



# THE DISTRICT MUNICIPALITY OF MUSKOKA

**CORPORATE AND EMERGENCY SERVICES DEPARTMENT**  
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**TO:** Chair and Members  
 Corporate and Emergency Services Committee

**FROM:** Nancy Cox-Godfrey  
 Manager of Purchasing and Support Services

**DATE:** August 8, 2011

**SUBJECT:** Competitive Bidding for Community (Social) Housing Insurance

**REPORT NO:** CES-8-2011-4

## RECOMMENDATION

THAT The District Municipality of Muskoka endorse the Regional Municipality of Waterloo's position on Competitive Bidding for Community (Social) Housing Insurance as attached to Report No. CES-8-2011-4;

AND THAT The District Municipality of Muskoka object to the additional 5% Administration fee charged by the Social Housing Services Corporation to community housing providers;

AND THAT the District Chair write to the Minister of Municipal Affairs and Housing to express Council's concern and recommendations with respect to competitive bidding for community (social) housing insurance;

AND THAT copies of this resolution be forwarded to the Board of the Social Housing Services Corporation, the Minister of Municipal Affairs and Housing, the Premier of Ontario, all prescribed housing providers in Muskoka, all Service Managers in Ontario and the Association of Municipalities of Ontario.

## ORIGIN

Correspondence sent to the Ministry of Municipal Affairs and Housing from the Social Housing Services Corporation (SHSC), correspondence sent to all housing providers from SHSC, and correspondence sent by the Regional Municipality of Waterloo, as attached to this report.

## ANALYSIS

A recent decision by the Social Housing Services Corporation will prohibit the District and other housing providers from independently tendering insurance for their housing portfolios. Based on 2010-11 premium quotes, removing any competition will result in at least a \$12,000 increase for District-owned units and will reduce the value of coverage and insured assets that are provided by our present insurance provider. It is anticipated that the SHSC insurance program costs for next year may increase for property insurance premiums in the range of 15% to 60%, which would be approximately \$7,200 to \$29,000 for District-owned units (based on 2010-11 values). Council should be aware that an additional \$56,000 is also spent annually by prescribed community housing providers through the SHSC Insurance Program, which is subsidized by the

District (through the prescribed funding model). This money should go into supporting local affordable housing, not subsidizing the provincial social housing insurance plan.

This mandatory change in service, under the affiliated SoHo Insurance Inc. program, is largely driven by the heightened perception of SHSC's risk as a result of Toronto's Wellesley Street fire of a multi-residential apartment building. As a result, SHSC intends to have all housing providers help pay for their losses by insisting that they all be assigned under the same insurance plan. This takes on a "reciprocal" type insurance format in which all pay into the same pool and share in everyone's losses even if a group's claims history is stellar.

As well, insurance acquisitions made separately from SHSC's insurance program have been in constant conflict for approximately 8 years. The District of Muskoka has an excellent insurance claims history and this has been reflected in our low premium costs. Consequently, the District's "penalty" for low claims history and premium costs, is a 5% administration fee (plus HST) that SHSC places against all providers who do not insure with their prescribed insurers. This fee serves no benefit to the District since we provide our own claims management, retain our own adjusting company and monitor our insurance portfolio. On the District housing stock this fee represents an additional \$2,018 per year. This same administration fee percentage is allocated to any non-profit housing corporation when they negotiate a better premium with another insurer.

The above recommendation asks that the Social Housing Services Corporation or the Province reverse this decision. It also asks that, if this is not done, the Minister provide an exemption so that funding for housing in the District of Muskoka is not reduced by the actions of the Social Housing Services Corporation.

Respectfully submitted,

With the concurrence of,



Nancy Cox-Godfrey  
Manager of Purchasing and  
Support Services



Stephen Cairns  
Commissioner of Finance and  
Corporate Services



REGIONAL MUNICIPALITY OF WATERLOO

OFFICE OF THE REGIONAL CLERK

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July 7, 2011  
C04-30/F18-30

The Honourable Rick Bartolucci, Minister  
Municipal Affairs and Housing  
777 Bay Street, 17th Floor  
Toronto, ON M5G 2E5

Dear Mr. Bartolucci:

Re: Competitive Bidding for Community (Social) Housing Insurance

Please be advised that the Council of the Regional Municipality of Waterloo at their regular meeting held on June 29, 2011, approved the following motion:

**THAT the Regional Municipality of Waterloo object to the refusal of the Social Housing Services Corporation (SHSC) to allow for competitive bidding for insurance by prescribed housing providers in the Region of Waterloo by adopting the following resolution:**

**WHEREAS the Social Housing Services Corporation, an entity created by the Province of Ontario, has announced the elimination of all competition for the provision of insurance coverage outside of its exclusive Group Insurance Program for prescribed community (social) housing providers;**

**AND WHEREAS the statutory mandate of the SHSC is limited to coordinating insurance programs for prescribed community housing providers;**

**AND WHEREAS the Region of Waterloo directly owns over 2800 units of community (social) housing and oversees more than 5000 additional units of community (social) housing as the Service Manager pursuant to the Provincial *Social Housing Reform Act*;**

