

Subject: York Region Municipalities Insurance Pool

Staff Report No. FIN-002-26

**Department/
Commission:** Finance Services Commission

Date: February 18, 2026

Recommendation:

- 1) That Council receive Report No. FIN-002-26 for information; and
- 2) That Council appoint the Commissioner of Finance & Treasurer to represent the Town of Whitchurch-Stouffville on the Board of the York Region Municipalities Insurance Pool, with delegated authority to make the requisite decisions.

Report Highlights

- York Region and most local municipalities plan to form a shared insurance pool to manage insurance together, stabilize costs, and reduce reliance on the commercial insurance market.
- Independent analysis shows significant savings, with insurance costs expected to be about 20–25% lower over time, while the Town’s main deductibles remain largely unchanged.
- The Town would commit for five years and have a seat on the governing Board, helping oversee the pool, which is planned to launch on July 1, 2026.

1. Purpose:

This report is to provide Council with information on the York Region Municipalities Insurance Pool (YRMIP) being created and to authorize the Town’s Treasurer to negotiate and execute the necessary agreements and represent the Town of Whitchurch-Stouffville on the Insurance Pool Board.

2. Background:

Insurance pools are used to stabilize insurance costs

An insurance pool is a group of like business entities that come together to create their own insurance community to increase their buying power and lower overall cost of

insurance. Purchasing the primary insurance program through a pool offers greater premium stability compared to individual entities purchasing coverage directly from insurance companies.

There are two well-established municipal insurance pools in Ontario. Waterloo Region Municipalities Insurance Pool was established in 1998, and Durham Municipal Insurance Pool was established in 2000. Simcoe Municipalities Insurance Pool was most recently established on June 1, 2025.

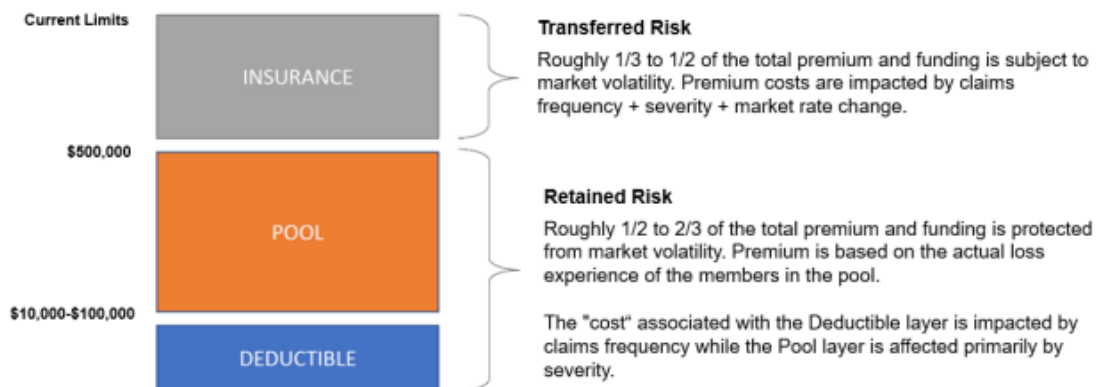
Actuarial analysis was conducted to assess feasibility of establishing the Insurance Pool

An actuarial analysis was conducted to evaluate the financial viability and sustainability of establishing the Insurance Pool for York Region and all nine municipalities, with results indicating potential insurance cost savings of approximately 20%.

Insurance pool structures consist of three layers: deductible, pool, and insurance

Figure 1 illustrates insurance pool structures, indicating where risk is either transferred (insurance) or retained as part of the pool or deductible layer.

**Figure 1
Pool Structure**



3. Analysis:

3.1 Municipalities in York Region proceeding with Municipal Insurance Pool

The Town as well as York Region, East Gwillimbury, Georgina, King, Newmarket, Richmond Hill, and Vaughan are the municipalities proceeding with establishing the YRMIP.

3.2 Municipalities Not Participating & Future Participation

Aurora and Markham have declined to participate in the YRMIP. The YRMIP Subscriber's Agreement will outline requirements for future participation. Any new municipalities joining after inception would be required to meet criteria set by the Board, as well as incurring additional costs for assessment and inclusion in the YRMIP.

