

November 4th, 2020

Re: LAS Response to Letter from Resident –regarding – Service Line Warranties of Canada

Dear Mayor Mayhew and Member's of Council,

Local Authority Services (LAS) is a not-for-profit founded in 1992 by the Association of Municipalities of Ontario (AMO). LAS leverages economies of scale, group buying power and expertise in the municipal sector to offer business services to help municipalities save money, generate revenue, and improve staff skills and capacity. By working together, municipalities can work better.

LAS selects business partners using competitive bidding processes that comply with municipal standards and trade agreements. We get to know them and make sure that they understand our customers as well as we do.

Service Line Warranties of Canada (SLWC) is a subsidiary of HomeServe PLC. HomeServe was founded in 1993 in the United Kingdom and has grown to a market cap size of over \$2 billion dollars. They are the largest international service provider for service line warranty programs and currently operate these programs in Canada, the United States, the United Kingdom, France, Spain, and Japan. SLWC partners with municipalities to offer their residential homeowners a low cost, high coverage warranty program for their privately owned water and wastewater service lines.

Through their North American business, they currently operate service line warranty partnerships with over 1,000 municipalities and utilities. From these partnerships, they have enrolled over four million homeowners encompassing seven million service contracts.

Over the last three years, they have processed over 1.3 million claims saving homeowners over \$454 million dollars in private infrastructure repairs.

Many homeowners do not realize that they are responsible for the private side of their service lines, extending from the public infrastructure to their homes. The cost of repair and/or replacement of those service lines can be extremely expensive. Most homeowner insurance policies do not contain coverage for these service lines should they fail. SLWC provides an optional warranty program for residents to mitigate this risk.

There is no cost to Southwest Middlesex to offer this optional program to their residents. There is also an optional revenue component available to municipalities, which Southwest Middlesex has chosen to take. Most of our Ontario municipal partners have opted to take the royalty; however, it can also be applied as a discount to the homeowner premium.

All private infrastructure repairs are done by Ontario-based licensed, bonded, and insured contractors.

As of today, LAS and SLWC has partnerships with 64 Ontario municipalities, including the Region of Peel; Utilities Kingston; Ottawa; and Windsor. The program is currently tracking with a 98% customer satisfaction rate across the 64 partnerships in Ontario.

Additionally, SLWC has strategic corporate partnership with the Federation of Canadian Municipalities.

The service line warranty program was launched in Canada by way of an interlocal RFP tender, issued by the City of Hamilton in 2014. LAS partnered with SLWC confident that the City of Hamilton satisfied and complied with Municipal Procurement requirements to facilitate their partnership with SLWC.

Again, this service line warranty program is ***optional*** for Southwest Middlesex homeowners. Coverage is offered for the private water service line, sewer lateral and interior plumbing and drainage. Each product can be purchased together or separately with monthly costs ranging from \$5-\$20, depending on coverages selected by the homeowner.

All components of the program are administered by SLWC at no cost to the municipality, including: marketing, enrollment, billing and claims. This partnership is a co-branded marketing agreement between the municipality and SLWC.

SLWC has an A+ rating from the Better Business Bureau and has received numerous customer service awards for excellence in the industry.

This program provides piece of mind for homeowners in Southwest Middlesex. Aged infrastructure both on the private and public side is an ongoing challenge for municipalities.

This is a program that can mitigate the significant financial risk of these service line failures. Vulnerable homeowners, such as seniors, those on a fixed income, and those who reside in older homes with aged pipes, are especially at risk. A service line warranty partnership with SLWC of Canada allows Southwest Middlesex to offer an optional risk mitigation program for their residents without capital investment or administration costs.

Any additional questions or concerns can be forwarded to Eleonore Schneider, Program Manager at eschneider@amo.on.ca or 416-971-9856 ext 320.

Sincerely,



Judy Dezell
Director, Local Authority Services