**AND WHEREAS all community housing , including community housing in the Region of Waterloo, will be unable to seek quotations for insurance coverage outside of the SHSC's wholly-owned brokerage, as of November 2011;**

**AND WHEREAS SHSC – insured community housing providers are expected to incur a substantial increase in their upcoming insurance renewal premiums;**

**BE IT RESOLVED THAT the SHSC Board of Directors be requested to immediately reverse their decision to require all prescribed housing providers to only**

**participate in their Insurance Program, and return to their current business practice;**

**AND THAT the SHSC initiate a process to ensure that all of its programs and services are based on open, competitive bidding processes;**

**AND should the SHSC not reverse its decision, the Province of Ontario intervene accordingly to ensure an open, competitive bidding process for insurance and all of its other programs and services;**

**AND THAT the Minister of Municipal Affairs and Housing issue a written consent or other remedy if necessary to the Region of Waterloo and its prescribed community housing providers, as well as any other Service Manager requesting such relief with the ability to not participate in the SHSC insurance program and other SHSC programs and services, if desired;**

**AND THAT this resolution be forwarded to the Board of the SHSC, the Minister of Municipal Affairs and Housing, the Premier of Ontario, all prescribed housing providers in the Region of Waterloo, all Service Managers in Ontario, and the Association of Municipalities of Ontario.**

Please accept this letter for information purposes only. If you have any questions about this resolution, please contact Deb Schlichter at 519-575-4521.

Please forward any written responses to this letter to Kris Fletcher, Director, Council & Administrative Services/Regional Clerk.

Yours truly,



per Kris Fletcher  
Director, C & A S / Regional Clerk

KF/vc

Cc: M. Murray, Chief Administrative Officer  
R. Horne, Commissioner, Planning, Housing and Community Services  
D. Schlichter, Director, Housing



**REGIONAL MUNICIPALITY OF WATERLOO**  
**OFFICE OF THE REGIONAL CHAIR**  
**COUNCIL REPORT**

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**TO: Members of Regional Council**

**DATE: June 29, 2011**

**SUBJECT: Competitive Bidding for Community (Social) Housing Insurance**

**RECOMMENDATION:**

**That the Regional Municipality of Waterloo object to the refusal of the Social Housing Services Corporation (SHSC) to allow for competitive bidding for insurance by prescribed housing providers in the Region of Waterloo by adopting the following resolution:**

**Whereas the Social Housing Services Corporation, an entity created by the Province of Ontario, has announced the elimination of all competition for the provision of insurance coverage outside of its exclusive Group Insurance Program for prescribed community (social) housing providers;**

**And whereas the statutory mandate of the SHSC is limited to coordinating insurance programs for prescribed community housing providers;**

**And whereas the Region of Waterloo directly owns over 2800 units of community (social) housing and oversees more than 5000 additional units of community (social) housing as the Service Manager pursuant to the Provincial *Social Housing Reform Act*;**

**And whereas all community housing , including community housing in the Region of Waterloo, will be unable to seek quotations for insurance coverage outside of the SHSC's wholly-owned brokerage, as of November 2011;**

**And whereas SHSC – insured community housing providers are expected to incur a substantial increase in their upcoming insurance renewal premiums;**

**Be it resolved that the SHSC Board of Directors be requested to immediately reverse their decision to require all prescribed housing providers to only participate in their Insurance Program, and return to their current business practice;**

**And that the SHSC initiate a process to ensure that all of its programs and services are based on open, competitive bidding processes;**

**And should the SHSC not reverse its decision, the Province of Ontario intervene accordingly to ensure an open, competitive bidding process for insurance and all of its other programs and services;**

**And that the Minister of Municipal Affairs and Housing issue a written consent or other remedy if necessary to the Region of Waterloo and its prescribed community housing providers, as well as any other Service Manager requesting such relief with the ability to not participate in the SHSC insurance program and other SHSC programs and services, if desired;**

**And that this resolution be forwarded to the Board of the SHSC, the Minister of Municipal Affairs and Housing, the Premier of Ontario, all prescribed housing providers in the Region of Waterloo, all Service Managers in Ontario, and the Association of Municipalities of Ontario.**

**BACKGROUND:**

A recent decision by the Social Housing Services Corporation will prohibit the Region and other housing providers from independently tendering insurance for their housing portfolios. Based on last year's premium quotes, removing any competition would have resulted in a \$73,000 increase for Regionally-owned units. It is anticipated that the SHSC insurance program costs for next year may increase for property insurance premiums in the range of 15% - 60%, which would be approximately \$42,000 - \$169,000 for Regionally-owned units. Council should be aware that an additional \$800,000 is also spent annually by prescribed community housing providers through the SHSC Insurance Program, which is subsidized by the Region of Waterloo (through the prescribed funding model). This is money which should go into supporting local affordable housing, not subsidizing the Provincial social housing insurance plan. The attached memo from Regional staff along with the letter from the Corporation sets out what is happening.

The above recommendation asks the Corporation or the Province to reverse this decision. It also asks that, if this is not done, the Minister provide an exemption so that funding for housing in the Region is not reduced by the actions of the Social Housing Services Corporation.

Respectfully Submitted,  
*Ken Seiling*, Regional Chair