



M A G A Z I N E

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Volume 1, Issue 1 | May 2019

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### Get ready for *The Insurance Act*

Well, it's been a long time coming. But as of January 1, 2020, five years after first being passed by policymakers, Saskatchewan's insurance sector will be officially governed by new legislation: *The Insurance Act*. We take a look at what's changing, what it means for your brokerage, and what you need to do to maintain compliance.



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### Extended Auto Advisory Committee releases recommendations

Only half of Saskatchewan drivers carry more than the \$200,000 in minimum third-party liability coverage that comes standard with licence plates, leaving many individuals and families exposed to unnecessary financial risk. Now, after a year of consultation, research, and discussion, IBAS has introduced a plan to bridge the gap.



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### In the hot seat

Every spring, the IBAS board of directors meets with executives from the leading insurance companies operating in the province to learn more about their business strategies and discuss issues that matter to broker members. In preparation for these meetings, we posed three questions to each company — and are sharing their responses with you.

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# 2019 IBAS Community Leadership Award

## Call for Nominations

Insurance brokers are woven into the very social and economic fabric of Saskatchewan. They are the heartbeat of our communities, large and small — champions for civic engagement, generous supporters of local causes, and compassionate business leaders, who go the extra mile to provide their neighbours with an unparalleled level of service and support. As an industry, it is imperative we celebrate these positive impacts.

That's why IBAS — in partnership with Saskatchewan Blue Cross — is launching the Community Leadership Award. This award, to be presented for the first time at the 2019 IBAS Convention Chair's Banquet (Friday, October 18), will recognize the outstanding contributions of one broker or brokerage that has went above and beyond to make a difference in their respective community. These contributions may be made through volunteerism, participation *in* or leadership of key local initiatives, philanthropy, or other means of involvement.

*Nominations close Friday, September 13, 2019. Self-nominations are encouraged.*

**Submit your nomination at [www.ibas2019.ca/award](http://www.ibas2019.ca/award).**

### Eligibility & Selection

- Eligible nominees include: Insurance brokers (currently licensed or previously licensed for a consecutive period of at least 20 years), brokerage principals, or brokerage businesses operating in Saskatchewan as of the date of nomination.
- Nominations must include a maximum 500-word submission outlining the nominee's relevant community involvement and contributions (as well as outcomes, if applicable), and a brief explanation of why they should receive this award.
- The recipient shall be chosen by a three-person panel consisting of: One former IBAS board chair (or president), one representative from Saskatchewan Blue Cross, and one non-industry representative to be selected by IBAS management.






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# Your priorities are our priorities

By Dave Pettigrew, President & CEO, Harvard Western Insurance



Spring is often regarded as a time for renewal — a new year, with new resolutions and an optimistic outlook on what lies ahead. In many ways, it is the season for improvement.

At IBAS, we've embraced spring as an opportunity to sharpen our focus on how we provide value and engage our members. The relaunch of *SaskBroker Magazine* is emblematic of that commitment — not in rebranding the same product, but in redefining the product, the package, and the delivery model altogether.

The IBAS board has put a lot of thought recently into why the organization does what it does. Why does IBAS exist? What are we here to accomplish? And, do our members' expectations align with our current priorities?

While there have been many variations to our 'mission' and 'vision' over the years, the overarching purpose has, I think, remained largely the same: Our mandate is to ensure Saskatchewan brokers are recognized as the most trusted, knowledgeable, and consumer-focused distributors of insurance. *How*

we accomplish that, however, is the million-dollar question, and the answer must change with the realities of the marketplace.

As an association, there are three fundamental things we do on behalf of our members.

First off, we connect you to insight and support, offering you access to the information and resources you need to make better business decisions. Strengthening this area was the underlying reason for the overhaul of this magazine. Adding new events, such as the Broker Insights Roundtable Series (which launched in February) and Saskatchewan Summit of Young Insurance Professionals (the second annual iteration of which was held on April 4), were also deliberate steps in that direction. The next phase is to evolve our member services portfolio beyond our E&O, Consumer Protection Fund, and broker website programs.

Secondly, we build the broker force. In other words: We work to ensure you have access to the skilled labour necessary to compete and grow — through education, ongoing professional development, as well as

by promoting insurance as a first-choice career pathway. This is the pillar you will hopefully see the most progress in over the coming year. From launching new CE courses to rolling out the Saskatchewan Insurance Workforce Development Coalition, IBAS recognizes — and is responding to — this call to action that was clearly articulated by members in our 2018 Broker Issues Survey.

And, third, we champion your interests. Perhaps above all else, it is our role to be the unifying, trusted, and influential voice of Saskatchewan insurance brokers with government, regulators, carriers, consumers, and other industry stakeholders. IBAS has taken this responsibility to heart, and that has been demonstrated in some of the exciting new initiatives that have either recently happened or are ongoing — the Extended Auto Advisory Committee (*Page 32*), quarterly advocacy teleconferences, and Insurance Broker Day at the Legislature (*Page 24*), to name a few.

Keep in mind that, collectively, these are lofty goals for any sized organization, not to mention IBAS's

**"Our mandate is to ensure Saskatchewan brokers are recognized as the most trusted, knowledgeable, and consumer-focused distributors of insurance. *How* we accomplish that, however, is the million-dollar question, and the answer must change with the realities of the marketplace."**

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**“As an industry, we only grow when those around us grow.”**

small staff. Under the leadership of our CEO Derek Lothian, the IBAS team has made incredible strides over the past year-and-a-half. But progress requires a sustained effort. So, as we move forward, it is imperative members continue to support the association wherever possible. Join a committee. Consider allowing your name to stand for nomination to the IBAS board of directors. Indenture your employees in IBAS training and events. Every little bit counts.

Finally, I wanted to take a quick moment to highlight an emerging ‘fourth pillar’ IBAS has begun to embrace: *Business community leadership*. Although it has not historically fallen within the scope

of our ethos, it has really become ingrained in our identity and our place in the overall economic and social picture of Saskatchewan. As an industry, we only grow when those around us grow.

That’s why, this past January, IBAS was proud to help found the Saskatchewan Business Council. Now comprised of more than 20 industry associations and business support groups, this unique coalition has come together to promote the positive contributions of Saskatchewan businesses, and to proactively advocate on common issues that enhance the competitiveness of the province’s business climate. Initially, the council has identified four priority

files: Providing input to the new Saskatchewan growth plan, workforce and skills development, federal advocacy, and PST on construction services. Stay tuned to future issues of *SaskBroker Magazine* for updates as the council rolls up its sleeves.

Undertakings such as this illustrate how important collaboration will be to our future success — as a province *and* as an association. We need you, and your input, more now than ever before. Member value starts with member engagement.

*Dave Pettigrew is the president and CEO of Harvard Western Insurance and is serving his first term as chair of the IBAS board of directors. 📞*



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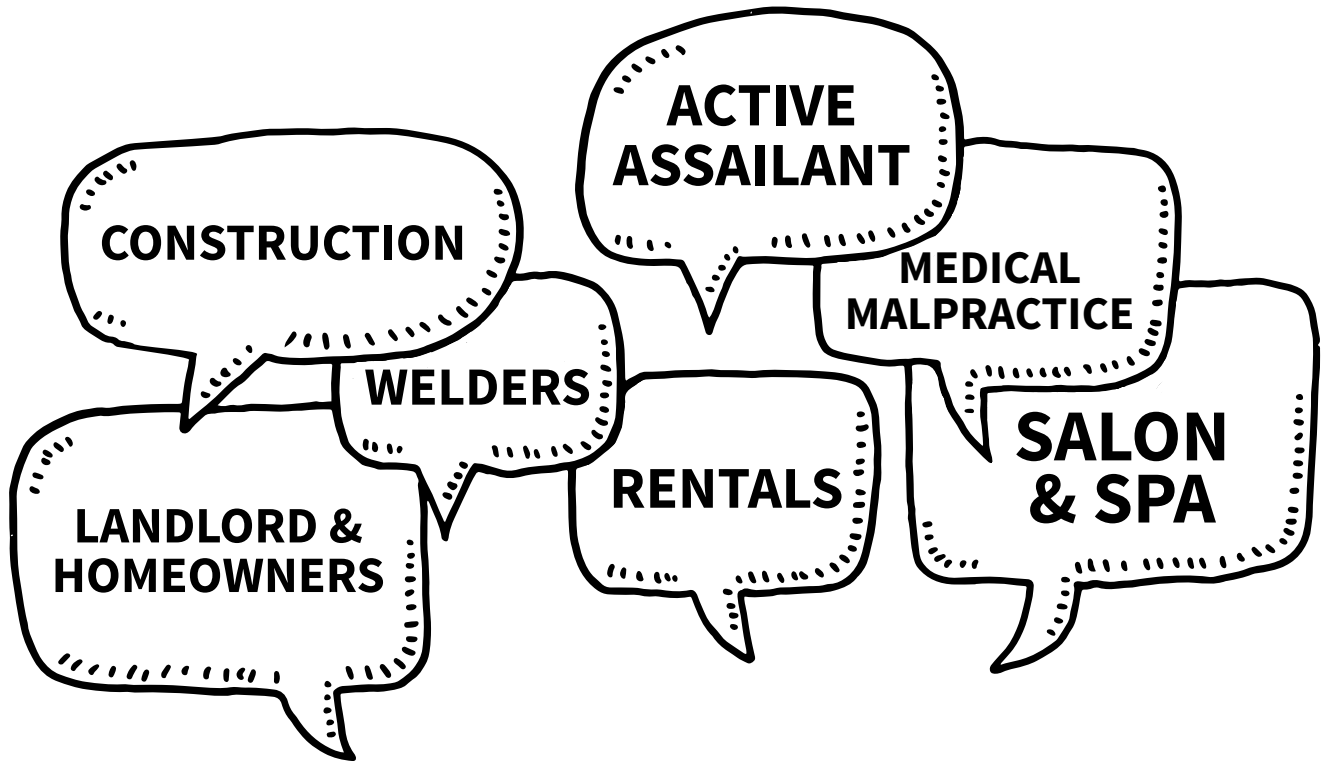
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# Doubling down on the broker channel

*Wawanesa's Carol Jardine chats with us on technology, market trends, and the benefits of being a mutual*

By SaskBroker Magazine Staff

**F**or our first iteration of *Carrier's Perspective*, we sat down with Carol Jardine, president of Canadian P&C operations with Wawanesa Insurance, to discuss her company's competitive position in the Saskatchewan marketplace. Our questions appear *in blue*, followed by Jardine's responses in regular text.

