Joint Municipal Services Committee

September 15, 2026

2:00 p.m.

Grey County Administration Building

Committee Report

To:	Chair Boddy and Members of Joint Municipal Services Committee
Committee Date:	September 15, 2026
Subject / Report No:	CAOR-JMS-16-26
Title:	Joint Procurement of Municipal Insurance
Prepared by:	Niall Lobley, DCAO, Marlene McLevy, Emergency Systems Coordinator/Claims Supervisor
Reviewed by:	Randy Scherzer, CAO
Lower Tier(s) Affected:	All

Recommendation

1. **That report CAOR-JMS-16-26 regarding joint procurement of municipal insurance be received for information.**

Executive Summary

In March 2026, Grey County Council passed the following resolution:

> *"That staff prepare a report for Joint Municipal Services Committee regarding potential efficiencies and cost savings for Grey County municipalities as it relates to municipal insurance including potential options for shared and joint RFP processes."*

Municipal insurance is a core risk management tool that protects taxpayer-funded assets, stabilizes municipal finances, and helps ensure essential public services can continue when unexpected events occur.

Municipalities carry increasingly complex and comprehensive insurance programs that respond to both liability and property risks, protecting municipalities and their tax base from civil claims, property damage, and asset losses.

Insurance costs are largely beyond direct municipal control. They are driven by global market conditions, the nature of risks that municipalities are collectively exposed to, and emerging risk factors. Strong, proactive risk management is therefore an important tool for minimizing losses and managing future cost increases. While larger urban municipalities often have dedicated risk management capacity, smaller and rural municipalities frequently rely on insurers and brokers to provide risk management advice as a value-added service alongside insurance products.

Against a backdrop of increasing costs and limited ability to directly influence them, Grey County municipalities supported the Joint Municipal Services Committee in exploring whether shared or joint approaches could help member municipalities manage insurance costs.

Background and Discussion

Municipal insurance is specialized insurance designed for local governments to cover the risks that arise from delivering public services, managing infrastructure, and making regulatory decisions.

It typically covers:

- Liability risks (injury, property damage, lawsuits)
- Public assets (roads, buildings, equipment)
- Operations and decisions (staff actions, planning/zoning, services)

At a very high level, municipalities need insurance for three core reasons:

1. **To protect taxpayers and finances**

A single lawsuit, accident, or disaster can create significant and unpredictable costs. Insurance spreads and absorbs that risk rather than drawing directly on tax-supported budgets.

2. **To manage broad and unavoidable liability exposure**

Municipalities are responsible for roads, facilities, services, and public safety. They can be held liable for incidents such as:

- Slip-and-falls
- Infrastructure failures
- Service or regulatory decisions

3. **To ensure continuity of essential services**

Unlike private entities, municipalities cannot stop operating. Insurance enables continued delivery of:

- Emergency services
- Infrastructure operations
- Community programs

—even after major losses or claims.

Municipal insurance costs have increased in recent years due to rising claim frequency and severity, broader and more complex risk exposure, and external market pressures. More frequent incidents, higher legal awards, and increasing repair and replacement costs have increased the overall cost of claims, which is the primary driver of premium pricing. At the same time, Ontario’s liability environment—particularly joint and several liability—can result in municipalities bearing a disproportionate share of damages. These pressures are compounded by climate-related events, cyber risks, inflation, and a tighter insurance market with fewer providers, all of which contribute to higher premiums and reduced flexibility at renewal.

Insurance is typically made up of two component parts:

- A broker who may, or may not be linked to one or more insurance companies
- An insurer or many insurers who will provide the underwriting for insured lines

There are relatively few brokers that specialize in Ontario's municipal marketplace, and similarly, a small number of insurers. As both brokers and insurers operate in the same specialized market and municipal risks are broadly similar, pricing is often relatively comparable. When municipalities go to market, they are either remaining with the same broker and asking them to seek revised insurance costs, or seeking both a new broker and new insurer pricing. These processes can generate initial savings, but those savings are often tied to minimum premium commitments that offset the insurer's risk and the higher upfront administrative costs of new insurance business.

