

**Subject:** Volunteer Firefighter Life Insurance Reserve Update

**Recommendation:**

**BE IT RESOLVED THAT Council receive Report # 2022-0288-  
Corporate Services – Volunteer Firefighting Life Insurance Reserve  
Update;**

**AND THAT Council support the allocation to the Volunteer Fire fighter  
Life Insurance Reserve Fund decrease from \$12,500 a year to the  
premium amount per year from VFIS of Canada (\$2,500 in 2022);**

**AND THAT Council approve, in principal, By-law #4313(2021) be  
amended to reflect this decrease in allocation from \$12,500 to the  
premium amount and a decrease in the maximum balance of the  
reserve fund from \$125,000 to \$10,000.**

**Background:**

Prior to February 1, 2021, the Town of Pelham provided a life insurance policy of \$25,000 to all active volunteer fire fighters. If a fire fighter passed away from any cause, the life insurance was paid out by an insurance provider, to which the Town in turn paid an annual premium of \$12,500 for coverage. On February 1, 2021, the Town decided to self-fund this life-insurance by establishing a Reserve Fund which earns interest annually. The **current Volunteer Fire Fighters' Life Insurance Reserve Fund** is as follows:

Purpose of the Fund: Life Insurance for Active Volunteer Firefighters

Funding Source: \$12,500 annual allocation from operating budget, to a maximum balance of \$125,000 plus interest.

Drawdowns: \$25,000 to a deceased volunteer firefighter's beneficiary, if a volunteer fire fighter dies while being an active fire fighter with the Town of Pelham.

Investment of the Fund: The funds are to be kept in a segregated bank account with interest revenue allocated on an annual basis.

In May 2022, VFIS of Canada approached the Town with an option for volunteer firefighter insurance coverage at an annual rate of \$2,500 per year.

VFIS of Canada provides the Town's volunteers up to \$100,000 of Accident & Sickness Death coverage and Disability to protect them from any out of pocket income loss they might suffer when injured. For example, if a volunteer is making \$1,700/week at his/her employer, gets hurt as a volunteer firefighter acting on Pelham's behalf, WSIB will only pay \$1000/week. VFIS insurance can make up the difference of \$700/week. This was not a benefit previously offered by the Town.

For \$2,500/year, the Town transferred the risk to VFIS of Canada which will pay the Town's firefighters for Death or Disability when acting as a volunteer firefighter. This insurance also pays for the Fire Department's administrative staff as well. Those who are full-time would be covered under the Town's employer group benefits coverage. This is an annual premium and covers all the volunteer firefighters. It covers Cancer and also covers Mandatory Quarantine which was popular during the COVID days and is still valid. If a Pelham firefighter is at an event authorized by the fire department and he or she catches COVID at this event, the insurance will pay for his or her quarantine time.

### **Analysis:**

There are 11 municipalities in the Niagara Region that are funding the volunteer fire fighters under VFIS of Canada. Only Pelham and one other municipality were not with VFIS of Canada. The Town decided to purchase this Life Insurance for the Volunteer Fire Fighters in June 2022.

### **Financial Considerations:**

The Town has switched from an expensive premium plan of \$12,500 a year to self-funding a reserve fund which in both cases would only provide the fire fighter a \$25,000 payout. By opting into the VFIS of Canada insurance plan, it provides an additional \$75,000 insurance coverage to the fire fighter for a total of \$100,000 with a \$10,000 cheaper contribution by the Town. As a result of having this new insurance, the Volunteer Fire Fighters' Life Insurance Reserve Fund needs to be amended.

### **New Amended BY-LAW #4506(2022) is as follows:**

Purpose of the Fund: Life Insurance for Active Volunteer Firefighters

Funding Source: Annual premium to VFIS of Canada from operating budget, to a maximum balance of \$10,000 plus interest.

Drawdowns: the premium amount for VFIS of Canada

Investment of the Fund: The funds are to be kept in a segregated bank account with interest revenue allocated on an annual basis.

As of December 31, 2022, this Reserve Fund will have a balance of \$37,500. Therefore, for approximately the next 11 years the premium of \$2,500 will come from this fund with no impact to the operating tax levy budget until the maximum balance of \$10,000 is reached.

**Alternatives Reviewed:**

N/A

**Strategic Plan Relationship: Financial Sustainability**

The Town is maintaining financial sustainability by obtaining better life insurance for the volunteer fire fighters (increasing from \$25,000 to \$100,000 of coverage); while decreasing the cost to fund this life insurance (from \$12,500 to \$2,500 a year).

**Consultation:**

Senior Leadership Team

Human Resources Coordinator

**Other Pertinent Reports/Attachments:**

Amended BY-LAW 4506(2022) on the December 19, 2022 Council Agenda.

**Prepared and Recommended by:**

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