3.3 Insurance Types and Deductible Amounts

During the implementation phase, the types of coverage associated with the YRMIP were determined to be Liability, Property and Automobile. Deductibles for each participating municipality are outlined in Table 1 below.

Table 1
Deductible Selection for Participating Municipalities

Municipality	Liability			TIV ¹ (in millions)	Property		2024 # of Vehicles	Automobile	
	2024 Population	Current Deductible	Proposed Deductible		Current Deductible	Proposed Deductible		Current Deductible	Proposed Deductible
Town of Georgina	50,519	50,000	25,000	286	50,000	50,000	135	50,000	25,000
Town of East Gwillimbury	43,175	25,000	25,000	217	25,000	25,000	62	10,000	10,000
City of Vaughan	350,499	150,000	250,000	852	25,000	100,000	445	25,000	25,000
Township of King	29,179	50,000	25,000	132	50,000	25,000	125	50,000	25,000
Town of Newmarket	90,251	50,000	50,000	316	25,000	50,000	156	10,000	25,000
York Region	1,251,739	1,000,000	250,000	3,250	100,000	100,000	1,813	1,000,000	250,000
City of Richmond Hill	206,342	50,000	100,000	804	50,000	100,000	199	25,000	25,000
Town of Whitchurch-Stouffville	52,448	10,000	25,000	173	25,000	25,000	102	10,000	10,000

¹ Total Insured Value

The Town's deductible in the YRMIP will be \$25,000 for Liability and Property and \$10,000 for Automobile, resulting in no change to the Town's current deductibles for these insurance coverages (at the time, Table 1 above was completed the Town's liability deductible was \$10,000, this has since increased to \$25,000). The Town will still be required to purchase the following insurance coverages outside of the YRMIP:

- Cyber
- Pollution Legal Liability
- Aviation Liability (Drone)
- Annual Low Risk (Facility User Insurance Program)

3.4 Insurance Pool Levies

An insurance pool levy is a contribution from participating municipalities to help cover costs and spread risk among the group. The levy helps ensure the Insurance Pool has sufficient funds to pay claims, purchase excess insurance, and cover its operational expenses. Each municipality will be assessed an annual pool levy. The main considerations for allocating the levy are outlined in Table 2, with the resulting Insurance Pool levy amounts for each participating municipality presented in Table 3.

Table 2
Levy Allocation Considerations

Based on Expiring Premiums to Start	<ul style="list-style-type: none"> • Use expiring insurance premiums as baseline • Adjust for changes in deductible
Equitable	<ul style="list-style-type: none"> • Levies should be fair amongst municipalities • Reflect risk profiles of each municipality
Expected Inflationary Forces	<ul style="list-style-type: none"> • Expect inflation in levies over time • Exposures and claims costs are generally rising
Move to Experience Basis in Time	<ul style="list-style-type: none"> • In time, move to a levy allocation model that reflects pool experience while maintaining year over year stability

Table 3
Pool Levy Allocation

Municipality	Pool Levy (\$) ¹
Town of Georgina	871,251
Town of East Gwillimbury	507,760
City of Vaughan	3,772,873
Township of King	427,845
Town of Newmarket	1,494,073
York Region	5,317,635
City of Richmond Hill	1,654,129
Town of Whitchurch-Stouffville	429,523
Total	14,475,088

¹ Subject to exposure updates (changes in total insured property values, fleet size and population) at time of pool inception.

3.5 Cost Savings

As part of the implementation process, the actuarial analysis was updated with current information from all potential participating municipalities. Table 4 summarizes projected savings for each municipality over next 5 years. With eight municipalities as subscribers, the estimated 5-year direct savings is approximately \$30.9 million. Adjusting for deductible changes of \$1.1 million and an additional \$7.3 million in retained value as equity within the pool, the total potential savings grow to \$39.4 million after accounting for expected inflation. Based on data received, analysis concludes that significant savings could be achieved under the Insurance Pool. Savings over status quo are expected to be 20.1% during the set-up phase and grow to 25.6% at maturity. This equates to approximately \$5.5 million annually during the set-up phase and \$7.0 million annually at the maturity phase. These amounts include the pool levy, discounted losses retained by the pool, risk margin, operating expenses, excess insurance premiums, and surplus contributions.