### *What is your general perspective on the Saskatchewan insurance market?*

As a Western Canadian mutual insurer founded in Manitoba, the Prairies are part of our roots, and Saskatchewan is integral to who we are. We have been building relationships here with brokerages of every size and scale for generations. We are committed to supporting the growth of the Saskatchewan marketplace and continuing our strong partnerships with independent brokers who share our commitment to service and community. When we look at Saskatchewan, we see lots of opportunities — for us, and for our brokers. But, even so, there are challenges ahead for all of us.

### *Challenges such as?*

Market conditions in the Canadian industry have become more challenging of late. Brokers across the country are telling us they are facing reduced underwriting capacity, and we know underwriters — including ours at Wawanesa — are having to increase

rates to keep up with the rising cost of claims.

Our customers are being impacted, and insurers and brokers are working together to help Canadians better understand why their premiums are going up. This includes educating customers on all the new insurance products that are available, as well as what preventative actions they can take to protect their property from severe weather events and reduce their risk of damage.

### *What is driving rate increases across Canada?*

While I can't comment specifically on Saskatchewan auto insurance, as we do not compete with the province's public insurer, nationwide, rates are being impacted due to the rising cost of vehicle repair and injury recovery.

The increased frequency of extreme weather events is clearly impacting us all, too. Smaller and more frequent severe weather contributed to \$2 billion of total catastrophes in Canada in 2018. Last year alone, summer storms across the Prairies caused more than \$240 million in insured damage. The conversation regarding climate adaptation and disaster risk management is at an all-time high. This is our new normal — not 'one in 100-year events.'

The challenge we have as an insurer is to manage these rising costs while



**"As a mutual insurer, we take the long view. We look at decades — not fiscal quarters — and are in this market for the next 100 years to provide the underwriting capacity our brokers need at a price that allows us to break even. We are committed to this, irrespective of other insurers who have left the province or may be contemplating retreating from the Saskatchewan market."**

ensuring that our customers understand the value of their insurance policies, and that the premium impact is minimized, fair, and transparent. We don't take lightly the effect rising premiums have on our policyholders and we're working hard to spend their premium dollars carefully.

As a mutual insurer, we take the long view. We look at decades — not fiscal quarters — and are in this market for the next 100 years to provide the



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underwriting capacity our brokers need at a price that allows us to break even. We are committed to this, irrespective of other insurers who have left the province or may be contemplating retreating from the Saskatchewan market.

### ***Is there enough competition in the market today?***

Well, the government insurer in Saskatchewan is our main competitor in P&C and has a major role in influencing competition and choice — especially when SGI is the only government insurer in Canada that both competes in P&C and supplies mandatory automobile insurance. It is not easy to compete against a government insurer. They have access to every broker office and provide a system that brokers use as agents of SGI every day.

Let me, though, be clear: We are comfortable with competition. We operate in provinces with more than 200 insurance companies competing against us every day. And Wawanesa is investing more than ever to be a stronger competitor. But here's a caution for Saskatchewan brokers: Too much reliance on any one insurer is not good for you, or for your customers. Without strategic support for other insurers, Saskatchewan brokers risk becoming agents, and insurers who would otherwise be interested in writing in the

province would find it hard to reach the scale required to justify the investment to do so.

### ***Your broker strategy has recently gone through significant change. Why?***

We've doubled down on brokers. We've transferred our direct distribution customers in Quebec to a group of independent insurance brokers and are no longer selling any products direct to consumers. Wawanesa is now the largest P&C insurer in Canada solely committed to and focused on the independent broker channel.

Our research tells us that customers want advice from professionals in their community that they trust. They may research insurance online, but, ultimately, they turn to an insurance broker for advice on the protection of their greatest assets — their home, their car, and their businesses. We believe that brokerages who share our hometown values and are prepared to invest in their businesses to meet the service expectations of the modern insurance consumer will survive and thrive.

### ***How important is technology in your Saskatchewan broker strategy?***

It's critical. We are increasing our investments in digital tools and capabilities with the broker value proposition in mind. Our view is if we can help brokers 'go digital' and become

more competitive and customer-responsive, and if we can provide technology-enabled solutions to free up time for brokers to provide expert advice to their clients, then everyone wins. We believe that Canadians want and need independent, expert advice from brokers — especially those who have embraced digital ways of interacting and are seeking a convenient experience.

A huge part of our technology focus last year was introducing Guidewire InsuranceSuite — an integrated policy administration, rating, and billing system — to Saskatchewan brokers. We also launched BluePass, our new broker entry portal. Next up will be BMS integration, which will enable seamless real-time policy transactions between us and our brokers.

### ***What about product innovation for the Saskatchewan market?***

That's another key focus of our partnering strategy.

Our new commercial farm product — Agricultural Select — launched last November. It is our first flexible and comprehensive insurance product built for large-scale grain, oilseed, and produce operations.

We have introduced a personal cyber policy that protects customers from the fallout of cyber attack, cyber extortion, online fraud, or data breach — it's not just businesses that face these risks.



The advertisement features a photograph of a hotel room on the left, showing a large bed with white linens, a desk with a chair, and a window with sheer curtains. On the right, a dark blue vertical banner contains white text. The text reads: 'Work Smart. Sleep Well. AT THE SHERATON CAVALIER SASKATOON HOTEL'. Below this, it says: 'After a long day, we all want to recharge, and even more so when you're on the road. At the Sheraton Cavalier Saskatoon Hotel, we offer a premium sleep experience, excellent dining, and all the comforts of a home away from home.' Further down, it provides booking information: 'To book your preferred rate visit [www.sheratonsaskatoon.com](http://www.sheratonsaskatoon.com)'. At the bottom, it mentions a promo code: 'Under "Special Codes" Use Promo Code: YJP'.

We also recently launched a personal umbrella policy to the Saskatchewan market and our brokers in this province.

#### *What other trends are shaping Wawanesa's strategy?*

Right now, our Canadian P&C business is deep into a transformation process. Our evolution is about more than a strong balance sheet and strong relationships — although these are core elements of our strategy. It's about navigating the next 100 years as a mutual on the Prairies.

We are becoming an innovative insurance company, streamlining and automating as much as we can to operate more efficiently and effectively for our brokers and our policyholders. What's exciting to see are the partnerships we have created not only with some great insurtech startups in our Innovation Lab and Outpost, but also with the new breed of digital brokers. These brokers are embracing technology and are using it to attract those consumers who live in our digital world. Wawanesa continues to actively explore and negotiate new partnerships and engagement opportunities in this area. We have a digital distribution team focused on ensuring all our technology supports broker integrations. This team also assists brokers with developing their own digital strategy — we are here to help.

**"But the biggest strategic issue that is changing our industry — in a very positive way — is rising customer expectations for value, service, and corporate social responsibility. This requires us to work together to modernize and significantly improve how customers view insurance and the benefits we provide when they need us the most."**

But the biggest strategic issue that is changing our industry — in a very positive way — is rising customer expectations for value, service, and corporate social responsibility. This requires us to work together to modernize and significantly improve how customers view insurance and the benefits we provide when they need us the most. As a mutual, we have no shareholders demanding larger profits, so we are really able to hone in on the needs of our policyholders, who are our owners.

#### *What do these changes and trends mean for brokers?*

It means that, in the same way insurers need to invest in technology, brokers need to adapt and invest as well to meet the rising expectations of customers. Brokers who have not yet done so must begin their own transformation and their own strategic process to figure out how they can best survive and thrive in the next

decade. Transacting in a seamless way with customers, with correct quoting, renewal, and billing information straight through to an insurer's system, is already possible today.

Customers have simple questions at odd hours, and they have clearly told us that they want 24/7 direct access to their information. Right now, it may be through a website and unique sign-on, but we're moving quickly into different application programming interfaces (APIs) that will allow customers — through their brokers' websites — to look at their policy documents, check when their payment is due, or maybe search for the status of their claim.

It truly is an exciting time for all of us. The insurance industry is rapidly evolving — we are innovating, and brokers are, too. At Wawanesa, we are working with brokers to transform our businesses together. Our partnership has succeeded for more than 120 years, and we look forward to the next 100 years together. 📌



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# The devil is in the details

By Peter Braid, CEO, Insurance Brokers Association of Canada



**T**he Insurance Brokers Association of Canada (IBAC) is a national organization that represents the collective interests of 11 member associations — including IBAS — and their member brokers. IBAC advocates on behalf of insurance brokers and consumers, supports and elevates the broker profession, and promotes a vibrant and sustainable broker distribution channel.

In this column going forward, I will be providing you an update on some of the important files we're advancing on your behalf.

### The *Bank Act*

Federal advocacy is IBAC's *raison d'être*, and we continue to raise the bar. With a national voice that carries the weight of over 38,000 P&C insurance brokers, we are working to protect consumers, enhance the image of the broker profession, and ensure a fair and competitive insurance marketplace.

The centre of IBAC's advocacy effort over the years has been the ongoing battle to maintain the *Bank Act* provisions that ensure the separation of the pillars of banking and insurance. We are able to leverage our strong political relationships at both the grassroots and national levels to ensure this core principle is maintained through successive *Bank Act* reviews and related matters.

In 2018, we intensified our advocacy on the *Bank Act* ahead of the statutory review due by March 2019. Our annual Parliament Hill Day in May 2018 focused on reinforcing and promoting our long-held position that banks should not sell insurance at the point of granting credit. This message of consumer protection resonated with all decision-makers, with the result that the important blanket prohibitions in the *Bank Act* were upheld once again. The enabling legislation was passed in June 2018, and no further review of the *Bank Act* will occur until 2023.

This represents a significant victory for Canadian consumers, who will continue to have access to expert, impartial advice when purchasing insurance coverage. Thanks to all brokers who have participated in IBAC's successful advocacy on this issue over the past few years.

### Emergence of fintechs

Last year, the Government of Canada also enacted changes to give greater flexibility for financial institutions to undertake fintech activities. Recognizing this could potentially have an impact on insurance brokers and the industry as a whole, IBAC sought to clarify the government's intentions.

Through meetings with Finance Minister Bill Morneau and senior officials, and an appearance at the House of Commons Finance Committee, IBAC was able to convey brokers' concerns and received assurances that the government understands and is aligned with our position. The next step is the drafting of fintech regulations, and — knowing that the devil is in the details — IBAC is watching closely to ensure these regulations will reflect the historical separation between banking and insurance.

In January 2019, Finance Canada officials invited IBAC to a meeting to review and discuss fintech issues from a broker perspective, prior to the drafting of the new regulations. They wanted to discuss the particular concerns of brokers and ensure the final regulations achieve the shared goal of maintaining the separation of banking and insurance. This was a positive, significant, and unprecedented opportunity for IBAC, and a testament to the bridges that we have been building in Ottawa.

