



The Corporation of the Township of King Report to Council

From: Community Services – King Fire and Emergency Services
Report Number: COM-KFE-2025-001
Date: Tuesday, June 17, 2025
Title: **Fire Services Cost Recovery Enhancement**

Recommendation

1. That Council receive Report COM-KFE-2025-001.
2. That a cost recovery program to recover firefighting costs on behalf of King Fire and Emergency Services (“KFES”) for incidents pertaining to property damage on a percentage basis as further described in this report be approved.
3. That a single source be awarded to Fire Marque Inc. for the use of this service.
4. That the fees for cost recovery through Fire Marque Inc. be established through an update to the Fees and Charges By-law 2024-096, as amended.
5. That By-law Number 2025-049 to authorize cost recovery with respect to Fire Department specific response, be enacted at this evening’s Council meeting.

1. Report Highlights

- The majority of insurance providers carry a rider related to coverage for costs incurred by fire departments for the operations associated with house fires.
- This specific rider is seldomly drawn upon as it is largely unknown and municipalities are generally not equipped from an administrative perspective to resource collecting these potential revenues.
- As this rider is already built into insurance premiums, there is no additional cost to the taxpayer for a municipality collecting these revenues from the insurance provider.

2. Purpose

The purpose of this report is to seek approval to adopt a by-law to allow for a cost recovery program to recover firefighting costs from insurance companies for KFES’ attendance at incidents pertaining to property damage on behalf of KFES on a percentage basis as further described in this report.

3. Background

Most commercial and home insurance policies provide coverage for Fire Department charges under the insured peril clauses of the owner's policy. The provisions for Fire Department expense coverage can range from \$500 to \$25,000.

Municipalities do not typically have the expertise to initiate claims for cost recovery from insurance companies related to fire incidents, however, there are external companies that provide this service on behalf of municipalities. In discussions with other York Region municipalities who have undertaken a similar review, and a subsequent procurement process, it was reported that Fire Marque Inc. was the successful proponent. Other municipalities using Fire Marque Inc. including Central York, Kitchener, Barrie, North Bay, Port Hope and Bradford, plus several smaller municipalities and Fire Departments in other provinces.

4. Analysis

To enhance the current cost recovery program, KFES recommends entering a cost recovery program for the recovery of Fire Services costs from insurance companies. This opportunity will provide additional revenues to offset future expenditures.

If Council approves this cost recovery program it will be delivered by Fire Marque Inc. through a sole source. Staff are unaware of any other suppliers of proponents who provide this service, with Fire Marque Inc. being the representative for over 100 municipalities.

Fire Marque has developed "Indemnification Technology", a trademarked program, to assist in accessing monies available through insurance companies by initiating claims on behalf of the municipality. Indemnification Technology maximizes the billing opportunities by invoicing insurance companies directly for costs of Fire Department attendance with respect to insured perils using pre-existing clauses within insurance policies.

The Indemnification Technology program was created by Fire Marque Inc. and there are no comparable services offered in the marketplace.

Fire Marque Inc. provides this service based on a 70/30 division of the recoverable amount (70% to the municipality; 30% to Fire Marque Inc.). No expenses are incurred by the municipality if Fire Marque Inc. is not successful in their attempts to collect against an insurance policy. Under this program, no attempt will be made to collect any costs from any property owner who is not insured, and only if insurance coverage is available under the program. There is no impact to the owners of the policies, either through fees, claim limits, or policy cost adjustments.

The 30% has been established as their standard and the same rate is paid by all municipalities that are part of the program. In consultation with other Fire Departments, KFES is unaware of any municipalities who have successfully undertaken this function in house. KFES is not equipped with the proper expertise to execute cost recoveries through the insurance industry.

For KFES to be able to successfully recover the costs from insurance companies a bylaw to authorize cost recovery with respect to fire department specific response must be established. As well as an update to the Fire Section in the current by-law 2024-096 (User Fees) is required.

5. Financial Considerations

If approved by Council, the Township will enter into a contract for a one (1) year term, plus four (4), one (1) year optional terms.

As noted above, Fire Marque Inc.'s compensation is based on the amount recovered from the insurance company. They have a standard fee equal to 30% of the recovery received from the insurance company. If a recovery is not realized, Fire Marque Inc. does not earn any fees and there is no cost to the Township.

With respect to forecasting revenue, annual recovery amounts will vary each year. As this is a new program to KFES and the amount of insurance coverage can range from \$500 to \$25,000 depending on the policy provider, it is difficult to provide an analysis of potential revenues at the current time.

Historical data is provided below illustrating the potential billable incidents under this program over the past 3 years:

2024 - 4
2023 – 16
2022 – 25

Understanding that calls of this nature fluctuate on an annual basis it is difficult to estimate. Staff will monitor the revenue collected in 2025 to provide an estimate into the 2026 budget of potential recovery.

6. Alignment to Strategic Plan

The 2023-2026 Corporate Strategic Plan (CSP) was adopted by Council on June 12, 2023. The CSP reflects the priorities of upmost importance to the community and defines the obligations and commitments of the Township of King to its citizens and to the public. The CSP is aligned with the Townships long-term vision defined in the “Our King” Official Plan. The CSP also aims to ensure that staff initiatives focus on and work towards supporting King’s Vision, Mission and Values.

This report is in alignment with the CSP’s Priority Area(s), and/or associated Objective(s) and/or Key Results(s):

Priority Area: Service Excellence

Objective: Not Applicable.

Key Result: Not Applicable.

7. Conclusion

In a climate where municipalities consistently are experiencing increases in costs, any opportunities for additional revenue streams become vital. To this effect, KFES recommends entering into a cost recovery program for incidents pertaining to property damage on a percentage basis as described in this report. This opportunity will provide additional revenues to offset future expenditures.

8. Attachments

Appendix 'A' - Fire Marque Brochure; Information for Property Owners about the Fire Marque Program and Your Municipality

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