



INSURANCE BROKERS
ASSOCIATION OF SASKATCHEWAN

2020 Insurance Broker Day at the Legislature

Tuesday, March 3, 2020

Established in 1952, the Insurance Brokers Association of Saskatchewan (IBAS) is a voluntary, membership-based organization, comprised of more than 95% of all independent insurance brokers across the province. We directly represent **205** unique brokerages with **378** branch locations, operating in **249** different Saskatchewan communities. Our members, meanwhile, collectively employ 1,600 licensed brokers, and transact approximately 90% of all property and casualty insurance business in the province.

PRIORITY #1

Shift the burden of overland flood risk away from the taxpayer and onto the private insurance market.

According to the most recent available statistics, there are approximately 42,000 residential properties in Saskatchewan at risk of flooding, with a total exposure of \$8.9 billion. Of these, 26,000 homes have a 22%-or-greater chance of flooding over the span of a 25-year mortgage.

Until only a few years ago, losses incurred as a result of flooding were covered entirely through the Provincial Disaster Assistance Program (PDAP). Today, though, roughly three-quarters of Saskatchewan homeowners have coverage through SGI CANADA or another private insurer — exponentially higher than the national average of 32%. There are also now more tools available to properly defend at-risk structures against flooding. Unfortunately, in Saskatchewan, only 37% of at-risk homes are properly defended.

IBAS supports measures to phase down the reliance on taxpayer funded PDAP payments and transfer more risk onto the private insurance market. Yet, this cannot be done in isolation. It will require a forward-thinking partnership

between the private sector and all three levels of government to protect current at-risk homes and prevent or mitigate future development in designated flood plains. Specifically, IBAS holds the position that stakeholders must jointly:

1. Define *affordable coverage* and maintain protection for high-risk homes that cannot reasonably access private insurance (may be accomplished through a subsidized high-risk insurance pool or modified PDAP);
2. Introduce new controls to limit future development on high-risk land or shift liability exposure through the permitting process;
3. Improve access to flood maps for municipal governments, developers, and the general public;
4. Allocate freed-up PDAP funds to incent homeowners to invest in flood defences (there are innovative models whereby proper defenses are recognized through a certification process to stabilize the values of high-risk homes);
5. Ensure governments consult insurers in the development of land use and water management strategies; and
6. Invest in a targeted consumer education campaign to raise awareness of flood risks and defences.



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PRIORITY #2

Continue to work through the broker channel to deliver Canada's most stable and serviced auto insurance regime.

Saskatchewan's public auto insurance system is unlike any in the country. And, by most accounts, it is the most stable, cost-effective, and proactively served — particularly as other jurisdictions coast-to-coast grapple with skyrocketing premiums and market volatility.

The SGI Auto Fund currently carries a Rate Stabilization Reserve of \$835 million, offers the second lowest insurance rates in Canada, and provides on-the-ground services in 276 different Saskatchewan communities — largely due to the integrated delivery through IBAS's extensive broker member network. This model has become the envy of other Canadian provinces — even those with public auto insurance operations.

IBAS strongly believes that it is in the best interest of Saskatchewan consumers, families, and businesses not only to maintain this system, but to continue work to enhance it, including through key investments in technology and through deeper collaboration with IBAS and other private insurance companies.

For example, increasing the number of Saskatchewan drivers with third-party liability coverage beyond the \$200,000 minimum that comes standard with basic plates must be a priority. Comparatively, in B.C. and Manitoba, more than nine in 10 drivers have liability protection of \$1 million or more.

To that end, IBAS has tabled with the government and SGI six overarching recommendations to help bridge that gap:

1. Require all Motor Licence Issuers to be licensed insurance brokers (minimum

Restricted Auto Licence), while making offsetting provisions to reasonably mitigate incremental burden faced by small businesses;

2. Enhance licensing systems to allow for real-time, rated, multi-carrier quoting and binding on extension auto products in a single-transaction, single-payment environment;
3. Reconfigure SGI New Issuer Training to remove redundancies, incorporate a greater scope of basic insurance knowledge, and be offered online;
4. Embed content on Saskatchewan automotive insurance into new driver education;
5. Create a shared, industry-wide website to help drivers better understand the province's auto licensing and insurance framework in a non-sales-based and easy-to-understand manner; and
6. Complete a multi-stakeholder provincial consultation to consider the separation of third-party liability and/or physical damage coverages out of basic plate insurance.

PRIORITY #3

Work together with industry to identify and address challenges in an evolving and hardened insurance market.

The insurance industry is a small and — despite its competitive nature — tight-knit community. And we're here to help.

Whether it is working together with government to reduce burdensome red tape, raise consumer awareness, promote choice and competition in the marketplace, better understand pressing issues (such as the state of condo insurance, availability of hotel and hospitality coverage, etc.), or develop solutions, IBAS, its members, and its carrier partners stand willing and ready to collaborate.