At the meeting, departmental officials confirmed that, based on expert analysis, the current blanket provisions in the *Bank Act* that prevent banks from sharing customer information either directly or indirectly will also apply to fintech entities that banks may own or control. We will have the opportunity to review the draft regulations, expected this spring, to ensure that there are no unintended consequences or loopholes that could impact brokers.

That being said, we continue to have concerns regarding the monitoring and enforcement of the blanket provisions in the legislation, and have suggested that a consumer education component and a clear consumer complaints process be established. This approach supports our advocacy with regards to both the *Bank Act* and consumer protection, and we will be exploring this further with Finance Canada and the Financial Consumer Agency of Canada (FCAC).



A farmer wearing a cap and overalls stands in a field of grain, holding a handful of it. The background is a vast field under a clear sky.

# Protecting farmers and what matters most to them.



## The Right Partner for Farm Insurance

Red River Mutual works hard to protect the livelihoods of Canadians on the prairies. And while we've been growing, we know that Saskatchewan farmers have been making changes too. Agriculture is becoming increasingly driven by technology and the business of serving your farm customers is becoming more complex. So let's keep things simple and build farmers a policy that covers exactly what they need – not more, not less.

**Red River Mutual – Your Partners for Farm Insurance.** Visit [RedRiverMutual.com](http://RedRiverMutual.com).



## Open banking: Threat or opportunity?

*Open banking* is a new potential disruptor in the financial services sector, allowing consumers to access their financial information and share it with third-party financial services providers. The federal government is considering whether Canada should implement an open banking system, and IBAC has contributed a written submission to the consultation process.

It is IBAC's view that open banking could help to modernize Canada's financial systems, accelerate innovation in products and services, and provide benefits for small businesses. At the same time, the principle of protecting consumers must remain paramount. As this issue moves forward, we will continue to stand up for consumers and maintain a watchful eye on the public policy details.

## Public awareness

IBAC's advocacy also includes serving as a respected voice on insurance-related issues.

One area of focus is the increasing risk of natural disasters such as overland flooding, and the apparent disconnect in public awareness despite repeated news reports of such catastrophic events in communities across the country.

Last year, we commissioned a study that found that the majority of Canadians believe it is unlikely (66 per cent) or

somewhat unlikely (21 per cent) that their homes are at risk of flooding. Many homeowners reported their insurance policy would not cover overland flooding (27 per cent) and a further 34 per cent did not know if they would be covered.

Given their trusted relationships with clients, insurance brokers are well-positioned to help their clients understand their individual risks, and advise them on the appropriate insurance coverage required to protect their family's property and financial security.

IBAC is also doing its part as a responsible stakeholder with the launch of a national campaign in the spring to educate Canadians about the risks of catastrophic events and the importance of having the right coverage.

## Parliament Hill Day

Once again this year, on May 29, IBAC will converge on Parliament Hill for our annual advocacy day. Brokers from across the country, including an enthusiastic delegation from IBAS, always receive a warm welcome from parliamentarians, and we are looking forward to advancing these important issues on behalf of brokers and consumers.

*Peter Braid is the CEO of the Insurance Brokers Association of Canada. Prior to assuming that role in 2017, he served as a Member of Parliament for Kitchener-Waterloo between 2008 and 2015.*

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# Here's (some of) what we're working on

By Derek Lothian, CEO, Insurance Brokers Association of Saskatchewan



**T**hroughout my professional life, I've always considered myself to be a 'high-functioning' introvert. Okay, okay — *semi-functioning*.

The truth is that while I've made a living as a communicator, I'm not naturally that good at it. I grew up a shy kid and, despite learning to disguise it with age, I've never been able to completely shake the sense of anxiety around new people. I often joke with friends that taking public relations in college was a therapeutic exercise for someone who didn't really relate with the public.

The single trait, however, that has allowed me to transcend those hurdles has been my curiosity. When I'm immersed in something, I need to understand how it works — what is influencing the mechanics and what elements are controllable that can impact the outcome.

I think that's why, through my first year-and-a-half as CEO of IBAS, my favourite part of the job has been meeting directly with members — a bit paradoxical for an introvert, I know. But understanding your challenges, the opportunities you're pursuing, and the

environment you're operating within is not only what fuels that curiosity, it's paramount in our ability to deliver you value.

Two of the most common questions I hear while visiting brokerage principals are: *What are you seeing out there right now in the economy*, and *what is IBAS doing to address 'X'?* 'X' is generally a wide range of industry-specific issues, from helping brokers embrace new technologies right down to shaping certain government policies. As it turns out, they are also my favourite questions to answer.

I'm a big believer in continuous improvement; and I will be the first to admit that, as an association, we still have a long way to go to operate at the high level of performance we feel is achievable. That said, there are very few topics that arise in conversation where we have not at least begun to advance a potential solution. Being able to share our perspective and the work we are undertaking on your behalf is one of the most important responsibilities I have.

Ultimately, that's what this *CEO's Notebook* column is all about — a regular forum to provide you, as

members, short updates on the business climate, policy files, programs, and initiatives driving our mandate forward. There won't be near enough pages to cover everything, but my hope is that it will give you at least a flavour for the direction the organization is heading and the breadth of activity we're involved in on a daily basis.

## Budget 2019

Every year, for the past eight years, I have attended the unveiling of a government budget, either provincially here in Regina or federally in Ottawa. And, I have to say, this year's Saskatchewan budget may go down as one of the most boring on-record. What is usually a headline-laden affair could be summed up in less than 10 words: *Return to balance, no new taxes, stay the course*.

After two years of deficits, the Saskatchewan Party tabled its plan to bring in a razor-thin surplus of \$34.4 million — hardly a lot of breathing room in a near-\$15 billion budget. And although I do think many of the projections made within it are extremely conservative, the numbers also

**"Capital investment in the province is projected to drop 3.6 per cent in 2019, to \$14.9 billion — the lowest level since 2010. Manufacturing investment alone is expected to plummet 22 per cent. Among major industries, only the resource and construction sectors are anticipating upticks in capital spending, at 13 per cent and two per cent, respectively."**



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admittedly do not consider the potential economic impact of the federal carbon tax, which came into force on April 1.

Expect Premier Moe and the SaskParty caucus to do everything in their power to remain in the black leading up to an all-important election year budget in 2020.

## Red flags

By almost every forecast, Saskatchewan is poised to lead Canadian provinces in growth through 2019 — coming in at either number one or number two on the list, between 1.7 and 2.2 per cent.

Depending on the lens you're looking through, that could be either good news or bad news. The good news is that it appears to be a stabilization of growth after a few years of boom and bust. On the downside, there is a very real possibility that inflation will actually outpace the rate of growth, meaning less money in the pockets of consumers and businesses at the end of the day. A handful of major variables could swing the pendulum to either side, including some market access uncertainties with our two largest trading partners, the U.S. and China (which, together, account for 70 per cent of Saskatchewan exports).

Those big, flashing question marks are reflected in some of the first-quarter trends. For instance: Capital investment in the province is projected to drop 3.6 per cent in 2019, to \$14.9 billion — the lowest level since 2010. Manufacturing investment alone is expected to plummet 22 per cent. Among major

industries, only the resource and construction sectors are anticipating upticks in capital spending, at 13 per cent and two per cent, respectively.

Given these pressures, and barring any surprises, my best guess is that the economic mood in Saskatchewan over the next eight-or-so months will likely feel more subdued than the pundits will try to tell us it is based on the statistics.

## Saskatchewan Insurance Workforce Development Coalition

Later this year, IBAS will be rolling out the new Saskatchewan Insurance Workforce Development Coalition. And, yes, we need to come up with a shorter name.

The exact structure of this entity is still being hashed out; however, in short, it will be a collective of independent, like-minded organizations (including the Saskatchewan Young Brokers Network, insurance carriers, training institutions, and other industry groups), collaborating to promote insurance as a rewarding, modern, first-choice career pathway. The interest has already been encouraging.

This work will aim to include embedding insurance education into financial literacy programming, marketing efforts to modernize the perception of the insurance industry, forecasting the insurance industry's workforce and skills demand, coordinating attendance at Saskatchewan career fairs, and forging stronger relations on behalf of the

insurance sector with Saskatchewan's burgeoning technology cluster.

## Rural Brokerage Advisory Committee

More than 20 brokerage principals took part in the first-ever teleconference of the new IBAS Rural Brokerage Advisory Committee, held on April 2.

Participants identified six areas of focus for future exploration: The availability of insurance markets for small and rural brokerages; education and support around technology adoption; recruiting and retaining skilled staff; high-speed internet access; the urbanization of the customer base; and compensation levels on basic auto coverage.

A second teleconference will be held in the coming months, followed by an initial in-person meeting this fall. Please contact me if you would like to join.

## Autonomous vehicles

Earlier this year, IBAS took part in a meeting alongside SGI and the Insurance Bureau of Canada to begin to explore the regulatory and insurance framework for autonomous vehicles in Saskatchewan.

In October, Nova Scotia announced it would become one of the first Canadian jurisdictions to make serious legislative changes to accommodate self-driving vehicles, replacing its longstanding *Motor Vehicle Act* with an updated *Traffic Safety Act*.

Watch for more on this in the coming months.



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## The taxation of insurance

During the second annual Insurance Broker Day at the Legislature on March 5, IBAS took the opportunity to communicate to policymakers the importance of maintaining transparency when taxing insurance products.

No industry is likely to *celebrate* new taxes; but, where there is a public financial necessity to collect them, it is important they are implemented with openness and fairness.

There are two ways the Province may choose to collect tax on P&C insurance: Through PST applied to premiums — the exemption for which was removed in 2017 — or through the longstanding Insurance Premiums Tax. Few folks outside the industry are aware the latter already exists, adding up to four per cent onto coverages, as it is built into the cost of the premium and is not visible to the consumer.

While IBAS remains concerned about the eroding affordability of insurance

and its impact on coverage decisions, IBAS commended the government for upholding the principle of transparency in the face of public pressure, choosing to repeal the PST exemption instead of adjusting upward the Insurance Premiums Tax.

Going forward, IBAS is prepared to work alongside government in a proactive manner to analyze and better understand the impact that varying levels of taxation have on consumer insurance decisions, and the subsequent personal, business, and public exposure to risk.

## CAIB update

As you may have heard, IBAC is in the process of updating the current CAIB curriculum. This is more of a 'modernization' than a 'rewrite,' and is aimed at bringing terminology and course learnings more in-line with today's realities. IBAC has set a tentative goal of year-end for completion.

