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LICENCING AGREEMENT FOR INSURANCE CLAIMS AND CERTIFICATE SYSTEM

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, September 11, 2003, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Staff be authorized to licence the Region's insurance Claims and Certificate System (CCS) to the Ontario Municipal Insurance Exchange (OMEX) for a fee of \$10,000 per year.
2. Legal Services be directed to prepare the Insurance Claims and Certificate System licencing agreement.
3. The Region's Purchasing Bylaw be waived to permit enhancements to CCS to be awarded to TimeSlice Technologies Inc. for a period of up to 3 years to a maximum amount of any licencing fees received.
4. A CCS Software Reserve Fund be established to fund enhancements to this system using receipts from licencing fees.
5. The Regional Treasurer and Clerk be authorized to sign any documents necessary to implement the licencing agreement.

2. PURPOSE

The purpose of this report is to recommend a licencing agreement for the Region's insurance claims and certificate system.

3. BACKGROUND

In 1999, the Finance Department undertook a search of the market to find a pre-package software system for tracking insurance claims data and insurance certificate information. The search revealed that there were a limited number of generic packages available in the market for a wide range of costs up to \$120,000 plus annual licencing fees. In the end the Region developed its own system called the Claims and Certificate System at a cost of less than \$25,000.

Since the Region's insurance Claims and Certificate System was designed specifically for municipal use, other municipalities have expressed a desire to acquire it. However, Regional staff are not in a position to provide support for this product nor could it

recommend that the Region provide unfettered access to the proprietary source code of the system that would be needed for others to use it.

In order to allow the CCS to be available to others, staff approached OMEX with a licencing proposal. Under the proposal, the Region would retain full ownership of the CCS and control over its source code but OMEX would be able to make the software available to all of its members at no charge. Furthermore, OMEX would arrange with a software developer (such as TimeSlice Technologies) to provide support services for user municipality.

In exchange for this “licence”, OMEX would pay the Region \$10,000 per year which would be used by the Region to fund further enhancements to the system as required.

4. ANALYSIS AND OPTIONS

The Claims and Certificate System is comprised of two functions.

The insurance claim component records information on the claimant, any payments made, adjuster and legal information and activity tracking as well as it generates various risk management reports and historical trend analysis. The Region has approximately 4000 claims in its database of which over 1000 open claims are being actively managed at any given time. The number of claims is anticipated to increase dramatically with the onset of performance based contracts such as those now in place with transit.

The insurance certificate tracking component provides a full certificate management system that tracks and maintains the insurance certificates required for capital construction and all outside vendors and service providers. The system includes renewal indicators as well as letter generating capabilities. The Region currently tracks 850 active certificates each year but maintains an historical database of approximately 2260. Certificates are required as proof of insurance that the companies/vendors meet the Region’s preset policy and procedures to ensure we are adequately protected.

In order for the insurance Claims and Certificate System to be maintained as a state of the art system, it will need to undergo periodic updates and enhancements. It is proposed that the \$10,000 per year license fee from OMEX can be used for achieving this at little or no cost to the Region. As the developer of this product and ongoing support provider to OMEX, it is proposed that TimeSlice Technologies Inc. be used for making these enhancements for the next 3 years after which time a full review of the arrangement would be undertaken. As a result, upgraded versions of the product would be also available to all of OMEX’s member municipalities as part of the annual licencing fee.

Finally, since the cost of enhancements to the CCS may vary from year to year, it is proposed that a reserve fund be established for this purpose to be funded by any licencing fees for it that are received by the Region.

5. FINANCIAL IMPLICATIONS

The Region would receive a licencing fee of \$10,000 per year fee from OMEX. This fee would be used towards the cost of enhancements and the future development of the CCS system. It is recommended that in-year surpluses be deposited to a reserve fund to address costs associated with the enhancements and upgrades.

6. LOCAL MUNICIPAL IMPACT

Currently six municipalities within the Region of York are members of OMEX and would benefit from access to this system.

7. CONCLUSION

The report recommends that the Region licence the CCS system for a fee of \$10,000 per year to OMEX for use by its member municipalities at no cost.

The Senior Management Group has reviewed this report.