



## Memorandum

To: Council

From: Alain D. Muise, CPA, CA,

Re: Insurance premium increase – fire departments

We have received our insurance premiums for both Argyle and the Fire Departments. As anticipated, the insurance premiums have increased, as the insurance companies have warned that there would be an adjustment.

The issue at hand is that there has been a considerable claim at the worst possible time. The loss was incurred by Eel Brook Volunteer Fire Department (EBVFD), and as you know the insurance paid for replacement cost of a vehicle. The loss was about \$420,000. It is only the second loss on our insurance policy in 10 years and the other was about \$4,500.

The result has raised eyebrows. Premiums increased 46%, from \$86,800 to \$126,900. We have been told by the insurance broker that about 15% of it is market, and the remainder represents an attempt to recover from the loss incurred by EBVFD. Our Fire Chiefs requested my participation at a meeting on April 19<sup>th</sup> at the Wedgeport Hall. They are upset at the increase and wish for Argyle to shop for alternative coverage. I am in contact with the broker on this matter. The departments thought that being in a group insurance with all other fire departments would protect them from such a sharp increase, so they are left feeling misinformed.

Insurance premiums are initially paid by us, then we bill the fire departments for their portion. As part of the budget process, we must assume the worst, which is that we have a \$40,000 increase in premiums in one year. Immediately, I asked the broker to provide me with an estimated increase directly associated with EBVFD loss and it amounts to \$29,900 rounded.



As part of the budget process, I will be recommending to Council that this portion not be billed to the fire departments at this time, and that MODA would absorb that cost as part of their contribution. I am not looking for Council approval at this time, more for information for you to consider during our budget deliberations. The work with the insurance company is ongoing, and a recommendation will come out of that work. There are limited insurance companies that provide this level of comprehensive insurance coverage, so we must take this into account as well.

Attached is the working paper provided to us by our Insurance Broker.