



February 24<sup>th</sup>, 2020

Mr Ed Holder  
Mayor, City of London  
P.O. Box 5035  
London, ON  
N6A 4L9

CC Cathy Saunders, City Clerk, City of London

Dear Mayor Holder:

We are writing to you in response to the ongoing discussion in regard to charging for Fire Fighting Services in the City of London. The only third party company that we are aware of that assists Municipalities in this process is Fire Marque Inc. I am writing to you to express my concern about the misleading claims and facts that are being communicated to public organizations such as yours by this company in this regard.

The Insurance Broker's Association of Ontario (IBAO) is an Association of independent brokers that represents approximately 14,000 members working in roughly 1,200 insurance brokerages across the Province. The London Insurance Brokers Association (LIBA) represents over 300 members working in roughly 20 brokerages in London. The broker network distributes in excess of 50% of all personal lines products and over 90% of all commercial lines products in Ontario. IBAO members service in excess of 6 million policy holders on an annual basis.

The IBAO is the largest of a group of broker associations that represent insurance brokers and consumers across Canada. Each of our associations are heavily involved in insurance industry advocacy from a consumer interest perspective.

Fire Marque has been brought to the IBAO's attention over the past couple of years in regard to complaints from our members in regard to the misleading claims that charging for Fire Fighting Services has no impact on property insurance premiums that the voting public pay. Although some local authorities have partnered with Fire Marque, there seems to be mixed public support in the market for their business activities. This is

evidenced by several of the public statements being made by the local authorities that have seen through their business proposal.

I am writing to you to point out that there are certain statements that they make on their website, which they may or may not make in their business presentations, that are factually incorrect.

For example, their web site states, within the Property Owner's Q&A:

"Will insurance rates go up as a result of the Fire Marque program?"

Essentially, No. ....

Insurance companies have already calculated the premiums to include charges for Fire Department services."

You should be aware that, this is definitely not how the insurance industry prices its property insurance products. An insurance policy is priced based on two factors: the coverages offered by the policy and most importantly, the claim experience or cost directly associated, or 'PAID' experience, with those coverages.

If coverage exists where there is little or no cost associated with, the insurance policy cost will reflect this. As this cost increase to the insurance company grows, the insurance policy price will grow accordingly (assuming the coverage itself remains constant). If the City of London increases the direct cost of claims historically 'paid' by Insurance Companies due to your claim for Fire Fighting Services, then the cost of property insurance policies will naturally increase accordingly. A double taxation on the voting public as it were.

It is therefore factually incorrect for Fire Marque to assert that rates will not increase 'as a result of the Fire Marque program'. The same misstatement of fact made on their Q&A section relating to Municipalities. The IBAO has written to Fire Marque and have requested these changes to their business pitch and website to which they have so far refused.

We are more than happy to introduce you to a Mayor of a municipality in Ontario who consulted with industry regarding Fire Marque's claims before making a decision. We can also introduce you to a number of industry experts that operate from the insurance company perspective or regulator, consumer protection perspective that may assist in your current understanding of our industry to help make your consumer proposition accurately reflect the industry's realities.

We will request an opportunity to speak as a delegation before the Community and Protective Services Committee should a report be requested by council and submitted to the Committee.

Thank you.

Regards,

A handwritten signature in black ink, appearing to read 'Colin M. Simpson', with a long horizontal flourish extending to the right.

Colin M. Simpson  
Chief Executive Officer, IBAO

A handwritten signature in black ink, appearing to read 'Suzanne Pountney', with a stylized, cursive script.

Suzanne Pountney  
Territory Director, IBAO

A handwritten signature in black ink, appearing to read 'Sam Off', with a long horizontal flourish extending to the right.

Sam Off  
President, LIBA