Some of the larger, well-known names in municipal insurance are brokers that sole source their municipal programs to specific underwriters. Because of the size of the programs they support and their significant market share, these municipal insurers and brokerage firms are able to leverage competitive underwriting arrangements.

Independent brokers have access to multiple markets and can shop premiums across multiple underwriters, building more tailored approaches to meet individual municipal needs. The broker advises on the insurance products required and then goes to market to seek coverage from a variety of providers. Brokers are generally reimbursed through commissions from insurers, although they may also receive direct payments for additional value-added services provided to clients.

However, while a typical municipal RFP process may draw multiple responses from both independent brokers and larger broker-insurance companies, it does not necessarily maximize an independent broker's ability to provide flexible approaches. An independent broker's value often lies in working with a client and insurers to build a tailored program. Because insurers generally cannot work with multiple brokers for the same insurance RFP, and because brokers must work with an insurer to respond, the process can limit a broker's ability to tailor a program to specific municipal needs.

As a result, a municipality may find that an RFP process does not maximize the competitiveness of responses. An alternative option for consideration is to split the procurement of broker services from insurance, identifying a preferred broker to work with and then working with them to build an insurance program.

Municipalities rarely deal directly with insurers and typically rely on brokers for advice and insurance purchases. Those that do deal directly with insurers are generally larger, more urban municipalities with dedicated insurance or risk management departments.

As each municipality in Grey County is relatively small, the impact of isolated claims can be significant. This can be particularly pronounced after extended periods of few or no claims, where a municipality's risk profile may have appeared low, followed by one or two higher value claims that materially affect the perceived risk of providing coverage.

While insurance costs are driven by complex forces, many of which are beyond the direct control of individual municipalities, there are ways in which municipalities can seek to manage costs.

Risk Management

Implementing proactive risk management programs is a key way municipalities can manage risk. Risk management is the process of evaluating risks on a continuous basis across municipal operations and embedding risk considerations into policy, process, operational, and financial decisions.

Risk management is sometimes viewed primarily as ensuring adequate insurance is in place. While this is important, ***insurance generally responds only once a risk scenario is occurring or has occurred***. ***Risk management should therefore focus first on reducing and eliminating risks before they result in claims or losses***. Risk management is a process; insurance is a tool within that process.

Municipalities already undertake risk management in many ways. Climate action planning, particularly adaptation planning, asset management planning, and annual budget priorities all create opportunities for proactive risk management. For example, a modern building that is resilient to climate change impacts and well maintained will provide better protection against flood damage and reduce the likelihood of public accidents or incidents that may result in a claim.

A well-managed fleet, a robust approach to cyber security, and well-adopted health and safety practices all reflect practical risk management. These measures reduce the likelihood of incidents occurring and, when incidents do occur, help the municipality demonstrate that reasonable steps were taken to minimize risk and defend claims.

No individual municipality in Grey County, including the County to date, has dedicated and embedded risk management expertise. There may be value in developing this capacity within an organization, but if the County were to assume this role on behalf of member municipalities, additional resources would be required.

However, because insurance costs are primarily driven by external factors, risk management is more likely to reduce uninsured costs and moderate future premium increases than to significantly lower insurance costs. Its value is in demonstrating to insurers that risks are being actively reduced and mitigated.

Self-Insurance

Insurer costs, and therefore premiums, are driven by the frequency and cost of claims. Municipalities can manage both elements by considering self-insurance, which can affect premiums. This is a transfer of risk: through self-insurance, the municipality assumes some or all of the risk that would otherwise be borne by the insurer.

Almost all insurance carries some degree of self-insurance, usually through deductibles. These are the portions of a claim the municipality must pay before the insurer responds. One way municipalities can bear more risk and reduce insurer exposure is to review and increase deductibles. In doing so, the municipality assumes more of the cost associated with frequent claims and faces greater financial exposure if severe claims occur.

The challenge is budgeting for and ensuring adequate financial resilience to meet unexpected costs. Insurers invest globally to ensure they have the financial capacity to underwrite their insureds and protect them in the event of heavy losses; in effect, they pool risks globally. A municipality that self-insures certain lines or accepts high deductibles has no access to this broader pool and therefore faces greater financial risk if losses occur.

