



Town of Newmarket
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York Region Municipal Insurance Pool Program Staff Report to Council

Report Number: 2026-26

Department(s): Legislative Services , Legal and Procurement Services , Financial Services

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Meeting Date: April 13, 2026

Recommendations

1. That the report entitled York Region Municipal Insurance Pool Program dated April 13, 2026 be received; and,
2. That Council authorize the staff to negotiate and enter into an Insurance Pool Program with York Region and lower tier York Region municipalities for a term of five years, with the option of two additional five year terms, on business terms and legal terms satisfactory to staff; and,
3. That the Director of Financial Services/Town Treasurer be delegated the authority to sign the finalized Subscriber's Agreement (Insurance Pool Program agreement); and,
4. That Council appoint the Director of Financial Services/Town Treasurer to represent the Town of Newmarket on the Insurance Pool Advisory Board and further appoints the Deputy Treasurer as an alternate representative; and,
5. That the Director of Financial Services/Town Treasurer and the Deputy Treasurer be delegated the authority to make decisions on behalf of the Town of Newmarket as required under the Subscriber's Agreement (Insurance Pool Program agreement); and,
6. That Council authorize:

- a. Staff to financially contribute, via the levies payable by the Town under the Insurance Pool Program, to the direct purchase service agreement to be entered into by York Region with Axxima Insurance Services, a division of 3303128 Canada Inc. and Axxima Inc. (collectively “Axxima”), for Insurance Pool Administrator services to establish and manage the pool for a two-year term; and,
 - b. the Director of Financial Services/Town Treasurer and the Deputy Treasurer to have the delegated authority to approve any continuing financial contribution via the Town levies should the term of the Subscriber’s Agreement (Insurance Pool Program agreement) with Axxima be extended; and,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

Executive Summary

This report provides Council with an overview of an inter-municipal initiative within York Region to establish a Municipal Insurance Pool (MIP). The report provides an overview of what a MIP is, and how they differ from conventionally procured insurance through a broker.

The report seeks Council’s approval to enter into an Agreement to join the MIP by noting opportunities for cost savings to the Town, enhanced resource sharing and potential for shared risk management strategies within the Region.

Purpose

The purpose of this report is to seek Council approval to participate in a joint municipal insurance pool with York Region municipalities.

Background

All municipalities use insurance as a risk financing tool which provide financial protection from the volatility associated with losses. Insurance is a form of risk management that transfers the risk to a third party, supporting municipal asset protection and liability exposure. In addition to the friction costs and business-driven nature of insurance, the insurance market is inherently subject to global market volatility; this is true for insured individuals and organizations. These market fluctuations impact policy premiums, causing them to adjust in response to changing conditions and also influence insurers’ willingness to take on more risk. There are times when the market hardens and this means there are fewer insurers willing to take on the municipal risks and as a result premiums tend to increase more during those policy periods. The reverse is also true. Not transferring all the risk to an insurer (i.e., retaining the risk) generally results in lower premiums for a policy term because the municipality is “self-insuring” itself to a greater

amount (i.e., increasing the deductible), but retaining risk means accepting additional financial volatility.

Over the last several years, staff have been working collectively at a regional technical working group with an insurance and actuarial consulting firm to analyze the viability of a York Region Municipal Insurance Pool (MIP). By enabling municipalities to retain additional risk as a group, MIPs have proven to be an effective vehicle to reduce costs and provide increased stability by minimizing the cyclical nature of the insurance marketplace, while at the same time reducing the financial volatility experienced by members.

MIPs are a way to collectively build a larger pool of self-retained insurance (i.e., deductible).

MIPs have existed for decades, and they are not new to the public sector. In fact, Waterloo Regional municipalities established a MIP in 1998, and Durham Region's was established in 2000. Most recently, Simcoe County municipalities created their MIP in June 2025.

