



Staff Report for Committee of the Whole

Date of Meeting: February 18, 2026

Report Number: SRCM.26.07

Department: Office of the City Manager

Division: Legal Services

Subject: **SRCM.26.07 - York Region Municipalities
Insurance Pool Program**

Purpose:

The purpose of this report is to seek Council approval for the City of Richmond Hill to participate in the York Region Municipalities Insurance Pool which was approved by Regional Council on January 29, 2026. It also seeks authorization for the Treasurer to negotiate and, if successful, execute the required agreements with participating municipalities, and to represent Richmond Hill on the Insurance Pool Board. Finally, the report outlines the financial, operational, and risk- management benefits associated with joining the Pool.

Recommendation(s):

- a) That staff report SRCM.26.07 be received;
- b) That Council approve the City of Richmond Hill's participation in the York Region Municipalities Insurance Pool;
- c) That Council direct the Treasurer to negotiate and, if negotiations are successful, recommend for execution all required agreements with the Town of East Gwillimbury, Town of Georgina, Township of King, Town of Newmarket, York Region, City of Vaughan, and Town of Whitchurch- Stouffville to establish the Insurance Pool for a five- year term, with the option of two additional five- year extensions, on business terms satisfactory to the Treasurer and legal terms satisfactory to the City Solicitor;
- d) That Council authorize the Mayor and City Clerk to execute any documents necessary to give effect to Richmond Hill's participation in the Insurance Pool, including the Subscriber Agreement, upon the recommendation of the Treasurer and City Solicitor; and
- e) That Council appoint the Treasurer as the City of Richmond Hill's representative on the Insurance Pool Board, consistent with the governance structure established by the participating municipalities.

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Contact Person(s):

- Antonio Dimilta, City Solicitor, Head of Legal Services, Risk & Insurance and Property
- Gigi Li, Director, Financial Services and Treasurer
- Darlene Joslin, City Manager

Report Approval:

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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Key Messages:

- The York Region Municipalities Insurance Pool will reduce insurance costs and provide long- term financial stability for Richmond Hill.
- Regional Council approved the Pool on January 29, 2026, following actuarial studies showing projected savings of 20%–25%.
- Eight York Region municipalities (East Gwillimbury, Georgina, King, Newmarket, Vaughan, Whitchurch- Stouffville, York Region and Richmond Hill) are proceeding with participation.
- The Pool improves transparency and control over claims, underwriting, and risk management compared to the commercial insurance market.
- Richmond Hill is expected to save more than \$4.085 million over five years through lower premiums, standardized deductibles, and retained equity.
- Council approval is required for Richmond Hill to join the Pool and appoint the Treasurer as the City’s representative on the Insurance Pool Board.

Background:

In June 2025, York Region Council directed its staff to investigate risk- financing alternatives due to rising insurance premiums, market volatility, and limited competition within the municipal insurance sector. Following this direction, the Region and interested local municipalities engaged Axxima Insurance Services to undertake a detailed feasibility study and actuarial review to assess whether a municipal insurance pool could reduce overall insurance costs while providing more stable, predictable long- term risk financing for participating municipalities. The actuarial studies confirmed that municipalities were paying significantly more in traditional insurance premiums than the cost of actual losses and that pooling could generate savings of approximately 20% initially, increasing to 25% as the pool matures.

On January 29, 2026, Regional Council approved the establishment of the York Region Municipalities Insurance Pool, authorizing the Regional Treasurer to negotiate and, if successful, execute participation agreements with interested municipalities, including Richmond Hill (the York Region Report is attached as Appendix B). The Pool is designed to offer improved cost stability, enhanced transparency in claims management and underwriting, and greater municipal control over risk- financing decisions compared to the commercial insurance market.

This report is being brought forward at this time to seek Council’s authorization for Richmond Hill to join the Insurance Pool, to permit the Treasurer to negotiate terms; the Mayor and City Clerk to execute the necessary participation agreements, and to appoint the Treasurer as the City’s representative on the Insurance Pool Board. Approval is required to ensure Richmond Hill meets the Pool’s implementation timelines and to allow the City to benefit from the projected financial savings and operational advantages associated with participation.

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Discussion:

Through 2025, Axxima conducted an actuarial analysis of loss history, exposure data, premiums, deductible structures, and market conditions for all nine York Region municipalities. The studies concluded that municipalities were paying significantly more in insurance premiums than the cost of actual losses. Specifically, only about 22 cents of every \$1 paid in traditional insurance premiums went toward claim payments, with the remaining amount absorbed by broker compensation, insurer profit, and other commercial market costs. The actuarial review determined that by forming an insurance pool, municipalities could capture and retain savings currently absorbed by the commercial market, reduce reliance on for-profit insurance, and enhance transparency and control over claims management and risk-financing decisions. Savings of approximately 20.1% during the initial years and up to 25.6% at maturity were projected across participating municipalities.