As such, self-insurance tends to be limited to higher deductibles and is usually implemented alongside robust risk management programs in municipalities with sufficient budgets and reserves to offset the additional financial risk.

Group Purchasing

Group purchasing of insurance occurs when a number of similar entities come together to purchase insurance from a single provider, while their risks remain individually rated and managed. Each member maintains individual premiums and insurance products, but all agree to work with a single vendor.

There is some potential for efficiencies and savings within this model; however, these are often offset by complex administration, individual municipal needs, and market conditions. In essence, the potential savings are largely administrative. These savings can be negligible and may have limited impact on premiums. The broker may benefit most, as they could secure multiple clients through one process rather than competing multiple times. As noted above, broker costs are generally not significant and are usually commission-based. In this model, because each municipality is still acting independently, the broker must complete much of the same background work that would be required for individual municipal programs.

In soft markets (such as the current market), there is likely no advantage to be gained from a group procurement of individual products.

Alongside limited financial advantages, there are administrative concerns with this approach. For effective group procurement, a lead organization must coordinate information gathering and procurement. Members must agree to purchase from the same vendor, and renewal timing would no longer be entirely at local discretion. The direct relationship between insurer and municipality may also be reduced, as a single lead agency would coordinate the process.

If the County were to assume this role, it would procure services that member municipalities could then buy into. The County would need to broadly determine the nature of services being sought and provided for each member, which would require resources. Members would remain responsible for managing and providing their own data, and because their risks would not be pooled or reduced, premiums would be unlikely to be significantly reduced.

Pooled Risk

Moving beyond shared procurement, a shared insurance program could be explored. This is not a novel approach; Conservation Authorities have used a pooled approach to insurance across many areas for several decades with some success. Municipalities have also pooled risk, most notably through OMEX, the Ontario Municipal Insurance Exchange.

Pooled risk would see a group of municipalities act, for insurance purposes, as one. All property owned by the group would be pooled, and the liabilities of the group would be pooled. These pools would then be insured.

Because these are larger pools, risk is spread across more assets and liabilities. If a single municipality had 10 buildings and one was damaged by fire, 10% of its buildings would be impacted. If 10 municipalities each had 10 buildings and one building was damaged by fire, only

1% of the pooled buildings would be impacted. Both the frequency and severity of loss are reduced from the insurer's perspective, resulting in a stronger risk portfolio and potentially more competitive premiums.

Further, administratively, this is a simpler model for the Broker; it is a single inventory of buildings, risks and liabilities and the Broker needs only go to market for a single insurance product for each insured risk.

Costs could potentially be further reduced through a larger pool of insured assets and liabilities. A pooled model may also create capacity for higher levels of self-insurance and more effective shared risk management.

For these reasons, OMEX was established in the 1980's and provided insurance and risk management services across the municipal environment for several decades.

However, pooled insurance is not specific to individual needs, and municipalities with strong loss records do not benefit directly from that experience. Single large losses, or multiple large losses from other members of the group, affect the risk rating of the whole pool. Pooled insurance also carries significant administrative burdens, and those costs must be absorbed by participating municipalities.

Pooling insurance is complex and would undoubtedly involve higher initial costs. For example, property insurance is driven by insured property values. Each municipality will have made its own decisions about how to value insured property and adjust those values annually. Some may use higher values; others may use lower values. Those with lower values would likely see an increase in insured property value, driving premium increases as the pool levels up. There would also be significant initial administrative costs associated with pooling assets and liabilities. In addition, existing claims affecting pooled members would affect the premiums and history of the whole group. Members with few or no losses could therefore face costs driven by members with higher loss experience.

For these reasons, pooled programs have struggled. While the Conservation Authority pool has been effective, it has not been without challenges. One Conservation Authority operates an active ski centre on one of its properties. Skiing carries inherent liability exposure, and claims, when made, can be substantial, potentially running into tens of millions of dollars. As a result of a single incident at the hill, the pool experienced a significant insurance risk that caused premiums to increase for all members. Members were concerned about paying for an incident tied to a risk they were not exposed to, and the pool was subsequently amended. Despite the risk being removed from the pool, because the incident occurred while pooled, all members remained affected by it for many years.

