



**INSURANCE BROKERS  
ASSOCIATION OF SASKATCHEWAN**

Tuesday, November 10, 2020

Hon. Scott Moe  
Premier of Saskatchewan  
Government of Saskatchewan  
2405 Legislative Drive, Room 226  
Regina SK S4S 0B3

**Re: Priority Insurance Issues for Saskatchewan Consumers**

Dear Premier:

On behalf of the Insurance Brokers Association of Saskatchewan (IBAS), congratulations on your recent re-election and to the entire Saskatchewan Party caucus on once again forming a majority government. Your continued leadership and dedicated service to the people of this province are deeply appreciated.

As you prepare for the coming weeks and months, we wanted to take this opportunity to underscore how crucial our industry is to the economic and social fabric of Saskatchewan, and highlight three consumer-centric priorities we feel should remain atop your government's agenda. Collectively, IBAS's 189 brokerage members — almost all of which are small businesses:

- Operate 367 branches in 241 *different* cities, towns, and villages across Saskatchewan;
- Transact 90 per cent of the \$3.26 billion in property and casualty (P&C) insurance premiums written in the province annually;
- Employ roughly 1,600 licensed insurance professionals; and
- Contribute an estimated \$14 million in sponsorships and donations, and volunteer more than 48,000 staff hours within Saskatchewan communities each year.

**Priority #1: Continue to work through the broker channel to deliver Canada's most stable and best serviced auto insurance system.**

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

The SGI Auto Fund currently carries notable stabilization reserves, delivers the lowest insurance rates nationwide, and provides on-the-ground services through IBAS's extensive member network — perhaps one of the most effective examples of public-private partnership in Canada. This customer-first model has become the envy of other provinces and territories, including those with public auto insurance operations.

We firmly believe it is in the best interest of Saskatchewan consumers, families, and businesses not only to maintain this system, but to continue working to enhance it. Over the next few months, IBAS and SGI will be reviewing the current agreements that define the SGI-insurance broker motor licence issuing relationship, which are set to expire on November 1, 2021. We remain very hopeful the successful renewal of these pacts will further strengthen the value proposition for Saskatchewan residents and taxpayers.

One area of focus for IBAS in these negotiations will be to secure commitments from SGI around key investments in technology as well as deepened collaboration with both IBAS and private insurance carriers. These emphases aim to improve consumer safety and the overall customer experience.

For example, increasing the number of Saskatchewan drivers with third-party liability coverage beyond the \$200,000 minimum that comes standard with licence plates — while protecting and, ideally, *boosting* competition and choice — must be a shared priority. Roughly half of Saskatchewan drivers only carry the mandatory minimum coverage. Comparatively, in B.C. and Manitoba, more than nine in 10 drivers have liability protection of at least \$1 million.

To that end, IBAS has tabled six overarching recommendations to serve as guideposts to help bridge the gap:

- a) Require all motor licence issuing staff to be licensed insurance professionals (minimum Restricted Auto Licence), while making offsetting provisions to reasonably mitigate the incremental burden faced by small businesses;
- b) Update IT infrastructure to allow for real-time, rated, multi-carrier quoting and binding on extension auto products in a single-transaction, single-payment environment;
- c) Reconfigure SGI New Issuer Training to remove redundancies, incorporate a greater scope of basic insurance knowledge, and be offered online;
- d) Embed content on Saskatchewan automotive insurance into new driver education;
- e) 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 (*please note that IBAS will be launching a campaign to advance this objective in the coming months*); and
- f) 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 #2: Work together with industry to identify and address challenges in a hardened insurance market.**

In a recent IBAS survey, Saskatchewan brokers flagged the hardened insurance market as the most significant challenge facing their businesses — and, by extension, Saskatchewan consumers — over the next three years.

While the industry began to experience hardening conditions well before the surge in COVID-19 cases, the pandemic has only compounded capacity shortfalls in a number of commercial insurance segments (such as hotels, bars and restaurants, and condo corporations), resulting in rising premiums and, in some cases, difficulty accessing coverage altogether.

IBAS is encouraging policymakers to work collaboratively with brokers *and* insurance companies to explore innovative solutions. This may include targeted initiatives to help consumers better understand and manage their risks, or collaborative programs to ensure that all businesses can obtain the coverage they need to continue operating safely — especially as Saskatchewan advances along its economic recovery. Fortunately, there are a few early-stage initiatives already showing some promise, such as the Insurance Bureau of Canada's (IBC) Business Insurance Action Team, which is being piloted in Ontario to help small businesses in the hospitality sector find viable insurance solutions.

**Priority #3: 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 per cent 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, more than three-quarters of Saskatchewan homeowners have private coverage — exponentially higher than the national average of 32 per cent. There are also now more tools available than ever before to properly defend at-risk structures against flooding. Unfortunately, in Saskatchewan, only 37 per cent of at-risk homes are properly defended.

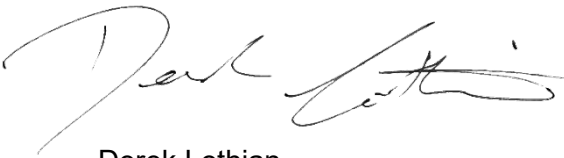
IBAS and IBC, which represents insurance carriers writing more than 90 per cent of P&C premiums in the country, jointly support measures to phase down the reliance on taxpayer funded PDAP payments and transfer more risk onto the private insurance market. Yet, this cannot be done in isolation. It will require a forward-thinking partnership between the private sector and all three levels of government to protect current at-risk properties and prevent or mitigate future development in designated flood plains. Specifically, IBAS holds the position that stakeholders must:

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

Thank you for your consideration and for your ongoing engagement with Saskatchewan's insurance brokers. Within the next few weeks, IBAS will be presenting STARS air ambulance with the proceeds from its 2020 Charity Campaign, exceeding \$50,000 in member donations. I hope you will join us in celebrating that contribution on social media and through your respective networks when it is announced.

We look forward to working alongside you in the months and years ahead. Don't hesitate to contact me directly should you have any questions or concerns.

Regards,



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CC: Hon. Donna Harpauer, Minister of Finance & Deputy Premier  
Hon. Don Morgan, Minister Responsible for SGI  
Hon. Gord Wyant, Minister of Justice & Attorney General  
Hon. Don McMorris, Minister of Government Relations