

REPORT TO COUNTY COUNCIL

2024 - 2025 Housing Insurance Program

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATION

1. That County Council approve the 2024 - 2025 Social Housing Insurance Program proposed by Housing Services Corporation (HSC) - Marsh at a premium of \$180,195.

REPORT HIGHLIGHTS

- Housing Services Corporation proposed 2024 - 2025 premium of \$180,195 (\$177,065 – 2024 premium) - 1.8% increase over 2024

IMPLEMENTATION POINTS

Upon Council approval of the recommendations contained in this report, the 2024 - 2025 housing insurance program will take effect November 1, 2024.

Financial Impact

The HSC insurance program begins on November 1 and ends on October 31 therefore the premium is staggered over two County fiscal years, covering the remaining two months in 2024 and 10 months in 2025. As such, the 2025 draft budget will reflect the bulk of the premium for 10 months of the year and a provision for the 2025-2026 renewal, adjusted for inflation, for the remaining two months of 2025. The housing insurance program costs included in the draft 2025 budget are sufficient to cover the proposal.

Communications



Staff will work with Marsh to confirm all property listings prior to the effective date of November 1, 2024, and any necessary updates during the policy period.

2023-2026 STRATEGIC PLAN

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 recommendation in this report supports the following strategic goals.

Strategic Plan Pillars and Goals

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

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

DISCUSSION

Background

The last Request for Proposal that was issued by the County for the provision of Insurance and Risk Management Services was in the Fall of 2021. 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 1, 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 in 2022 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, IPE’s premium for this portion of our insurance program increased significantly.

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 were more than the County’s primary insurer carrier. The County then would opt out of obtaining insurance from HSC, subject to our primary insurer’s 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 pursued the 2024 HSC proposal to achieve premium savings without compromising appropriate insurance coverage.

Table 1 below demonstrates the percentage variance in premiums from HSC – Marsh from previous years, as the County obtained quotes in compliance with the regulated process. The most significant year-over-year increase occurred in 2022, a trend that was evident across insurance companies nationally and among syndicates as a whole.

Table 1– Social Housing Annual Premium Comparison

Coverage Year	HSC Base Premium	% Change
2021	137,700	5.3%
2022	169,730	23.3%
2023	184,730	8.8%
2024	177,065	-4.1%
2025	180,195	1.8%

The remainder of the County’s insurance program remains with IPE. A further report to Council will be brought forward later this year, for the renewal term commencing January 1, 2025.

Comments

The proposed Social Housing Insurance Program is similar to last year's policy from HSC - Marsh. This year’s renewal includes an account credit for tenant insurance monitoring, amounting to \$8,169. Furthermore, the County did not have any housing insurance claims that exceeded the deductible threshold during the previous policy term. Each HSC Insurance

Program participant receives a risk rating on an assigned scale of 1 (low risk) to 6 (high risk) and HSC has assigned the County a risk rating of 1. Strong risk management strategies and a favorable claims history have resulted in a reduction in the overall policy premium as we conclude our first policy term with this insurer.

Table 2 below provides a summary of the coverage limits, deductibles and premium amounts for the renewing insurance program.

Table 2– Insurance Coverage Summary

Coverage	Limit	Deductible	Premium
General Liability	\$2,000,000	\$25,000	\$1,175
Umbrella Liability	3,000,000	10,000	1,091
Excess Umbrella Liability	10,000,000	10,000	5,796
Property Insurance	106,562,772	25,000	57,606
Equipment Breakdown	658,350	25,000	1,498
Policy Premium			67,166
Contribution to Property Claim Fund			107,850
Risk Credits			(8,169)
RST (8%)			13,348
Total Premiums			\$180,195

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 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

The coverage and limits offered by HSC have been carefully reviewed and staff are recommending Council to approve the HSC 2024-2025 insurance program proposal.

SIGNATURES

Report Author:

Original signed by _____

Lindsey A. Mansbridge
Clerk

Departmental approval:

Original signed by _____

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