## And one last thing...

This is the first 'relaunched' issue of *SaskBroker Magazine*. The decision to go a new direction wasn't just about coming up with a new logo or investing in a thicker stock of paper — it was about fundamentally redefining what this publication is and why you want to read it. Our vision is for a modern, thought-provoking resource you can't wait to open — that combines leading-edge insight and analysis with the latest IBAS information you need to make sound business decisions.

This is a journey and it does not with our first issue. That said, I hope you'll find as you flip through these pages that we're on the right path. Let us know what you'd like to see!

*Questions? Comments? I'd love to hear from you directly! Call my direct line anytime at (306) 525-4075 or drop me an e-mail at [derek.lothian@ibas.ca](mailto:derek.lothian@ibas.ca).*



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# EVENTS SPOTLIGHT

## 2019 Insurance Broker Day at the Legislature held March 5



The second annual Insurance Broker Day at the Legislature was held Tuesday, March 5, in Regina.

This is one of IBAS's most important advocacy initiatives of the year, featuring a full day of meetings with elected officials, top bureaucrats, and regulatory executives.

The delegation — which consisted of the IBAS board of directors, as well as representatives from the Saskatchewan Young Brokers Network and Insurance Bureau of Canada — led discussions with the Premier's office, the Minister Responsible for SGI, the Minister of Government Relations (and Minister Responsible for PDAP), the Minister of Justice and Attorney General, the Caucus Policy Committee on Crown and Central Agencies, the Ministry of Finance, the General Insurance Council of Saskatchewan, as well as the Official Opposition.

## Capacity crowd for the second annual Saskatchewan Summit of Young Insurance Professionals

For the second straight year, the Saskatchewan Summit of Young Insurance Professionals was a smash hit, attracting a capacity crowd of roughly 140 brokers, insurance company representatives, adjusters, and other industry stakeholders.

Co-hosted by IBAS, the YBN, and the Saskatchewan Pond of Blue Goose International, the April 4 event featured a best-in-class line-up of speakers, including Saskatchewan Roughriders President & CEO Craig Reynolds; Jolene Watson, president, Clarity Coaching & Development; SGI Auto Fund EVP & COO Penny McCune; Nuera Insurance Founder Braden Bosch; Loren Gardiner, vice president of specialty solutions with Intact Insurance; as well as Celyeste Power, vice president with the Insurance Bureau of Canada.

The event also raised close to \$1,000 for the Canadian Red Cross *Imagine No Bullying Campaign*. A special thanks to our *Presenting Partners*: Wawanesa Insurance and SGI CANADA, as well as to our *Event Partners*: Intact Insurance, Saskatchewan Mutual Insurance, Red River Mutual, Midwest Claims Services, and Lydale Construction.





# UPCOMING EVENTS

## Industry Networking

### 2019 IBAS Golf Tournament



June 18, 2019  
*The Legends Golf Club (Warman, SK)*

The annual IBAS Golf Tournament is a staple social event for broker members and industry partners. Enjoy a great day on the links with friends and peers — register individually or as a team by visiting [www.ibas.ca](http://www.ibas.ca). A complimentary shuttle service will be provided between the Sheraton Cavalier Hotel in Saskatoon and the golf course (pre-registration required).

[www.ibas.ca/events](http://www.ibas.ca/events)

### YBN Corporate Challenge



September 13, 2019  
*To Be Announced (Saskatoon, SK)*

Now in its third year, the Saskatchewan Young Brokers Network (YBN) Corporate Challenge is a fun, one-day event to raise money for a worthwhile local cause. Teams representing brokerages, insurers, and other industry partners compete for bragging rights and great prizes. To date, more than \$17,500 has been raised for charity.

[www.ibas.ca/events](http://www.ibas.ca/events)

### 2019 IBAS Convention: *The New Frontier*



October 17 – 18, 2019  
*Sheraton Cavalier Hotel (Saskatoon, SK)*

Saddle up in Saskatoon! Join more than 600 brokers and insurance leaders for our marquis event of the year. Presenters include *Dragons' Den* entrepreneur Manjit Minhas and Abacus Data CEO David Coletto, with roll-in-the-aisles entertainment from renowned Canadian comic Steve Patterson. Help make this our biggest and best convention yet — register now for your chance at \$1,000 in early-bird cash!

[www.ibas2019.ca](http://www.ibas2019.ca)

## Professional Development

### Webinar: Commercial Endorsements & Extensions

May 22, 2019  
*Online Webinar*

The number of add-ons that can be supplemented onto commercial insurance policies can seem overwhelming. In this webinar, you'll look at the most commonly used commercial endorsements and floaters, including but not limited to: Building bylaws, stock spoilage, the exhibition floater, and the installation floater. Through this overview and related claims examples, you'll gain an excellent understanding of how the various coverages should be applied.

### CAIB Immersion Courses

*CAIB 2: September 7 – 14, 2019*  
*Sandman Hotel (Regina, SK)*

*CAIB 1: November 16 – 23, 2019*  
*Sandman Hotel (Regina, SK)*

Taught by long-time instructor Todd Hochban, CAIB immersion courses are a weeklong experience where students participate in intensive theoretical discussions and hands-on exercises. A final exam is held on the last day of each course.

### National Exam Date

*December 4, 2019*  
*IBAS Office (Regina, SK)*  
*SGL Claims Centre (Saskatoon, SK)*

Students can choose to write exams for the following courses: Fundamentals of Insurance, Auto Part 1 (Basic), General Bylaws, as well as CAIB & CPIB paper exams.

To learn more or to register for IBAS educational opportunities, visit [www.ibas.ca](http://www.ibas.ca).



# Get ready for *The*

Five years after being passed in the Legislature, Saskatchewan's new Act is set to take effect in 2020

By Derek Lothian, CEO, Insurance Brokers Association of Saskatchewan

**W**ell, it's been a long time coming. But as of January 1, 2020, Saskatchewan's insurance sector will be officially governed by new legislation: *The Insurance Act*.

Originally passed by policymakers in 2015, the 'new Act' has had more than its share of false starts. Those of you who attended the most recent IBAS AGM may recall implementation was hard set for this past January. In November, however, IBAS — along with several other organizations — requested an additional delay to allow for the finalization of still-outstanding regulatory amendments, and to provide those affected by the Act, including brokers, sufficient time to review the changes and take any actions necessary to maintain compliance. As a result of those appeals, enactment was delayed by a full year.

**"It's fair to say the changes will impact the life insurance sector far more dramatically than P&C companies. Nevertheless, there are new parameters you as brokers and brokerage owners need to be aware of."**

Since then, IBAS has been working closely alongside the Financial & Consumer Affairs Authority (FCAA) as well as the staff at the General Insurance Council of Saskatchewan (GICS) to clarify the rules and help ensure a smooth transition.

## From 30,000 feet

It's fair to say the changes will impact the life insurance sector far more dramatically than P&C companies. Nevertheless, there are new parameters you as brokers and brokerage owners need to be aware of.

To understand some quirks of the new Act, one must rewind to 2015 and consider the political environment leading up to that period. The *New West Partnership Trade Agreement* — which was originally signed by Saskatchewan, Alberta, and British Columbia (followed by Manitoba in 2016) — was gaining momentum under the banner of 'regulatory harmonization,' and aimed to better integrate the Western Canadian economy. Then-Premier Brad Wall was at the center of this push. As a result, several pieces of legislation under review at the time were examined through the lens of their counterparts in the other western provinces. For better or for worse, Saskatchewan ended up 'borrowing' certain legislative elements to bring it closer in-line with its neighbours.

# Insurance Act



The wording in *The Insurance Act*, it could be argued, is the outcome of those imperfect realities. There are several instances throughout the text and resulting regulations that seem to be borne of noble intent, but that bring to bear seemingly unnecessary consequences. There are other modifications that are straight-up improvements, and others that have a clear direction with which IBAS remains somewhat concerned.

## New definitions

One of the most obvious changes is to the definition of *property and casualty insurance*. As of January 1, 2020, it will mean ‘any class of insurance other than life insurance.’ So, those who currently carry an *All Classes Other than Life* licence will now have a licence under the new name.

There is also a revised definition of *general insurance*, which will essentially mean ‘any class of P&C insurance other than accident and sickness insurance.’ This encompasses crop hail coverage.

## Tied selling

IBAS is pleased the new Act will expressly prohibit the practice of tied selling.

Under this restriction, insurance providers and intermediaries cannot require customers to purchase one product or service to receive the initial product or service they wanted to purchase. This mirrors the longstanding provisions of the federal *Bank Act*, which prevent financial institutions from offering loans contingent on the purchase of insurance policies.

Unfortunately, despite being a significant step in the right direction, this falls short of IBAS’s more rigid recommendation to FCAA.

The prohibition on tied selling does not necessarily prevent credit-granting agencies from selling insurance, or even

**“Legislative modernization is never an easy journey, regardless of industry. In truth, it can be quite painful — for those it governs *and* for those responsible for enforcing it. The key is open, proactive, and transparent dialogue, rooted in a rational understanding that we are all in this together.”**

requiring insurance — it simply precludes them from requiring the consumer buys *their* insurance to receive the loan. The best example of this is when seeking financing on the purchase of a new vehicle or piece of farm equipment. The lender can absolutely require the consumer to have insurance as a condition of the financing, but the consumer must be able to obtain that insurance from whomever they choose.

This is a hollow protection, though, if the borrower is unaware he or she has a choice. And, in some cases, high-pressure sales tactics can lead to a borrower purchasing additional insurance that he or she may already be covered for.

It remains IBAS's position that the lender should be required to *inform* the borrower that he or she has an explicit choice in where to obtain compulsory coverage.

## Licensing

The new Act requires employees of an insurer to become licensed if providing insurance advice, or if working jointly with advisors and clients. This includes sales representatives and some call center employees, who were largely exempt under the 'old Act' that is still in-force.

## Broker adjusting

One of the more interesting changes allows brokers to adjust claims under \$10,000 without an adjusters' licence.

This can be done only when the policy was sold by the same brokerage (you can't adjust another brokerage's policy), and you have the expressed permission of the carrier. Brokerages interested in pursuing this as a means of value-added customer service are highly encouraged to speak with carriers well in advance of January 1 to discuss how they will be navigating this new option.

## Disclosures

To be called an *insurance broker* or *insurance brokerage*, you must hold a valid licence and represent at least two different markets (in any type of insurance line). If you do not meet this requirement, you must refer to yourself as an *agent* or *agency*, and you *must* disclose the insurer to the client or potential client.

## Fees

GICS bylaws already require you to inform customers of any fees you charge over and above the premium, advising them of the fee and the reason for charging it. Beginning in January, consumers must also agree to these fees *in writing* before you provide the service you are charging for.

