

## REPORT TO COUNTY COUNCIL

### 2024 Insurance Program

**To:** Warden and Members of County Council

**From:** Director of Corporate Services

#### RECOMMENDATIONS

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1. That County Council approve the 2024 General Insurance Program proposed by Intact Public Entities at a base premium rate of \$2,092,704, plus applicable taxes;
2. And further, that County Council approve the 2024 Social Housing Insurance Program proposed by the Housing Services Corporation (HSC) Group at a base premium of \$163,949, plus applicable taxes.

#### REPORT HIGHLIGHTS

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- Intact Public Entities proposed 2024 premium - \$2,436,955 (\$2,245,366 – 2023 revised premium); 8.5% increase over 2023, includes:
  - Intact Public Entities – Social Housing 2024 proposed premium \$335,766 plus HSC Fee of \$8,485.
- Housing Services Corporation (HSC)-Marsh – Social Housing 2024 proposed premium - \$163,949 (\$170,934 – 2023 quote).
- Procuring the County's Housing Insurance Program through HSC's Social Housing Program represents a savings of approximately \$180,300 or 7.4%

#### IMPLEMENTATION POINTS

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Upon Council approval of the recommendations contained in this report, the 2024 insurance programs will take effect January 1, 2024.

The HSC housing program term is November 1 to October 31, therefore staff will receive a proposal and report to Council with a recommendation in October 2024 regarding the 2025 housing insurance program.

## Financial Impact

The 2024 draft budget includes a provision of \$2.6 million, an increase of \$126,170 over the 2023 premium or 5.1%. This provision is expected to be sufficient to fund any minor adjustments that occur at the time of renewal and additional premiums to be paid in the course of the year for additions of property, fleet and equipment.

## Communications

County staff will work with Intact Public Entities and HSC to confirm all property and vehicle listings prior to the effective date of the insurance policy, January 1, 2024.

## 2023-2026 STRATEGIC PLAN

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Oxford County Council approved the [2023-2026 Strategic Plan](#) on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendations in this report supports the following strategic goals.

### Strategic Plan Pillars and Goals

PILLAR 1	PILLAR 2	PILLAR 3
		
<b>Promoting community vitality</b>	<b>Enhancing environmental sustainability</b>	<b>Fostering progressive government</b>
		Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

## DISCUSSION

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## Background

Fall 2021 was the last Request for Proposal that was issued by the County for the provision of Insurance and Risk Management Services, and only one submission, from Intact Public Entities (IPE), was received. Two plan takers issued letters to the County of no bid. The County's insurance program was awarded to IPE on the basis of their Request for Proposal submission for a one year term, January 1, 2022 to January 2, 2023, with the option to renew for each subsequent year, based on satisfactory performance and service.

Annually the County, as a Social Housing Services provider, is required to seek a quote from the HSC Group Insurance Program. The County was informed last year that IPE would continue to provide coverage for existing Social Services providers, however would not be taking on any new accounts. Since receiving that notice, we have seen a significant increase in IPE's premium for this portion of our insurance program.

When the Province uploaded social housing to the 47 designated Service Managers across Ontario, the Social Housing Services Corporation (SHSC) was established pursuant to the *Social Housing Reform Act, 2000*. Subsequently, this legislation was replaced with the Housing Services Act in 2011 and the SHSC was renamed the Housing Services Corporation (HSC). The HSC is an independent non-profit corporation that offers programs and services for social housing providers, such as natural gas purchasing, insurance coverage, business solutions, and financial services.

HSC's insurance brokerage services are conducted through HSC Insurance Inc., a fully owned subsidiary of Housing Services Corporation, and as such, the County is required to obtain a quote each year from HSC. In prior years, the quotes obtained from HSC have been more than the County's primary insurance carrier. The County has then opted out of obtaining insurance from HSC, subject to our primary insurance provider's insurance quote for the housing portfolio being a lower cost than HSC's and the County paying a prescribed fee.

The County was informed in 2023 that IPE is phasing out providing insurance to independent Housing Corporations for the 2023 term, however they would endeavor to retain housing portfolios where those operations are part of an existing municipal client's operations. As such, the County was not affected by this change in 2023. Nevertheless, considering the housing portion of the renewal quote from IPE has significantly increased over the past few years, exceeding HSC's quote for 2023 and again for 2024, staff have pursued the 2024 HSC proposal to achieve premium savings without compromising appropriate insurance coverage.

## Comments

Significant premium increases continue to burden the municipal sector province-wide, largely due to increased claims activity compounded by an unstable economy due to the pandemic and other economic factors, effectively constraining growth in insurance pools. This is the case with insurance markets and syndicates as a whole, because both public and private sectors' claims contribute to the volatile liability and property insurance market. In addition, there are several non-pandemic related drivers contributing to the escalating cost of claims, such as climate change and weather events, joint and several liability, apportionment of liability (1% rule), class

actions, cybersecurity, damage awards and future care costs. Regardless of whether these losses have impacted a municipality directly, the substantial escalation in the cost of claims to insurers and their syndicates heavily impacts the rates.