Table 4
Projected Savings

Municipality	5-Year Potential Savings				
	Pool Levy vs Insurance Premium (\$)	Under Municipality Deductible (\$)	Overall Savings for Municipalities (\$)	5-Year Equity under Pool (\$)	5-Year Total Potential Savings (\$)
Town of Georgina	(1,793,450)	(129,576)	(1,923,027)	(435,920)	(2,358,947)
Town of East Gwillimbury	(1,097,041)	-	(1,097,041)	(254,851)	(1,351,892)
City of Vaughan	(9,458,348)	1,909,799	(7,548,549)	(1,905,766)	(9,454,315)
Township of King	(793,113)	(185,524)	(978,637)	(215,029)	(1,193,666)
Town of Newmarket	(3,217,268)	57,124	(3,160,144)	(740,722)	(3,900,865)
York Region	(9,440,908)	(3,738,142)	(13,179,050)	(2,718,984)	(15,898,034)
City of Richmond Hill	(4,020,557)	759,609	(3,260,948)	(824,324)	(4,085,272)
Town of Whitchurch- Stouffville	(1,105,234)	208,993	(896,241)	(225,111)	(1,121,352)
Total	(30,925,919)	(1,117,718)	(32,043,638)	(7,320,705)	(39,364,343)

** Note, the analysis in Table 4 pre-dates the Town's deductible change in 2025, and the 5-Year Savings is therefore reduced by the deductible adjustment, as presented in section 5.*

Subscriber Agreement

The Subscriber Agreement establishes the Insurance Pool program, details terms and conditions of participating, operations of the Board, funding for purchase of insurance and retained risk, calculation of the levy, purchase of insurance, accounting and financial reporting, operation of the fund, and other general provisions. The Subscriber Agreement requires a minimum five-year commitment. The deadline for signing the Subscriber Agreement is March 1, 2026. This timeline will ensure that all administrative preparations for the Insurance Pool can be completed before the planned effective date of Insurance Pool coverage on July 1, 2026.

The Subscriber Agreement delegates authority to the Municipal Insurance Pool Administrator to settle claims above each participating municipality's own deductible up to the Insurance Pool's limit of \$500,000.

3.6 Insurance Pool Board

Through the Subscriber Agreement, the Board will have the power and authority to supervise the management of the Insurance Pool. The Board will be composed of one staff member appointed by each participating municipality and each Board Member will have one vote. This ensures that each municipality has an employee representative on the Board to govern management of the Insurance Pool. With Council approval, the Commissioner of Finance & Treasurer will be authorized to represent the Town on the Insurance Pool Board. The decisions of the Board will bind the Town.

3.7 Insurance Pool Host

Establishing the management and administrative structure for the Insurance Pool, including the appointment of staff and setup of financial and operational systems, will be essential to its effective implementation and long-term sustainability. After extensive consultation between municipal administrations respecting which municipality could accommodate the program, the Region was selected as the Insurance Pool host and will provide the necessary resource requirements needed to support the Insurance Pool. As with other municipal insurance pools in Ontario, the management and administration costs are recovered through the levies and governed by the Board.

The Insurance Pool launch date is set for July 1, 2026, to allow for formation of the Board, procurement of excess coverage, and time to put the necessary administrative functions in place. These functions will include proactive risk management strategies, standardized claims handling, contract reviews, accounting services, and the development of consistent standard operating procedures across participating municipalities.

3.8 Insurance Pool Administration

Under the general direction of the Insurance Pool's Board, Axxima will provide a full suite of services including insurance program management, underwriting and broker oversight, actuarial consulting, accounting administration, claims management, and strategic risk consulting. This approach leverages specialized expertise to build foundational systems, policies, and governance practices while supporting participating municipalities with technical guidance and operational consistency.

This consulting-led strategy allows the Region to focus on oversight and coordination of administration while the Pool matures operationally. The total cost of the two-year outsourcing arrangement is estimated at \$2.4 million, which is fully accommodated within the financials already budgeted for the Insurance Pool.

The direct purchase with Axxima was conducted under the Region's Procurement By-law 2021-103, as the Region will serve as the Insurance Pool's host. The Agreement with Axxima will be signed by the Insurance Pool Advisory Board signatories. All

future procurements undertaken through the Insurance Pool will be conducted under the Region's Procurement By-law.

4. Options:

4.1 Option A (Recommended)

That Council receive Report No. FIN-002-26 for information and appoint the Commissioner of Finance & Treasurer to represent the Town of Whitchurch-Stouffville on the Board for the York Region Municipalities Insurance Pool.