## Audit authorities

Under the new Act, GICS will have the authority to audit your brokerage — and your brokerage's individual licensees — for compliance.

As part of its Insurance Broker Day at the Legislature on March 5, IBAS expressed to GICS concerns around how audit powers would be managed, and the risk that brokerages

may face with potentially overzealous enforcement. The IBAS board was advised by GICS staff that risk-based audits of both a proactive (random) and responsive (for example, due to consumer complaints or as a result of previous compliance actions) nature are being considered. This process will be developed and announced within the next year.

IBAS will be working closely with GICS in the coming months to explore the possibility of creating resources to help brokerages minimize their exposure to the risk of non-compliance. Possibilities include the establishment of a best practices guide or standards certification process not indifferent to the COR (short for *Certificate of Recognition*) safety certification widely used in industries like construction and manufacturing.

## Fines

The new Act will enable GICS to levy financial penalties of up to \$25,000 for individuals and \$50,000 for brokerages for non-compliance with the council bylaws — a significant increase over today's punitive powers.

## Designated Representatives

The most substantive overhaul in the new Act revolves around *Designated Representatives*, or *DRs*.

Let's start with how DRs are appointed. As it stands today, an insurer 'sponsors' a brokerage for licence, and the brokerage delegates the appropriate DR. The new Act will indenture a different process, whereby the insurer will appoint the DR directly to council. This will — almost always — be at the recommendation of the brokerage; however, the communication of that appointment will now be directly between the sponsor and GICS.



Krista McCann of 306 Adjusting Services in Saskatoon.



On its own, this is not a major upheaval — albeit, a bit cumbersome and just plain odd. Where it lays potential landmines is when a DR departs, voluntarily or at the behest of the employer, or when the DR passes away.

The new legislation explicitly states the brokerage must notify council immediately if the DR leaves (along with the reason for leaving) or dies, and that failure to do so will result in the business's licence being revoked. And although it *does* afford for the appointment of a temporary DR, a permanent representative must be named within 14 days of the previous DR's departure or death — and that will now require liaising with the sponsoring insurer. To help safeguard business continuity in event of the unexpected, it is imperative brokerages think through succession and ensure, wherever possible, there is more than one Level 3 licensee on staff.

The second notable evolution is the expansion of the DR role itself. The new Act establishes or reaffirms several key responsibilities — not the least of which is overseeing the screening of new licence applicants and the ongoing monitoring of licensees that represent the brokerage.

It will be up to the DR to assure strong policies and procedures are in place to equip the licensee with the knowledge needed to obtain and maintain the licence for whichever classes of insurance they are selling. That includes annual continuing education requirements. Yes, the DR can assign responsibility onto the individual licensee, but it is ultimately the DR who will be held responsible by GICS if any of the requirements are not met.

Finally, it is up to the DR to inform GICS within five days — not five *business* days — when a licensee leaves the brokerage for any reason.

## Online message

Amongst IBAS's policy 'wins' through the development of the regulations, a new requirement was mandated for a protective message to be displayed when insurance is being sold online. This requirement is similar to that mandated in the financial services sector, and is intended to remind consumers that individual needs vary, and prompt them to seek licensed advice before making an insurance decision.

## A final word

It is important to note that this article highlights just *some* of the changes set forth by the new Act. IBAS strongly recommends reviewing the new DR handbook, as well as all other literature published by GICS on the revised rules, and suggests brokers consult directly with GICS to make any clarifications or ask subsequent questions.

Legislative modernization is never an easy journey, regardless of industry. In truth, it can be quite painful — for those it governs *and* for those tasked with enforcing it. The key is open, proactive, and transparent dialogue, rooted in a rational understanding that we are all in this together.

Make sure to do your part. Make every effort to learn about the Act, and engage with GICS in good faith to ensure your compliance. IBAS will be holding government, and regulators, to that same standard. 🦋

# The common-sense case for brokers to stay out of adjusting

*By Krista McCann, Principal, 306 Adjusting Services*

**F**or the first time, when *The Insurance Act* comes into force in January 2020, brokers will be allowed to adjust claims up to \$10,000 without an adjuster's licence — provided it is a policy sold by that brokerage and assuming the brokerage is permitted to do so by the carrier.

While this may seem like a good idea up-front, the potential pitfalls far outweigh the perceived benefits.

Beyond some of the lingering questions (*Which insurers will allow it? Would the broker be compensated for the adjusting? And, if so, would that payment need to be disclosed in advance to the client?*), there is the obvious issue of practicality.

Brokers are trained to understand coverages and advise customers on that coverage. They represent the *consumer*. Adjusters, meanwhile, are trained in specialized claims management practices and typically represent the *carrier*. There is an inherent conflict of interest in blurring the lines between that relationship, as well as in the skills required to deliver on it effectively — both subjecting the brokerage to unnecessary risk.

Construction, as an example, is a complex trade. Being able not only to identify construction damage but assess the parameters of the insurance policy, then understand what needs to be remediated and how, is a specific type of knowledge unique to the adjusting profession. Throughout the entire insurance transaction, including in the claims process, consumers should expect and receive service that meets a minimum standard of expertise. Licensing — whether that is as an insurance broker or as an adjuster — should remain that minimum standard.

The truth is: There are no longer many claims under \$10,000 anyway. And, even if you think a claim would fall under that mark initially, they have a way of creeping up fast. What if you start out adjusting a claim, only to find out part way through it will exceed \$10,000? What happens then? Does it go back to the carrier? An independent adjuster? Either way, it will create nothing but uncertainty and confusion — ultimately benefitting no one involved, especially the customer.

*Krista McCann is the founder and principal of 306 Adjusting Services — an independent adjusting firm based in Saskatoon. 🦋*

# CYBER INSURANCE

## The starting point for a necessary discussion

By Pete Tessier, Host, *TheInsurancePodcast.com*



**T**here is no shortage of hot topics when it comes to products in the insurance industry. And the trendiest of all these days may be cyber insurance.

This relatively new product is typical of how the insurance sector evolves. Once carriers and brokers see the opportunity for risk exposure, they create a solution to cover those risks. Cyber risk, however, is a different beast than most — and will change out of necessity at a pace seldom seen before.

In the beginning, cyber coverage was an extension on policies, similar to how identity theft was offered. The extension was written into the policy or offered as an optional endorsement, depending on the company, and usually contained a hard limit of protection.

We don't hear as much about identity theft as perhaps we once did, because consumers' awareness eventually caught up with the sophistication of the threat. Entities that managed personal data also matured, as did laws and the level of both regulatory and corporate oversight. But the risk didn't necessarily dissipate — it simply migrated toward the more general cyber world, where consumers and businesses continue to face far more complex and diversified attacks.

Cyber insurance is like most other types of insurance within the commercial realm in that it addresses a specific set of risks that a regular commercial policy does not cover. In some cases, a business might want to add an extension to an existing policy or they may choose to purchase an entirely separate policy to cover that exposure. The decision will depend on the client and their unique situation.

For any broker looking to expand their offering of cyber insurance protection to new and existing customers, the process really boils down to two issues: What is contained in the product, and how do customers see its value?

### The product

Sifting through cyber insurance products can be daunting. There is a whole new world of terminology and concepts for brokers to learn and understand well enough to be able to have an informed discussion with their clients. Knowing the product is the first step to being able to sell it.

So, what exactly is included in cyber insurance coverage?

First, think of cyber insurance as two types of liability coverage: *First-party* and *third-party*. If your client is concerned about exposures to their own individual data and systems, they would want coverage that would fall under *first-party* to indemnify them for damage done to their businesses. Many organizations provide their employees with laptops, tablets, and phones — all of which have the ability to store data and become compromised, whether by theft or intrusion. A cyber policy would cover expenses to repair, fix, restore, or eliminate threats to those

devices, just as it would a network in an office or business.

Where cyber insurance becomes much more expansive is if a business provides services to others where data is stored that is not its own — of customers, suppliers, and so on. This is the *third-party* exposure, where a business transmits a virus or produces a negligent type of content that can be prevalent in the cyber sphere.

A good place to understand these exposures is in an insurance broker's own business.

How many brokers have a cyber liability policy in place for themselves? Given the vast amount of personal data contained in a broker management system, including (but not limited to) birthdates, drivers' licenses, addresses, phone numbers, banking information, and accounting details, understanding your own exposures to a data breach and the potential perils can go a long way to shaping your sales and marketing approach to others.

More specifically, these are the types of risks that cyber insurance can cover: Data breach, lost or stolen data, network security, business interruption, litigation, public relations fees, forensic investigations, regulatory fines, identity theft, extortion (an increasingly common occurrence), phishing, viruses, spyware, and more.

"Don't forget to leverage the often-overlooked relationship that brokers typically have with their insurer partners. If you are selling any complex endorsement or policy, like cyber insurance, having an excellent, proactive channel of communication with your underwriter can help immensely — in understanding coverages *and* in the development of future coverages."

*Continued on Page 31*



SADDLE UP IN SASKATOON

THE # NEW  
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2019 IBAS CONVENTION

OCT 17 & 18, 2019  
SASKATOON, SK





The insurance landscape is changing: Technology is disrupting businesses and consumers alike. Regulatory, workforce, and economic realities are posing new operational questions. And the customer experience is becoming increasingly interactive, personalized, and on-demand.

Welcome to *The New Frontier* for Saskatchewan insurance brokers. Sure, there is more risk out on the horizon today than ever before, but there is also a wide-open field of opportunity — *if* you're ready to think beyond the status quo. That's what the 2019 IBAS Convention is all about.

## IT'S TIME TO #SADDLEUP.

### DAVID COLETTO CHIEF EXECUTIVE OFFICER, ABACUS DATA

Kick-off convention with a buffet lunch on Thursday while hearing from one of Canada's foremost experts on the impacts of generational change. David will explore some of the key trends affecting different demographics and consumer segments, and will help tie it back to what it could mean for your brokerage in the years ahead. We'll make sure to ask him about the November federal election as well!

### MANJIT MINHAS CANADIAN ENTREPRENEUR & *DRAGONS' DEN* INVESTOR

This year's marquis, Friday luncheon keynote will be one of Canada's most sought-after speakers on entrepreneurship, empowerment, corporate social responsibility, and business adaptation. Manjit started out as a 19-year-old with \$10,000 and a dream. Today, her brewery is the 10th largest in the world, and she's seen more than 1,000 pitches in her four seasons as a judge on *Dragons' Den*.