To demonstrate how these pressures have been impacting the cost of the County’s insurance program, Table 1 provides the percentage change in actual premiums paid over the past seven years, showing a peak in 2021 that continues to climb at a significant pace.

**Table 1 – Revised Premium Change History**

<b>Coverage Year</b>	<b>Increase/Decrease %</b>
2017	-2.63%
2018	4.52%
2019	3.5%
2020	12.5%
2021	31.2%
2022	18.2%
2023	21.6%

Table 2, provides a comparison of the premium for HSC and IPE for the last four years and the renewal premium.

**Table 2 – Social Housing Premium Comparison**

<b>Coverage Year</b>	<b>HSC Premium</b>	<b>IPE Premium</b>	<b>HSC Opt Out Fee</b>	<b>Difference in Premium</b>
<b>2020</b>	\$121,084	\$77,149	\$1,929	\$42,006
<b>2021</b>	127,500	90,235	2,227	35,039
<b>2022</b>	157,157	119,784	2,913	34,460
<b>2023</b>	170,934	246,018	6,150	(81,234)
<b>2024</b>	163,949	335,766	8,485	(180,302)

Table 3 provides a breakdown of the areas of coverage, respective limits, deductibles and costs by each of the two insurance programs – General (IPE) and Housing (HSC).

Table 3 – 2024 Coverage and Costing Breakdown

Coverage	Intact Public Entities			HSC		
	Limit	Deductible	Premium	Limit	Deductible	Premium
General Liability	\$15,000,000	\$50,000	\$1,371,750	\$15,000,000	\$25,000	\$8,485
Excess Liability	10,000,000	0	Included	10,000,000	0	Included
Errors and Omissions	15,000,000	50,000	38,513	Not Insured		
Non-owned Auto	15,000,000	500	448	Not Insured		
Environmental Liability	3,000,000	50,000	101,592	Not Insured		
Crime	1,000,000	50,000	3,621	Not insured		
Councillors' Accident	250,000	0	2,461	Not Insured		
Legal Expense	100,000	0	5,865	Not Insured		
Property Insurance	559,362,002	50,000	420,572	105,692,044	25,000	52,751
Equipment Breakdown	100,000,000	10,000	26,997	658,350	25,000	1,451
Owned Automobile			120,885			
Contribution to Property Claim Fund	Not Applicable					101,262
<b>Total Premiums</b>			<b>\$2,092,704</b>			<b>\$163,949</b>

The consolidated premium cost of the two proposed insurance programs for 2024 is \$2,256,653, excluding applicable taxes. This approach presents a savings of \$180,302 if we were to accept IPE's 2024 proposed renewal including the housing portfolio.

It is important to note that being involved in a reciprocal comes with assumption of risk of the other members in the reciprocal. In this case, the HSC reciprocal involves other municipal and not-for-profit housing service providers within the province. They too are not immune to the rise in claims and claims costs of recent years as cited earlier in this report. As a result, HSC has been taking measures to mitigate those increases by increasing deductibles and ensuring they are increasing contributions to the Claims Trust Fund (CTF). Increasing the size of the CTF assists in keeping insurance costs lower by reducing underwriter exposure to smaller, more common claims. It is less expensive to cover the costs of smaller claims from the CTF than having insurers pay for these claims. The total value of the CTF has been determined by working closely with Marsh's actuarial team. Another benefit of the CTF is that, unlike insurance premiums, any surplus funds from the CTF stays in the program and is used to benefit the group in one or more of the following ways:

- Credits made available to all members during the applicable policy term who have continued to be members to the present date, uninterrupted.
- Credits made available to all members during the applicable policy term who have continued to be members to the present date, uninterrupted, and who did not make a claim during the applicable policy year.
- Retention to increase the size of the CTF to offset premium increases in subsequent years.
- Retention to offset the impacts of extreme and out-of-the-ordinary claims in subsequent years.
- Such other uses as is determined to be in the best interests of the group, in consultation with the sector-led Insurance Reference Group.

HSC two objectives to control insurance costs to ensure that all community housing providers can obtain coverage, regardless of their claims history, and to keep the insurance costs as low as possible for providers. They strive to balance these goals by:

- Negotiating with underwriters directly and finding the most viable ways to obtain the greatest amount of coverage at the lowest possible cost.
- Minimizing claims costs by managing them in-house.
- Ensuring the cost of risk is shared fairly and efficiently with minimum deductibles that are reflective of the claims risk of providers.
- Working hands-on with providers with difficult claims histories on practical risk management.
- Developing practical risk management resources to assist providers in avoiding claims (e.g., guides, newsletters, webinars, dashboards, training).

## CONCLUSIONS

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The coverage and limits offered by IPE and HSC have been carefully reviewed and staff are recommending to accept the IPE and HSC 2024 insurance program proposals to find premium savings of approximately \$180,300 and to ensure the County's risk exposure of loss is appropriately covered.

## SIGNATURES

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### Departmental approval:

Original signed by

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Lynn S. Buchner, CPA, CGA  
Director of Corporate Services

### Approved for submission:

Original signed by

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Benjamin R. Addley  
Chief Administrative Officer