On January 29, 2026, [York Region Council](#) approved Regional staff to enter into agreements with lower tier municipalities in York Region and to develop a York Region MIP. Over the last 6 months, municipalities have been reporting to their respective Councils to advise of this Program, and to seek council's direction, as appropriate. At the time this report was authored, Aurora, Markham and Vaughan were the three municipalities that have chosen not to participate in this Program. There may be options for joining the MIP post-implementation, but they will come with additional costs and ultimately must be approved by the MIP's Advisory Board. This report seeks Newmarket Council's approval for Town staff to join the York Region MIP Program as of July 1, 2026.

Discussion

A York Region MIP offers opportunities to share best practices, communications, risk management strategies and resources to strengthen Newmarket's insurance and risk management posture.

In order to operationalize a MIP, dedicated staff will need to be retained for the purposes of claims and risk management for all participating municipalities. The Region will 'host' the MIP administrative staff, as such that they will be responsible for all the employment-related matters, and the MIP staff will be governed by the Advisory Board made up of representatives of all the participating municipalities.

For the first two years of the MIPs operations, the MIP Administrator will be provided by Axxima Insurance Services, who will be retained by the Region as 'host', as noted above. In addition to financial, risk management, and other management functions, the Administrator will be involved in claim management. In collaboration with the participating municipalities and the MIP's insurer (above the retention), they will provide

oversight and management of claims above each participating municipality's own deductible up to the Insurance Pool's limit of \$500,000. The Administrator will also assist the MIP with securing insurance coverage claims in excess of the \$500,000 Insurance Pool limit.

The fees payable for the administrative functions performed by the Region (as the host) and Axxima are incorporated into the annual levies payable by each municipality to participate in the MIP. The total levies payable by each municipality will vary, as they are based on an actuarial analysis of a municipality's risk factor that includes population size, the insurable value of its assets, the chosen deductible limit and the municipality's past claims history.

There are several factors that contribute to each municipality's levy into the MIP.

At inception, some of the main considerations that impact a municipality's contribution into the pool include:

- A municipality's expiring commercial insurance premium
- The levies need to be equitable and reflect the risk profile of each municipality
- Adjustments for inflation and the general increases in exposures and claims costs
- Reflective of the pool's experience while maintaining self-insurance stability

For the Town of Newmarket, this means that Town staff will continue to manage and settle claims under its respective deductibles (under \$50,000 for liability and property claims, and under \$25,000 for automobile claims).

The Town will still be the first point of contact for all claims made against the Town.

Individuals submitting a claim to the Town of Newmarket will continue to receive exceptional customer service. Further, with Newmarket staff continuing to manage under deductible claims as noted in the thresholds above, staff will maintain the flexibility to manage claims aligned with the Town's values.

An analysis of the data indicates a 20% savings during the start-up period and could grow to almost 26% savings at maturity.

An actuarial analysis was conducted using the data from all municipalities, and concluded a conservative 20% savings under the MIP over status quo. The expected savings grow to 25.6% once maturity is achieved (sufficient surplus is accumulated). This amounts to approximately \$5.5 million annually during the start-up phase and \$7 million annually at the maturity phase in aggregate for the participating municipalities.

The pool levy, which replaces each municipalities 'premium' is inclusive of discounted losses retained by the pool, risk margin, operating expenses, excess insurance premiums, and surplus contributions.

Table 1 below provides the analysis of Newmarket’s projected costs under the current model of procuring insurance (status quo) versus the MIP levies over 5 years. The data used in the financial modeling analysis was based on the 2024 renewal period. Status Quo data for 2025 and 2026 are fairly accurate projections when compared to the actuals. The table therefore provides a useful forecasted projection for the upcoming insurance renewal cycles.

Table 1 – Town of Newmarket Insurance Pool costs vs. Status Quo Insurance (Projected)

	2025	2026	2027	2028	2029	Total 5-Years
Status Quo	\$2,043,469	\$2,145,643	\$2,252,925	\$2,165,650	\$2,208,173	\$10,815,859
Pool Levy	\$1,489,732	\$1,564,219	\$1,642,430	\$1,517,473	\$1,547,269	\$7,761,122
Projected Savings for Newmarket	\$553,737	\$581,424*	\$610,495	\$648,177	\$660,904	\$3,054,737

* This savings projection would reduce to \$474,000 due to the early cancellation of the current policies.