### STEVE PATTERSON COMEDIAN & HOST OF CBC'S *THE DEBATERS*

Familiar to hundreds of thousands of Canadians as the host of CBC Radio One's hit show, *The Debaters*, Steve's material combines razor-sharp wit with meticulously crafted, up-to-the-moment social commentary to keep audiences rolling on the floor. He has twice earned the title *Best Male Stand-Up Comedian* at the Canadian Comedy Awards, and will be taking to the stage Friday evening as the Chair's Banquet entertainment.

## THURSDAY, OCTOBER 17

11 A.M.	Registration Begins
11:30 A.M.	Welcome Luncheon & Keynote Speaker
1 P.M.	IBAS Annual General Meeting Registration Begins
1:30 P.M.	2019 IBAS Annual General Meeting
5:30 P.M.	Trade Show: <i>The Outlaws &amp; Pioneers of 'The New Frontier'</i>
8:30 P.M.	Hospitality Night ( <i>Presented by Wawanesa &amp; SGI CANADA</i> )

## FRIDAY, OCTOBER 18

8 A.M.	Breakfast
9 A.M.	The State of the Insurance Industry
10 A.M.	Insurer Executive Panel Discussion #1
11:30 A.M.	Awards Luncheon & Keynote Speaker
2 P.M.	Insurer Executive Panel Discussion #2
3:30 P.M.	The Saskatchewan Economy: Where We Go from Here
4:15 P.M.	Staying atop the Evolving Cybersecurity Threat
5 P.M.	Chair's Reception ( <i>Presented by Intact</i> )
6:30 P.M.	Chair's Banquet & Entertainment
9 P.M.	CEO's Saloon & Riders Gameday Watch Party

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Given the breadth of these perils, it's easy to see why cyber insurance is in a product class all its own, and is something far too dynamic given the claims exposure and costs to be written into commercial package policies currently on the market. While there are basic endorsements for policies, it is incumbent upon the broker to know the details and limitations of each product, regardless of the insurer.

## Customers and value

One of the biggest challenges with any insurance product is ensuring your client is ready to discuss and actually *hear* — not just *listen to* — your advice. Especially when dealing with small- and medium-sized enterprises, it can be difficult to convince the customer to afford you enough of their limited time to adequately discuss the nuances of the product or the options you may need to review.

This is where your sales skills come into play. It starts by recognizing where the customer will see value in the product and activating that interest into a purchased policy.

In an industry that is so driven on change, sometimes returning to 'tried and true' methods can be the best solution for a sales challenge such as this. It's the broker's opportunity to ask questions about the client's business and get to know where their exposures may lie. Again, knowing your own exposures and how you have addressed them can be an effective tool. Try telling your story after hearing your client's responses.

Here are a few sample questions that should get your client's attention: *Do you know of anyone you do business with that has had a ransomware attack? How are you managing your data back-up now, and have you ever had problems with it? How well do you think you safeguard your customers' and vendors' data compared to your competitors?*

Any of these questions should, at very least, spark an introductory conversation. If you get the infamous 'What if this happens — is that covered?' question, you know you are on the right path.

Don't forget to leverage the often-overlooked relationship that brokers typically have with their insurer

partners. If you are selling any complex endorsement or policy, like cyber insurance, having an excellent, proactive channel of communication with your underwriter can help immensely — in understanding coverages *and* in the development of future coverages.

Cyber insurance products can change dramatically depending on the carrier and within different products from the same insurer. It is the broker's job to get the best fit for the risk exposures their clients face, and to do so competently means fully understanding the client, the risks, and how the product responds.

That is your value as an insurance broker.

*Pete Tessier is the founder, host, and producer of TheInsurancePodcast.com. He is a past president of the Insurance Brokers Association of Manitoba, a former board director with the Insurance Brokers Association of Canada, and has served on both the General Insurance Council of Manitoba and the SGI Strategic Broker Task Force.*

# BIGGER, BETTER BENEFITS.



# Extended Auto

## Advisory Committee releases recommendations

By Derek Lothian, CEO, Insurance Brokers Association of Saskatchewan

There's no debate that Saskatchewan's auto insurance regime is unmistakably unique — even amongst jurisdictions with public insurers. And one needn't look far at some of the consternation plaguing other markets to suggest that's likely a good thing. The distinct characteristics of our system have led to many consumer advantages, including some of the lowest and most stable rates in the country, and have formed a foundational part of brokerage businesses.

That's not to say, however, everything is sunshine and rainbows. As a whole, Saskatchewan drivers are grossly underinsured, and the limited uptake in extended third-party liability coverage represents one of our province's largest consumer protection failures. Only half of Saskatchewan drivers carry more than the \$200,000 in minimum third-party liability insurance that comes standard with basic plates. That's not nearly enough. In B.C. and Manitoba, meanwhile, two other provinces with public auto frameworks, more than nine in 10 drivers have liability coverage of at least \$1 million. The discrepancy leaves tens of thousands of Saskatchewan residents exposed to an elevated level of financial risk that is neither properly understood nor appreciated.

**"Only half of Saskatchewan drivers carry more than the \$200,000 in minimum third-party liability insurance that comes standard with basic plates. That's not nearly enough."**

In March of last year, the IBAS board of directors decided to take action, convening a special Extended Auto Advisory Committee to address the issue and, more broadly, to explore the future of extended auto insurance in the province. Sixteen volunteers, representing a wide variance of member brokerages and seniority, were subsequently appointed, and were joined by

advisory members from SGI, Saskatchewan Mutual Insurance, and My Mutual Insurance. The group then spent roughly eight months identifying challenges and discussing possible paths forward.

Ultimately, the committee arrived at the consensus that IBAS should *only* consider actions and policy positions that promoted competition and affordability in the marketplace, options and education for the consumer, and protection of the broker channel. These 'guiding principles' were the goalposts for the tabling of six draft recommendations, which were officially approved by the IBAS board on December 11.

While there is much work left to do, these recommendations — tabled with government this spring — begin to chart a roadmap for progress, and will continue to evolve as stakeholders are further consulted. Make sure your voice is heard through this process. Send your thoughts to the committee by e-mailing me directly ([derek.lothian@ibas.ca](mailto:derek.lothian@ibas.ca)) or by participating in one of our upcoming quarterly advocacy teleconferences.

### Recommendation #1

***Require all Motor Licence Issuers to be licensed insurance brokers by the end of 2020 (minimum Restricted Auto Licence), while making offsetting provisions to reasonably mitigate incremental burden faced by small businesses.***

It is imperative that drivers understand what insurance is included and — perhaps more importantly — what protection is *not* included when purchasing their licence plates. That starts with ensuring those facilitating the transaction are qualified professionals with the knowledge and permissions necessary to educate the consumer and provide value-added advice. Under the current regulatory regime, to do this effectively, the committee believes all Motor Licence Issuers (MLIs) should be licensed insurance brokers.

The committee also recognizes, though, the business realities that brokerages today operate within — some of which are unique to or amplified in the Saskatchewan marketplace, such as:

- Extended hours of weekday operation;
- Weekend office hours;
- Workforce availability constraints, especially in rural regions;
- Long and costly commutes to access training in urban centres;
- A low commission rate on auto insurance compared to other provinces;
- Rising wages; and
- Dwindling margins.

Therefore, as part of this new licensing requirement, the committee recommends the following measures to ease the transition and avoid inflicting undue hardship onto brokerages:

#### **Recommendation #1A**

***Permit MLIs to function in an unlicensed capacity — subject to the same restrictions limiting their scope today — for a designated probationary period under the supervision of a Level 3 licensee.***

Common practice for many brokerages is to hire part-time or seasonal staff in motor licence issuing positions to accommodate for extended office hours and vacation time, most notably in the summer months. As with all such hires, there is potential for a high degree of turnover in these roles. Thus, it is reasonable to permit a brief probationary period that would limit unlicensed MLI work while reducing undue financial and administrative hardship on brokerages.

#### **Recommendation #1B**

***Ensure total brokerage commission on auto insurance transactions meets the national average.***

Saskatchewan brokerages are subject to some of the lowest standard compensation rates in the country when considering the totality of auto insurance transactions.

For instance, a carrier in a province with a strictly private insurance regime may provide commission of 12.5 per cent on an \$1,800 policy, which would cover physical damage, injury, and liability, resulting in total broker compensation of \$225. Hypothetically, as it stands, that same policy in Saskatchewan would be divided into two distinct transactions:

***“It is imperative that drivers understand what insurance is included and — perhaps more importantly — what protection is *not* included when purchasing their licence plates.”***

- The basic plate portion — covering liability, injury, and physical damage with a deductible of \$700 — worth approximately \$1,600 at a commission of 4.75 per cent (if performed manually; otherwise, if sold online, commission is set at 3.75 per cent), for compensation of \$76; and
- The extended coverage portion — worth approximately \$200 at a commission of 15 per cent, for compensation of \$30.

Using the above example, compensation for Saskatchewan brokerages would be a maximum of \$106 — at least 53 per cent lower than it would be in the comparative province.

By moving toward an approach similar to that of Manitoba, where all MLIs must be licensed, it is both reasonable and necessary for those compensation rates to be adjusted to offset expanded training costs and higher wage demands.

#### **Recommendation #1C**

***Strengthen online licensing and continuing education pathways.***

Given the dispersed geographical base of the broker channel in Saskatchewan, IBAS must continue to improve the accessibility and online delivery of its Restricted Auto Course (Part I and Part II) and other continuing education offerings, to ensure rural brokers can fulfill the new licensing requirements advocated for in *Recommendation #1*.

Furthermore, the committee believes candidates pursuing Restricted Auto Licences should be waived of their requirement to complete the General Insurance Council of Saskatchewan Bylaws exam when taking Part I and Part II of the Restricted Auto Course, as it contains a substantial ethics component, and because Restricted Auto Licence-holders are heavily supervised by individuals who hold higher levels of licence.



**“One of the primary indicators in the successful uptake of extend auto coverage is transaction time. As with many other industries, insurance customers are demanding unparalleled convenience — they want options, and they don’t want multiple payment processes or long wait times.”**

## Recommendation #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.***

Saskatchewan’s public insurance system is unlike any in the country. And, by most accounts, it is one of the most cost-effective and stable. But the strength of SGI CANADA as a Crown insurer, along with its unique structure in tandem with the SGI Auto Fund, has resulted in diminished consumer choice and limited external competition.

The committee believes the SGI Auto Fund has a responsibility to work with all insurers, of all sizes, to create a level playing field with respect to how driver information is used in the insuring process. It should not be used, or limited in its usage (including through unreasonable cost burdens), to create unfair advantages amongst carriers — especially small insurers or those with minimal market share. Instead, as a public entity, the SGI Auto Fund should be an *enabler* of competition.