On January 15, 2026, Regional Committee of the Whole considered the results of this feasibility work and recommended the establishment of the York Region Municipalities Insurance Pool (“the Pool”) to Regional Council. Regional Council adopted the recommendations on January 29, 2026 and authorized the Regional Treasurer to negotiate and, if successful, execute the necessary agreements with participating municipalities, set initial program parameters, and finalize the deductible, levy, and coverage structures for the Pool. Regional Council’s approval also included creating an Insurance Pool Board, composed of one voting representative from each participating municipality, responsible for governance, oversight, and major decisions relating to the Pool. Richmond Hill was identified as one of the eight municipalities invited to participate, along with East Gwillimbury, Georgina, King, Newmarket, Vaughan, Whitchurch-Stouffville, and York Region. Aurora and Markham declined participation at this time. Aurora and Markham may join later but would be required to undergo assessment and incur additional entry costs.

As part of the implementation planning, standardized deductible levels for liability, property, and automobile exposures were established to ensure consistent treatment, equitable cost-sharing, and alignment with each municipality’s relative risk profile. Deductibles were harmonized by size and exposure to ensure municipalities with similar characteristics contribute fairly to the Pool and are equally incentivized to maintain strong risk-management practices. The allocation of annual Pool levies is initially based on each municipality’s expiring insurance premiums and adjusted for deductible changes. Over time, the Pool will transition to a cost-plus model that reflects actual experience while maintaining year-over-year stability for members.

To support start-up operations, Regional Council approved a two-year direct-purchase agreement with Axxima Insurance Services to act as the Insurance Pool Administrator. The administrator will provide actuarial support, underwriting oversight, claims administration above municipal deductibles, accounting and reporting services, and development of standardized operating practices during the Pool’s initial years.

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The Insurance Pool is scheduled to launch July 1, 2026, allowing time for participating municipalities to secure Council approvals; execute the Subscriber Agreement, which establishes governance, roles, funding, and decision-making authority; finalize exposure data; and complete administrative preparations. Under the Subscriber Agreement, participating municipalities must commit to a minimum five-year term, with the option of two additional five-year extensions, to ensure financial stability and long-term viability. Claims within a municipality's deductible remain locally managed, while the Pool Administrator manages claims above the deductible up to the Pool's retention of \$500,000, with excess commercial insurance protecting against catastrophic losses.

For Richmond Hill specifically, the updated actuarial analysis indicates five-year deductible adjusted savings of approximately \$3.26 million, with a further \$824,324 in accumulated equity, for a total projected financial benefit of just over \$4.085 million. These results, shown in Appendix A, reflect reduced reliance on commercial insurance markets, standardized deductible structures, and efficiencies achieved through pooled risk financing.

Overall, the creation of the Insurance Pool represents a significant collaborative initiative across York Region aimed at improving risk-financing efficiency, stabilizing long-term insurance costs, enhancing transparency in claims and underwriting decisions, and strengthening risk-management practices across participating municipalities. The Pool aligns with long-standing municipal best practices already established in other regions, including Waterloo and Durham, both of which have demonstrated long-term success in reducing member municipalities' insurance costs and claims volatility.

Financial Implications:

As outlined above, the updated actuarial analysis for Richmond Hill shows five-year deductible-adjusted savings of approximately \$3.26 million, with an additional \$824,324 in accumulated equity, for a total projected financial benefit of just over \$4.085 million. These projections are illustrated in Appendix A, which compares Richmond Hill's projected insurance costs under the Pool to the status-quo insurance model over the 2025–2029 period. Any future budget impacts associated with participation in the Pool will be reported through future budget processes.

Relationship to Strategic Plan 2024-2027:

Participating in the York Region Municipalities Insurance Pool supports Pillar 3: Strengthening our Foundations, specifically Priority 1, by enhancing long-term financial sustainability through evidence-based decision-making and improved risk-management practices. It also aligns with Priority 2 under this Pillar by supporting continuous improvement and delivering better value for residents through more efficient and transparent insurance and claims administration.

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Attachments:

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Appendix A – Projected Insurance Costs: Insurance Pool vs. Status Quo (2025–2029)
- Appendix B - Report of the Commissioner of Finance to The Regional Municipality of York Committee of the Whole - Finance and Administration - January 15, 2026 - York Region Municipalities Insurance Pool Program

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Report Approval Details

Document Title:	York Region Municipalities Insurance Pool Program.docx
Attachments:	- Appendix A - City of Richmond Hill.pdf - Appendix B - York Region Municipalities Insurance Pool Program.pdf
Final Approval Date:	Feb 4, 2026

This report and all of its attachments were approved and signed as outlined below:

Lucy Montalbano - Feb 3, 2026 - 12:25 PM

Gigi Li - Feb 3, 2026 - 4:46 PM

Darlene Joslin - Feb 4, 2026 - 12:04 PM