OMEX was a municipally managed not-for-profit that supported municipal insurance for many years. Operating from the mid-1980s to 2016, it was created in response to escalating insurance costs, limited market competition, and a shared desire to take greater control of insurance costs. Premiums and risks were shared across the pool. As a pool, members were protected against some external factors beyond municipal control, but they also had greater exposure to risks within the municipal environment. Grey County was an OMEX member from the mid-1990s through the 2000s.

OMEX struggled in the 2000s. High costs associated with increasing litigation and Ontario's joint and several liability framework, rising competition from the commercial insurance sector, and increasing premiums meant members were increasingly able to secure more tailored insurance products and better pricing outside the pool. Ultimately, not enough members remained, and the pool ceased to operate.

Grey County left the OMEX insurance program in or around 2008. One of the costs of insurance is the requirement to hold reserves adequate to offset potential losses, and the establishment of these reserves is guided by financial legislation. In OMEX's early days, before legislation required such reserves, OMEX was able to reduce member costs by minimizing reserves held. With changing legislation, these reserves needed to be established and, despite Grey County having left the OMEX program several years prior, Grey County paid substantial sums to OMEX to help contribute to reserves required for losses incurred by the pool during Grey County's time within the OMEX program. This demonstrates the challenge of shared risk: costs of losses, direct or indirect, must be met by the remaining pool, even if some members are no longer participating.

Conclusion

Municipal insurance costs are a key budgetary consideration and have increased as global risks and loss costs have escalated. This has frequently resulted in municipalities experiencing insurance increases above inflation, even without direct losses or claims. For municipalities with recent losses or claims, increases may be even more significant.

The desire for efficient and effective local government services led to a request to consider whether Grey County municipalities could benefit from a more coordinated approach to securing insurance.

This report examines several options for collective work to reduce or manage costs. From shared risk management to pooled insurance, each option may have some potential to moderate future insurance cost increases; however, few, if any, are likely to drive direct insurance cost reductions. In all instances, dedicated resources would be required to coordinate municipal risk and insurance activities.

Many of the models discussed have been tried with some success; however, where success has occurred, it has generally been associated with hard insurance markets. Current market conditions are softer, with insurers and brokers competing for business, which reduces the potential savings that could be realized through most collective procurement models.

Staff recommend that municipalities continue to invest in proactive risk management measures to manage, mitigate, reduce, and where possible eliminate risks within their operations, but do not recommend proceeding with joint procurement or pooled insurance at this time.

Financial and Resource Implications

None.

Relevant Consultation

☐ Internal (list)

- ☐ AODA Compliance (describe)
- ☐ Contribution to Climate Change Action Plan Targets (describe)

☐ External (list)

Appendices and Attachments

None.

Committee Report

To:	Chair Boddy and Members of Committee
Committee Date:	September 15, 2026
Subject / Report No:	CAOR-JMS-18-26
Title:	Waste Management Services Review - Update
Prepared by:	Niall Lobley, DCAO
Reviewed by:	Randy Scherzer, CAO
Lower Tier(s) Affected:	All

Recommendation

1. **That report CAOR-JMS-18-26 regarding Waste Management Services Review be received for information.**

Executive Summary

Joint Municipal Services Committee received report CAOR-JMS-27-25 in September 2025 outlining opportunities identified by the Waste Management Community of Practice to improve the efficiency and effectiveness of waste management services across Grey County. Opportunities included greater alignment of waste collection services, shared service arrangements between municipalities, and consideration of a regional waste management service delivered by Grey County.

This work builds on discussions initiated in 2020 and 2021, when Grey County Council endorsed exploring regional waste management strategies, service alignment opportunities, and potential operational efficiencies.

As part of Budget 2026, Council approved funding to undertake an independent review of waste management services and identify potential future efficiencies, including consideration of County-led service delivery models.