5. Financial Implications:

This report identifies potential financial implications beyond the current budget year, including savings that could be identified through future budget processes.

As shown in Table 5, the Town expects to recognize annual savings of over \$200,000 (including equity) with that amount increasing each year thereafter. The Town's portion of the 5-year direct savings would be approximately \$896,241, inclusive of deductible changes, and an additional \$225,111 of retained value as equity, bringing the total potential savings over five years to \$1,121,352 as outlined in Table 5 below. As a direct comparison, the Pool Levy equates to 29.6% savings compared to the Town's actual 2025 insurance premiums.

Table **5**
Town of Whitchurch-Stouffville

Insurance Pool Costs vs. Status Quo Insurance (Projected)

	2025	2026	2027	2028	2029	Total 5-Years
Status Quo	\$624,987	\$656,237	\$689,048	\$711,241	\$783,829	\$3,465,342
Pool Levy	429,523	450,999	473,549	478,964	527,073	2,360,108
Pool Levy vs. Insurance Prem.	\$195,464	\$205,238	\$215,500	\$232,277	\$256,755	\$1,105,234
Current Ded. Loss Cost*	\$52,613	\$55,244	\$58,006	\$60,906	\$63,951	\$290,720
Proposed Ded. Loss Cost*	90,436	94,957	99,705	104,690	109,925	499,713
Levy Deductible Adjustment	-\$37,823	-\$39,714	-\$41,699	-\$43,784	-\$45,973	-\$208,993
Deductible Adjusted Savings	\$157,642	\$165,524	\$173,800	\$188,493	\$210,782	\$896,241
Annual Pool Equity Growth	51,836	57,902	63,376	24,320	27,676	225,111
Savings Incl. Equity	\$209,478	\$223,426	\$237,176	\$212,813	\$238,458	\$1,121,352

The Town's current insurance program renewed effective January 1, 2026, with policies expiring on January 1, 2027. The anticipated launch date of the YRMIP is July 1, 2026.

Participation in the YRMIP may require early cancellation of certain existing insurance policies approximately six months prior to their scheduled expiry. The insurance policies that may be subject to early cancellation include:

- Primary Liability – \$292,837
- Umbrella Liability (1st Layer) – \$50,035
- Umbrella Liability (2nd Layer) – \$23,002
- Garage Liability – \$2,500
- Property (including Equipment Breakdown) – \$188,643
- Automobile Liability – \$74,812
- Crime – \$1,500
- Council Out of Province Medical - \$420
- Council Accident – \$1,533

Early cancellation of these policies may result in penalties, typically estimated at 10% of the pro-rated premium for the remaining term. Despite these potential penalties, participation in the YRMIP is projected to generate material savings compared to the Town's current insurance costs. After accounting for early cancellation penalties, the Town would still realize an estimated net savings of approximately 15% over the balance of the year as compared to delaying entry into the pool until January 1, 2027, after which point the Town would realize the full 29.6%.

6. Broader Intergovernmental Impacts and/or Considerations:

All participating municipalities stand to benefit from establishing the Insurance Pool, with projected savings of approximately \$7.0 million annually by maturity. While each municipality would continue managing claims within their own deductible, Insurance Pool staff would assist with larger claims, ensuring a consistent approach. The Insurance Pool fosters effective, open and collaborative communication between the Region and its local municipalities, which will strengthen collective risk management.

7. Communication:

Not Applicable

8. Alignment with Strategic Plan:

1. Good Governance
Provide Good Governance
2. Organizational Effectiveness
To Elevate our Organizational Effectiveness

9. Attachments:

Attachment No. 1 - York Pool – Levy and Exposure Background Info.

10. Related Reports:

None

Report Author: Jeremy Harness, Commissioner of Finance & Treasurer

Report Contributors: Nikki Whaley, Senior Law Clerk

For further information on this report, please contact the Department Head: Jeremy Harness, Commissioner of Finance & Treasurer at 905-640-1900 or 1-855-642-8697 ext. 2243 or via email at jeremy.harness@townofws.ca.

Review Confirmation:

Reviewing Division	Review Required?				Reviewed By
Finance	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	
Legal	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	
Communications	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	
Clerks	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	