far better than Cowan from a price perspective (\$185,885.00 compared to \$225,180.00 based on the hypothetical coverage). Therefore, they recommended BFL be awarded the contract.
- Sigma did not carry out a comparative analysis with the existing policies, they only considered the hypothetical policy that was part of the RFP.
- The proposal was discussed by the Fire & Emergency Services Insurance Sub-Committee and then by the full FESC Committee.
- BFL provided three different options. FESC recommended Option 2 as it was closest to the current levels of deductibles, coverage was improved, and most departments would see savings.
- Some of the advantages to the new policy were the aggregate liability limit increased from \$10M to \$25M, there is no age limit on replacement costs for vehicles and new and improved coverage for fraud.
- Option 2 meant that eight departments would see an increase in premiums if there was no change in the way insurance grants are calculated. FESC directed Staff to prepare revisions to the grant in order that no department would pay more for insurance as a result of the change.
- The purpose of the meeting was to seek input from the departments before FESC took it to Council to execute the new contract.

3. Q&A with BFL Canada

Ed Nix, the representative from BFL gave some further information on the policy.

- BFL deductible for trucks and apparatus was a flat rate of \$2,500, regardless of the size/value/age of the vehicle. Cowan, the current provider, had scaled deductibles that could range between \$5,000 and \$10,000 for newer vehicles. However, the BFL deductible for claims on smaller fleet vehicles, a pick-up for example, would increase.
- An increase in the liability limit to \$25M when departments are operational would be a huge benefit, especially for mutual aid calls.

- BFL offered increased coverage on theft of money, from \$100,000 to \$1M. This increase would be beneficial to departments raising money for a new piece of equipment or building for example.
- BFL covered Social Engineering Fraud up to \$100,000 – being tricked into giving money away, through phishing emails or similar.
- BFL did not impose age limits on vehicles, providing it is an emergency vehicle.
- Programs were very similar beyond these features.
- Departments would generally see cost savings of between 8-10% while increasing deductibles a little.
- Claims would be dealt with using local representatives.

The following questions were asked and answered:

✚ Are there any changes to the Oil Tank Policy?

Currently this policy, for on-site oil tanks is purchased separately by Departments should they wish. BFL have waived costs for coverage for on-site oil tanks for the up-coming year (2019/2020). They will carry out an oil-tank audit and it will likely revert to be an optional additional policy for the 2020/2021 period and going forward. Off-site tanks are covered under the environmental section of the schedule.

✚ Who do Departments contact if they need clarification on coverage?

Departments should contact BFL directly with specific questions, or pass them through the Fire Services Coordinator, who will be cc'd on any direct communications. This is no different from the way Departments dealt with the previous insurer.

✚ How is the premium likely to increase in the coming years?

There have been many changes in the industry in the last two years, with many takeovers and acquisitions in the insurance market. This will have an impact on rates, and it is likely that the norm of 3-5% increases has come to an end for the time being. The RFP provided an opportunity for a competitive pricing contest.

✚ Is Directors and Officers Liability Insurance still needed?

There are different regulations depending on how the Fire Department/Commission is set up determining if this coverage is a necessity. If a department currently has separate coverage for this, they should contact BFL so that they can look at the unique qualities, needs and legislative requirements of the individual department.

✚ What is the Forest Fire Fighting Expense Liability?

This currently is only effective for fire departments in Ontario, where the Province has the ability to recover costs from departments who may inadvertently spread a fire during a live exercise for example.

4. GROUP INSURANCE PROPOSAL & GRANT DISTRIBUTION

Brian Kaizer reviewed the memo regarding the group insurance proposal and grant distribution (circulated with agenda).

- It was noted that this was a group policy and there is no opportunity for Departments to opt in or out of participation.
- Although there were approximately \$16,000 in savings overall, there was an increased premium for eight departments, mostly due to the increased coverage they would now be getting, especially for fleet vehicles. Under the Cowan program an older vehicle (over 20 years) would probably not have been covered, or at a very low cost, (as there was little-to-no replacement value) and under the BFL program, these vehicles could now be covered.
- The memo reflected that the allocation of the Insurance Grant had been adjusted for these eight departments so that they would pay the same premium as the previous year and see no increase in costs for this year.
- If accepted, the new grant distribution formula will be used on a go-forward basis setting a new baseline.
- If the Group personnel policy becomes a reality, insurance grants will be re-visited and reviewed.

Concern was raised with regard to whether the eight departments should receive additional funding when they are benefitting from better insurance coverage?

As the insurance policy renews in October and realising budgets and tax rates have already been set for this year, the FESC did not want there to be any unpredictable increases for these departments for 2019/2020, therefore the grant distribution had been altered.

It was commented that the original insurance grant was scheduled to increase, and although this has happened, it has not kept in line with premium increases.

5. Vote on Proposal

It was noted that the proposed motion (circulated with agenda) should be amended to reflect that the eight departments would only not see an increase in the 2019/2020 fiscal year.

Moved by Chief Ed Arab, seconded by Chief Corey Zinck 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, in this fiscal year (2019/2020), as a result of accepting Option 2.

Carried unanimously.

6. ADJOURNMENT

There being no further business at 9:00 p.m., it was moved by Chief Arab that the meeting adjourn.

Carried Unanimously.