There will be one representative from each participating municipality to form a MIP Advisory Board.

Advisory Board members are required to be the treasurer, deputy treasurer or such other employee of a municipality with a finance and insurance background. The Advisory Board will oversee the management of the MIP and set the fees payable by the municipalities to participate in the MIP.

The MIP will currently cover three core insurance types: 1) liability; 2) property; and 3) automobile insurance.

The Town will continue to obtain certain specialized insurance through its own broker. Additional policy lines could be added to the York Region MIP as the program matures.

Key Dates and Timelines

July 1, 2026

Based on the time required to establish the MIP, coupled with a desire to maximize savings, July 1, 2026 was identified as the target start date for coverage under the MIP. While ambitious, it will serve as a goal post to have a program established. In Newmarket, insurance coverage is from January 1 to December 31. Early cancellation and the associated penalty has been factored into the financial considerations below, resulting in a reduced overall savings for the Town in year one of the Program.

As mentioned earlier in this report, the Town will still maintain a relationship with its broker to procure specialized insurance.

The earliest date that a municipality can exit the MIP is July 1, 2031.

In order to develop stability with the Program, the Agreement requires a 5 year commitment from each municipality, and after which time the option to leave the MIP is made available.

Consultation

Legal staff across the Region have been providing input and feedback on the Subscriber's Agreement. The group has also retained external legal counsel to assist with the due diligence of building the Program for the municipalities of York Region.

As part of staff's due diligence in understanding this opportunity to join the MIP, staff consulted with its current Broker. The Town's Broker has been a trusted partner and exceptional resource to the Town for the last 14 years. Town staff value the risk management advice and resources the Broker has made available to staff. Beyond the excellent customer service the Broker provides to the Town, staff inquired about further cost savings that could be offered. In order to save approximately \$291,000 in premium savings alone, the Town would need to double its deductible to \$100,000 for liability insurance to realize these savings. Under the MIP, the Town's deductible will remain the same at \$50,000 and the cost saving projections are at approximately \$474,000 for the first year of implementation in 2026 (this factors in the early cancellation of the three lines of insurance).

Conclusion

Following Council's decision on participation in a York Region MIP, staff will execute next steps as necessary.

Council Priority Association

This report aligns with the following Council Priority: Community and Economic Vibrancy

Human Resource Considerations

The Region has received Regional Council approval to source Axxima for a two-year period to start up the MIP.

The pool levies ensure the MIP has sufficient funds to pay claims, purchase excess insurance, and cover its operational expenses (including hiring MIP administration staff).

Budget Impact

[York Region's report](#) provides all the participating municipalities' levies into the MIP. For the purposes of this report and as noted in **Table 1**, Newmarket's first year levy in 2026 would be approximately \$1,564,000 and factors in that Vaughan chose to not participate in the MIP after release of the York Region report. This number would be subject to

change based on updated insured property values, fleet and population; however Newmarket would experience commensurate changes from its current insurer for those same adjustments.

There are additional factors that will contribute to Newmarket's overall savings for the first year.

Newmarket's insured property values will increase as the Town is currently completing property appraisals. These are expected to impact the Town's pool levy and status quo premiums increasing the overall savings potential within the Pool.

With the start-up expected as of July 1, 2026, there may be a cancellation penalty as the Town's current insurance renewal is from January 1 to December 31. The Town has consulted with its existing Broker and they have advised that a 10% early cancellation penalty will apply, and that is estimated to be \$107,282. However, should the Town's existing Broker be the successful proponent to provide broker services to the MIP, the cancellation penalty may be waived.

Attachments

None.

Approval for Submission

Lisa Lyons, Director, Legislative Services/Town Clerk

Andrea Tang, Acting Commissioner, Corporate Services

Ian McDougall, Chief Administrative Officer

Report Contact

For more information on this report, contact info@newmarket.ca.