One of the primary indicators in the successful uptake of extended auto coverage is transaction time. As with many other industries, insurance customers are demanding unparalleled convenience — they want options, and they don’t want multiple payment processes or long wait times. Software systems, such as the SGI SAM portal, should be responsive to these buying preferences.

This would require insurers offering extended auto products in Saskatchewan to have real-time access to driver validation numbers in SAM, to allow for instant pricing, rating, and communication of coverage options back to the customer — all in a single-window service environment.

### Recommendation #2A

***Strengthen the liability prompt in the SAM software to include a dual-gate consumer warning and electronic signature.***

The committee recommends adopting the following verbiage as part of the standard liability prompt within SAM:

*The Insurance Brokers Association of Saskatchewan strongly warns drivers that \$200,000 in liability coverage is not enough. Additional coverage can cost as little as ‘X’ per year. Would you like to discuss your options?; and (should the driver choose to remain with only \$200,000 in coverage), Do you accept that \$200,000 in liability coverage may not be adequate?*

In addition to facilitating the consideration of appropriate coverage levels for each vehicle owner’s unique needs, such a prompt — with requirement for a customer signature — would also alleviate errors and omissions exposure for brokers.

## Recommendation #3

***Reconfigure SGI New Issuer Training to remove redundancies, incorporate a greater scope of basic insurance knowledge, and be offered online.***

Due to internal training and system familiarization processes brokerages undertake when onboarding new employees, some of the current content that centres around SAM usage may not be required — or could be condensed to allow for supplementary material.

The committee feels it is important for this course to dedicate more time to helping MLIs understand and explain to consumers basic principles specific to Saskatchewan’s auto insurance framework, such as: What is *tort*? What is *no-fault*? What can you be sued for? What do basic plates cover? And, what do they *not* cover?

Additionally, the committee strongly recommends New Issuer Training be offered (although not exclusively) in a fully web-based environment, enabling greater access and removing significant travel costs for out-of-town brokerages.

## Recommendation #4

***Embed content on Saskatchewan automotive insurance into driver education.***

Without dispute, Saskatchewan drivers are woefully uninformed when it comes to protecting themselves, their families, and their livelihoods with the right insurance coverage. That is a culture that needs changing. As with any major cultural shift, it starts with introducing new information at earlier points in the education process.

The committee believes that one of the most progressive steps forward Saskatchewan can take is by incorporating curriculum

**“Without dispute, Saskatchewan drivers are woefully uninformed when it comes to protecting themselves, their families, and their livelihoods with the right insurance coverage. That is a culture that needs changing.”**

related to insurance and licensing into provincially regulated new driver education, including in the *Saskatchewan Driver's Handbook*.

But this measure will only be effective if the instructors delivering the curriculum fully understand the content they are teaching, which is why the committee is also recommending the completion of a mandatory 'train the trainer' course for instructors once every three years. IBAS should volunteer to partner with SGI on this initiative.

## Recommendation #5

**Create a shared, industry-wide website to help Saskatchewan drivers better understand the province's auto licensing and insurance framework in a non-sales-based and easy-to-understand manner.**

Under the leadership of IBAS, Saskatchewan's brokers, insurers, and government should come together to develop a universal, one-stop online resource that educates drivers and taxpayers on the province's licensing and auto insurance system.

The website should incorporate 'learning from loss' examples, as well as multimedia and other interactive tools. Basic information should also be made available in multiple languages to help connect with and educate new immigrant audiences.

All partners in this project should endeavour to promote the site through their respective online and traditional marketing channels, including through SGI Auto Fund renewal e-mails.

It has been pointed out that several individual brokerages have already begun to produce similar content; however, the committee has determined that a neutral resource, removed from any perception being a 'sales vehicle,' remains a worthwhile undertaking. IBAS should allocate a portion of its Broker Identity Program (BIP) funds for this purpose.

## Recommendation #6

**Complete — by the end of 2021 — a multi-stakeholder provincial consultation to consider the separation of third-party liability and/or physical damage coverages out of basic plate insurance.**

There are varying models across Canada for the distribution of third-party liability and physical damage automotive insurance — each with unique advantages and disadvantages.

In Saskatchewan, the inclusion of liability coverage up to \$200,000, as well as physical damage coverage subject to a \$700 deductible, into the overall cost of vehicle registration offers drivers unparalleled convenience, but can also dissuade them from fully understanding the implications of their insurance decisions.

For that reason, the committee believes that all stakeholders — including IBAS, insurers, government, and consumer groups — should come together to study whether separating one or both of these coverages from basic plates makes sense for Saskatchewan.

In doing so, the committee feels that any change to the current system should only be ultimately pursued if:

- Tort and no-fault injury benefits remain compulsory under basic plates;
- A minimum of \$200,000 in liability coverage remains mandatory (may be sold separately from basic plates, as part of an extension auto policy); and
- Affordability is not adversely impacted.

**"In Saskatchewan, the inclusion of liability coverage up to \$200,000, as well as physical damage coverage subject to a \$700 deductible, into the overall cost of vehicle registration offers drivers unparalleled convenience, but can also dissuade them from fully understanding the implications of their insurance decisions."**

### Recommendation #6A

As an interim measure, review and adjust the physical damage deductible associated with basic plates on an annual basis.

When the SGI Auto Fund set the deductible on basic plates at \$700 more than two decades ago, it was accompanied by a mandate to regularly amend the rate to account for inflation.

Since that time, of course, the economic realities in Saskatchewan have changed markedly. The cost of virtually every good and service has risen, including the technology, training, personnel, and overhead costs associated with auto body repair work.

By keeping the deductible fixed at \$700 — and then allowing customers to pay it in interest-free, equalized installments when there is a claim — Saskatchewan has been subsidizing the true cost of the coverage, and has been artificially deflating the value of extended auto insurance.

There is a general acceptance that Saskatchewan drivers do not understand the limitations of liability coverage on basic plates and their consequent exposure to risk. Instead, their primary point of reference is that easiest to understand: The physical damage portion. Adjusting the physical damage deductible to reflect current economic conditions is an important first step in compelling drivers to take a less passive approach to considering the entirety of their insurance coverages.

Accordingly, the committee recommends the physical damage deductible be evaluated and set annually as part of the regular rate review process until the consultation outlined in *Recommendation #6* is completed. ■

# Translating the value of real-time data exchange

By Don Anderson, Principal, Anderson & Associates

Over the past several months, you've likely heard rumblings or read articles related to 'real-time data exchange' between broker management systems and each of the insurance companies' policy management systems. So, what exactly is this thing and what does it mean to insurance brokers in Saskatchewan?

First off, real-time data exchange is not a *thing* at all. Rather, it is a *statement of direction* that, if followed, will provide a seamless integration of workflow between the BMS you are using in your brokerage office as well as the coverage options, underwriting rules, rates, and unique business rules that are applicable to the policy you are trying to write or renew, or the claim you are trying to process. This integration should prevent starting and stopping a process, or having a carrier rejection at the very end of the system process.

In Saskatchewan, if you know the customer has chosen SGI CANADA as the carrier, when you use the BOSS system, you are

already experiencing the real-time data exchange that most brokers across Canada only dream of using in a future state. What we do not yet have in Saskatchewan is that same level of connectivity to other carriers, and we only get the connectivity to SGI CANADA by leaving the BMS and entering the BOSS system.

On all fronts, there is much more work left to do.

## The IBAC D/x Initiative

This past January, the Insurance Brokers Association of Canada (IBAC) formally launched its new Data Exchange Initiative, also known as the *D/x Initiative*, aimed at facilitating true, industry-wide real-time connectivity. As part of this effort, seven BMS vendors in Canada have signed a partner statement in which they agree in principle to share intellectual property through reusable services (or *standards*). Signatories include Applied Systems, Brokercore, Custom Software Solutions, Policy Works, TechCanary, Keal Technology, and Power Broker.



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## Prestidigitation: CansureTech

### Introducing CansureTech, a new digital strategy that conjures a magical cloud based sales solution for brokers.

Cansure has worked in partnership with BrokerLift to bring the industry a cloud-based sales platform that is unparalleled. Understanding that brokers need more than just one rabbit in a hat, they have released a portal that both personal and commercial brokers will find valuable. In addition to a broker portal, Cansure also offers the opportunity to leverage digital sales by putting Cansure products on the brokers' own ecommerce websites.

#### The Cansure Portal

The Cansure Portal allows brokers to easily quote, bind and issue transactional products at their convenience, 24/7. Once on the portal, brokers will also be able to view a dashboard of their active and pending quotes, allowing them to save their work and return to it later, or edit details and coverage options as required throughout the sales quoting process. Policy documents are automatically issued upon binding, with a policy number and documents produced immediately for their client.

#### Supporting Ecommerce Brokers

The second component of CansureTech is to support digital sales for ecommerce brokers, allowing them to capture customers who prefer to buy insurance online. Brokers who work with BrokerLift and Cansure are able to embed Cansure products on their website so that their customers can quote and buy directly through their digital storefront.

The CansureTech strategy is designed to leverage technology to support brokers by digitizing the sales of transactional insurance products. To learn more about their magical portal and ecommerce opportunities, contact Denise Yeng, Sales & Distribution Manager at [dyeng@cansure.com](mailto:dyeng@cansure.com)

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At last count, every broker in the province that has a BMS uses one of these seven vendors. So, clearly, the D/x Initiative is especially relevant in our province. But how will it work, and how will it get us closer to our end goal?

On several occasions, the analogy of a mobile 'app store' has been used, although that may be oversimplified. Unlike a consumer-facing app store, brokers themselves will have no ability to access these services. These reusable standards will *only* be available to developers that are either working for the BMS vendor or are in the technology department of the insurance carrier.

They will also not necessarily be turn-key. According to IBAC's Kim Opheim in a recent *Canadian Underwriter* article, "Just because it's in the library, or someone takes it out of the library, there is still work required on both ends. On the broker's BMS, there needs to be a button that you can push, such as 'Claims Inquiry,' for example. The BMS vendor has to build that into their system. The carrier [then] has to build it on their side, so that they can push that data to the BMS."

## A priority for IBAS

IBAS has made it clear that the D/x Initiative and its ultimate vision of real-time data exchange must be a top priority industry-wide. That means arriving at a point where all carriers and BMS vendors operating in Saskatchewan are using — and are expected to use — these standards, allowing for a more seamless user experience and improved overall customer service. It is IBAS's vision that all transactions should start *and* end in the BMS.

Saskatchewan has a history of leading and being an early adopter of these ambitious transformations. The province pioneered the work to connect all credit unions to each other and to the banks, and then connecting banks to all merchants. We simply know this 'work' by a different name: *Interac*.

