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# The Regional Municipality of Durham Report

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To: Finance and Administration Committee  
From: Commissioner of Finance  
Report: #2025-F-3  
Date: March 18, 2025

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**Subject:**

2024/2025 Annual Risk Management and Insurance Update

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**Recommendation:**

That the Finance and Administration Committee recommends to Regional Council:

That this report be received for information.

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**Report:**

**1. Purpose**

- 1.1 The purpose of this report is to provide Committee and Council with an overview of the status of the Durham Municipal Insurance Pool (DMIP) and information on the risk management objectives for the Region.
- 1.2 This report also advises of the insurance contracts entered by the Commissioner of Finance with Intact Public Entities for Durham's specific coverages for Durham Region Transit, the Region's drones, and Durham Regional Police Service's helicopters for the period July 1, 2024 to June 30, 2025. In addition, the Region entered into an insurance contract with FM Global for the Duffin Creek Water Pollution Control Plant (WPCP).

**2. Background**

- 2.1 In 2025, The Durham Municipal Insurance Pool (DMIP) will be in its twenty-fifth year of operation and is fulfilling its mandate to secure better insurance rates and coverage by virtue of increased buying power as a block.
- 2.2 Since, its inception in 2000 with the founding members of the Towns of Ajax and Whitby, the Municipality of Clarington, the Townships of Brock, Scugog and

Uxbridge and the Region of Durham and the addition of the City of Oshawa on July 1, 2017, DMIP has provided both positive financial and risk management benefits for the participating municipalities.

- 2.3 DMIP is a proven tool that provides proactive risk management services, strategic claims control and stabilizes insurance costs through the alternative risk-financing program with a higher single deductible and collectively self-insuring claims within that deductible.

### **3. Renewal of Insurance Contracts for 2024/2025**

#### **DMIP Renewal**

- 3.1 In 2024, rising insurance premiums created challenges for many municipalities. The insurance market conditions for municipalities continue, with single or double-digit premium increases. Over the last three years, the insurance market increases continued in most lines of business, driven by inflation and catastrophic property related losses in Canada and throughout the world. Another reason for this increase was the continued increased cost of claim settlements for Ontario municipalities, inflationary pressures on claims services and payments and adverse claims development.
- 3.2 By carrying a larger deductible, internally managing the pooled portion of claims, and earning investment income, DMIP continues to be successful in lessening the large premium increases which are being experienced by other municipalities.
- 3.3 DMIP members were able to secure an overall increase of 8.8% for the 2024/25 DMIP Pooled levy. The increase was higher or lower for individual municipalities within the pool depending on several factors including population increases, asset additions and claim history.
- 3.4 In addition, in 2024 DMIP undertook a cost allocation review to update the annual member levies. This updated allocation resulted in an increased allocation for Durham Region and a decrease for all other members. The main drivers for these increases for Durham included poor property losses and an increased value of assets.

#### **Region of Durham – Non-DMIP Coverages**

- 3.5 The Region of Durham's other insurance coverages are provided through a contract of insurance with Intact Public Entities (IPE) and include the aviation policies for the Region's drones and the Durham Regional Police Service helicopters.
- 3.6 The Region of Durham's premium for these insurance policies is unique to Durham Region and Durham Region Police Services and for the 2024/2025 policy year (excluding coverages for Durham Region Transit) is \$ 83,890.00 plus applicable

taxes. The increase was due to the increased number of drones that were insured. Previously, only four drones were insured and now there are fifteen.

- 3.7 Duffin Creek Water Pollution plant's property insurance is insured with FM Global which is a mutual insurance company. A mutual insurance company is a company that is owned by the policyholders. As a partner, the Region has been able to access unique benefits made possible through the mutual ownership structure. This year Duffin Creek received a membership credit, and a resiliency credit based on the premium and values at Duffin Creek.
- 3.8 Through exploring other markets, staff were able to secure cyber insurance for the 2024/25 policy year. DMIP are continuing to explore a cost-effective cyber association program as an alternative risk financing option.

### **Durham Region Transit Commission**

- 3.9 The insurance premium from IPE for Durham Region Transit Commission for the 2024/2025 policy year is \$3,003,182 plus applicable taxes. This is an increase of approximately 15% per cent from the 2023/2024 premium.
- 3.10 Insurance companies expect and continue to price for a tough and volatile transit risk portfolio. This condition continues to have a major impact on DRT's premium renewal.
- 3.11 Durham Region Transit increases the result of several factors. Transit insurance rates increased because of a rise in claim costs due to a variety of factors, including cost of parts, computerized equipment on vehicles, the prevalence of fraudulent automobile claims, particularly in Ontario. Claims paid and for required claim reserves on behalf of Durham Region Transit since its inception on January 1, 2006, for third party liability and accident benefit claims has been \$9,477,364. The insurer has paid approximately \$19,404,292 for vehicles that sustained property damages due to collisions and fires.

## **4. Risk Management Strategies**

- 4.1 Risk Management remains a pivotal component to the success of the Durham Municipal Insurance Pool. Some work that was undertaken in 2023/24 included:
- Complete risk management surveys of municipal buildings
  - 129 buildings surveyed in 2023/4 for asset valuations and hazard reports. This included underwriting COPE (construction, occupancy, protection, exposure) details.
  - Assist municipalities with questions regarding property claims and liability issues.

- Prepared loss prevention bulletins and risk management alerts for pool members.
  - Present risk management and loss prevention seminars to member municipalities. For example, a cyber seminar was held in collaboration with the Regional Finance Department and Corporate Services – Information Technology division during cyber month.
- 4.2 DMIP continues to provide extensive risk management programs and services to benefit DMIP members by reducing the frequency and severity of claims and enhancing its underwriting portfolio. In addition to the annual initiatives, DMIP has been able to tailor programs and services to address evolving and individual risk exposures.

## **5. Relationship to Strategic Plan**

This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Strong Relationships –S3. Collaborate across local area municipalities, with agencies, non-profits, and community partners to deliver co-ordinated and efficient services.

## **6. Conclusion**

- 6.1 DMIP has helped the member municipalities in Durham meet their complex insurance needs and have stabilized the cyclical insurance market for members.
- 6.2 By working together, DMIP was able to negotiate a better deal together than they could on their own. DMIP has allowed the members the ability to share best practices, learn from each other and collaborate on risk management strategies.
- 6.3 DMIP will continue to enhance the understanding of the complex municipal landscape to continue to serve members' unique requirements.
- 6.4 The Finance Department will also continue to advance the goals and objectives of the Enterprise Risk Management Program including focusing on and growing the Region's proactive risk management activities and monitoring emerging risks to protect the Region's assets, improve the safety and security of Durham Region residents and reduce overall costs.
- 6.5 This unique pooling structure continues to be best way for municipalities to collectively insure, in banding together as one collective team (strength in numbers) for specialized and tailored product designed for municipal exposures. Due to the success of this model, another upper tier county is in the process of implementing a pooling structure in 2025.

Respectfully submitted,

Original Signed By

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Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair  
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