Following a competitive procurement process, Council awarded the project to Dillon Consulting Limited (Dillon) in March 2026. The project commenced in April and has included engagement with all nine member municipalities, site visits, collection of baseline operational data, and assessment of current waste management practices.

The September 15 update to the Joint Municipal Services Committee is intended to provide an overview of progress to date, seek Committee feedback, and outline next steps. Committee discussions will be shared with Committee of the Whole and County Council through the adoption of Joint Municipal Services Committee minutes and will assist member municipalities in remaining informed throughout the review process.

The Waste Management Community of Practice, comprised of representatives from all nine member municipalities, continues to serve as the municipal steering committee for the project.

Background and Discussion

In March 2026, Grey County contracted Dillon Consulting Limited (Dillon) to undertake a Regional Waste Management Service Review and identify potential opportunities to improve the efficiency and effectiveness of waste management services across Grey County.

Waste collection and management services are currently delivered by the nine member municipalities using a variety of service models. These range from fully contracted services, such as Georgian Bluffs, to fully municipal operations, such as Southgate, where collection and landfill services are provided in-house. These differing approaches result in varying service levels, operating practices, and costs across Grey County. The Joint Municipal Services Committee identified waste management as a key area for exploring potential service improvements and operational efficiencies.

Dillon's work is being completed in two phases:

- Review and assessment of current waste management services; and
- Evaluation of potential future service delivery models, including a jurisdictional scan and opportunities for efficiencies.

The September 15 update to the Joint Municipal Services Committee is intended to provide an overview of progress to date, seek Committee feedback, and outline next steps. Feedback received through the Committee will assist in informing the ongoing review process. Final recommendations are anticipated for consideration by the next term of Council.

Since project initiation, Dillon has met with all nine member municipalities, completed site visits, collected baseline service and operational data, and undertaken interviews and assessments of existing waste management practices. Regular meetings have also been held with Grey County staff and the Waste Management Community of Practice, which continues to serve as the project's municipal steering committee.

During the summer, Dillon prepared draft Current State Analysis and Legislative Review and Emerging Trends reports. These reports are expected to be presented to the Waste Management Community of Practice in October and subsequently circulated to member municipalities for review and feedback. Once finalized, they will establish the foundation for the second phase of the project.

The second phase will include a jurisdictional scan of comparable municipalities to examine a range of local and regional waste management models. Dillon will then evaluate three future-state scenarios for Grey County:

- Business as Usual – continuation of existing service delivery models;
- Full County Assumption – consideration of a unified regional waste management service delivered by Grey County; and

- Shared Service Framework – opportunities for municipalities to share selected services or operational functions without full regionalization.

Each scenario will be evaluated using a triple bottom line approach:

- People (Social) – customer service impacts, accessibility, and service expectations;
- Planet (Environmental) – environmental outcomes, legislative requirements, and alignment with Going Green in Grey commitments; and
- Prosperity (Economic) – financial implications, costs, and opportunities for efficiencies.

Both short-term and long-term implications will be considered as part of the analysis, culminating in recommendations for future consideration by member municipal councils and County Council.

A draft final report and recommendations are anticipated in late 2026, with consideration by the next term of Council expected during the first half of 2027.

Legislated Requirements

The collection and disposal of waste is a highly regulated sector. Municipalities that directly provide waste management services, or contract for those services, are required to comply with a range of provincial legislative and regulatory requirements. Evolving legislative requirements and industry trends are being examined as part of Dillon's Legislative Review and Emerging Trends report.

While municipalities are authorized to provide waste collection services under the Municipal Act, there is no legislative requirement that municipalities deliver these services. There is also no legislative or policy requirement prescribing which level of municipal government should be responsible for delivering waste collection services.

Financial and Resource Implications

None.

Relevant Consultation

☒ Internal (list)

- ☐ AODA Compliance (describe)
- ☒ Contribution to Climate Change Action Plan Targets (describe)

  Going Green in Grey identifies County wide targets for waste diversion and GHG emissions reductions from waste management. This work will support meeting this objective.

☒ External (list)

- ☒ Dillon Consulting Limited

Appendices and Attachments

None.