Now is the time for a similar evolution in the insurance sector, and Saskatchewan is again ready to help lead the charge. IBAS has already influenced the Centre for Study of Insurance Operations (CSIO) to change its direction from being the *inventor* of standards to the *facilitator and keeper* of the standards, because we must go at the pace of the fastest adopters — not at the dampened speed of a single, centralized organization. The new CSIO standards will be baked into the 'reusable service,' which will come directly from the market innovators.

We need to get this right. We cannot become shackled to the current state of BMS platforms or the legacy systems of each insurance company. Advocacy will help, but knowledge will help more. After all, knowledge is power; and, together between IBAC and IBAS, we have the knowledge and relationships necessary to turn a 'statement of direction' into reality.

As a broker (regardless of size), this is a file you need to stay on top of.

*Don Anderson is the principal of Anderson & Associates — a Regina-based consultancy focused on systems integration and customer experience. He is also a member of the new IBAS Technology Advisory Committee.*

## Request for Proposal Insurance Services

The Saskatchewan Snowmobile Association is currently accepting proposals for Insurance Services. Coverage is required beginning August 1, 2019 for a one year term.

For further information,  
please direct inquiries prior to  
May 31, 2019 to:

**Chris Brewer,**  
President/CEO  
306-729-3500  
[info@sasksnow.com](mailto:info@sasksnow.com)



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# IN THE HOT SEAT

The annual IBAS  
Company Meetings  
shed insight into  
how insurance  
carriers are  
approaching the  
Saskatchewan  
market



**E**very spring, the IBAS board of directors meets with senior executives from the leading insurance companies operating in the province to learn more about their business strategies and discuss issues that matter to broker members. The insurance industry is changing at lightning speeds, and it's important to maintain open dialogue and exchange perspectives with our carrier partners for the betterment of the entire sector.

This year, the IBAS Company Meetings were held on Tuesday, April 30, in Regina. As a step to improve insight into the process, and to share with you the work IBAS is doing on your behalf, we are including in this article the written responses — submitted by each insurer — to the three IBAS-posed questions that shaped the meeting conversations (included in the order in which they were received).

Should you have questions or comments, please contact IBAS CEO Derek Lothian at (306) 525-4075 or by e-mailing [derek.lothian@ibas.ca](mailto:derek.lothian@ibas.ca).

***What do you feel is the top challenge or most significant opportunity in front of Saskatchewan brokers right now, and what is your company doing to help brokers tackle it?***

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#### **My Mutual Insurance**

What is your strategy with using technology to advance your brokerage? Relationship-building and client maintenance is key in the changing future and technology can enhance this. I read that only 71 per cent of Manitoba insurance brokers have a website and only 56 per cent of those are mobile-optimized. I'm sure this would be similar in Saskatchewan.

Being able to foresee the impact of upcoming changes in the workplace is a competitive advantage — doing what's needed to be ready for the future of work now is the strategic opportunity. Are brokers ready for what's next? Some are, but there are many that aren't.

My Mutual's recent software conversion revealed there is a significant number of brokers that do not have a BVS. At this point, My Mutual is encouraging brokers to make this a priority in their strategic plan and budget. In our transition, our broker portal was shut down.

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#### **Saskatchewan Mutual Insurance**

The challenge for brokers is to ensure consumers continue to understand the value proposition brokers offer: Trusted advice, focus on the policyholder's best interest, a commitment to offering choice, and advocating on behalf of policyholders in the event of a claim. SMI is looking to support brokers in all four areas.

SMI remains committed to providing a good breadth of products that are both affordable and meet the needs of consumers. Comprehensive water, cyber coverage, and enhanced auto replacement cost coverage were rolled out in 2018; a new comprehensive rental program effective May 1, 2019, is another good example of this. As new products emerge,

SMI is committed to providing education to brokers on its product solutions to help them identify differences between similar products among multiple carriers.

Focusing on the consumer and meeting their expectations is both an opportunity and a challenge. SMI is also working to enhance the ease of doing business with SMI through online access to policy, claims, and billing information and eventually 'straight through' processing. While the personal touch remains important, consumers expect to be able to access information when they want and how they want. Being able to assist brokers in providing these services is important to us.

SMI strives to remain a choice brokers will want to offer to their consumers. Recognizing that competitive pricing is challenging in some areas, SMI has rolled out a number of pricing changes in 2019 and is committed to fully updating its pricing model to remain a valued choice in broker offices.

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#### **Intact Insurance**

Insurance products, much like customers, are evolving to meet emerging needs in a modern marketplace.

Over the years, large books of business have been placed with select carriers in the Saskatchewan marketplace. While this can be strategic from an ease of business perspective, the range of differentiated products or offerings now available can bring added value for customers and insulate a book of business against market volatility.

At the same time, how customers interact with their insurance has changed. Digital tools from unconventional disruptors challenge the traditional sales and maintenance models. Looking at not only what markets can offer, but how customers can access these solutions can also help drive strategic growth, customer satisfaction, and retention.

Intact Insurance is committed to working with brokers to gain a competitive edge in the marketplace as we, as an industry, look to capitalize on these new opportunities. In addition to the recent changes in our commercial products, we are also making significant investments in our systems and technologies to help enhance the Intact Insurance experience for quoting, binding, and renewing policies.

With challenge always comes opportunity, and we are committed to working alongside brokers to help meet the changing needs of customers and your community.

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#### **Aviva Canada**

In our view, the top challenge for brokers here in Saskatchewan will be to keep insurer capital in the province. The reality is that the heavy reliance on SGI to provide capacity puts true competition at risk — and without true competition, customers can't truly benefit because there is little-to-no choice available to them.

That said, Aviva continues to write business in Saskatchewan, with a focus on personal habitational and commercial lines, and we are also providing digital marketing services to some brokers so that they can better target and acquire new customers. This

is just one part of a broader, strategic approach to revamping how we align our resources to support consistent, longer-term growth for us and our broker partners — not just in Saskatchewan but across the country.

### **Wawanesa Insurance**

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A significant opportunity for Saskatchewan brokers involves adopting technology that will support evolving customer expectations.

Today's insurance consumer is looking for more than just competitive prices and good quality products that meet their needs. They also want a broker that will offer them convenient service —in person, over the phone, and online — that meshes with their busy lives.

That creates the challenge for brokers: Adding the right technology that will meet the needs of their customers while still permitting returns appropriate for the investment. Wawanesa is committing time and money to help our broker partners provide this enhanced level of service to their customers. Our answer to *Question #2* provides more detail.

### **SGI CANADA**

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The biggest opportunity that exists today for brokers is embracing digital technology within their business. This means taking an outside-in view to improve services and processes through technology — allowing for a better experience between the broker and customer, increasing ease to deliver on customer expectations, and leveraging digital marketing to attract new customers to the broker channel. Ultimately, it's using technology to automate processes so brokers can direct their time and energy to what they do best: Serving as trusted advisors to their clients.

SGI CANADA is helping brokers by providing exceptional support and connectivity to embrace digital tools in their business. This includes:

- Partnering with Trufla Technology to help brokers better connect with customers through digital marketing tactics, with practical guidance on web design, mobile apps, online advertising, and lead generation. This includes pilot projects with brokers and 'digital boot camp' training;
- Partnering with CSSI and Keal to exchange data in real time between the TBW and SigXP broker management systems. Our solution delivers the data brokers need to begin and end transactions in their own BMS, without going to a portal to enter additional information. We've piloted this solution with brokers, completed successful transactions, and will be rolling it out to our partners;
- Developing APIs to provide SGI CANADA products in the broker's own online customer applications, mobile applications, or website forms;
- Participating in the TIC project to produce a working prototype to exchange data for a first notice of loss — giving brokers the ability to submit a claim from their BMS to SGI CANADA;
- Partnering with IBAC and CSIO to develop and adopt common data standards for all insurance carriers to underwrite commercial risks. This will make it easier for commercial lines brokers to conduct business in the future, once the adoption of industry commercial lines data standards are in place;
- Partnering with Instanda on a broker portal to digitize our commercial Value Pak and surety products. We've piloted the portal with brokers, using their feedback to fine-tune this tool to better meet their needs. It will be accessible to all our broker partners this year; and





- Embarking on a complete modernization of our own systems through a partnership with Microsoft. Our new systems architecture will allow us to make improvements to our products and processes using a quick, agile approach that directly benefits brokers. Opportunities that brokers bring to us, as well as product enhancements, will be much easier for us to deliver with a modernized policy and claims system.

### Portage Mutual Insurance

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One of the biggest challenges facing brokers right now is changing consumer expectations on service, particularly concerning self-service options. Other industries — banking, retail, airlines, etc. — have done an excellent job convincing consumers to self-serve, and there is a growing expectation that they will be able to do the same thing with insurance.

The complexity of the product makes it more difficult, but we believe consumers will continue to demand it. This is an area in which direct writers arguably have an advantage currently. Portage is currently investing in a legacy system update (moving to Guidewire) in an effort to ensure that we can offer our brokers and insureds the self-service options that they expect while maintaining the product knowledge and consulting services that the brokers bring to the table.

### Wynward Insurance

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Brokers in Saskatchewan are doing a lot of things right. As a national insurer, we work closely with hundreds of brokers, from small to large and from coast to coast. We are very impressed how brokers in Saskatchewan are responding to emerging threats.

To the question, we feel the greatest opportunity in front of Saskatchewan brokers is to continually improve the customer experience and how customers navigate through the insurance process. Technology is beginning to disrupt our industry and, together, we need to find new methods to embrace innovation and ensure customers choose to do business in the broker channel for its simplicity, added value, and advice.

According to industry data published by MSA Research, only 10.4 per cent of all insurance premium in Saskatchewan was written through direct or agency writers in 2017, compared to 37.8 per cent across all of Canada. At Wynward, we feel strongly that we can continue to partner with our brokers in Saskatchewan and reinforce the value proposition of advocacy and choice to maintain and grow our customer loyalty and market share together.

In terms of how our company is helping to tackle this, we have always been confident that our team in Regina with the local knowledge they bring, along with our stable approach to pricing and risk selection, has and will continue to support our brokers with a true partner in the province. As we lay the groundwork for





our new technology platform, we remain focused on ensuring that real-time data exchange will provide our brokers with the efficiency needed to provide customers with the experience they are looking for.

### Red River Mutual

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*Canadian Underwriter* reported that direct written premium in Saskatchewan grew by 1.5 per cent in 2017, and we don't anticipate a significant improvement for 2018. The nominal growth opportunity places financial pressure on brokerages to maintain the service levels their clients are accustomed to.

This situation, however, also presents brokers with an opportunity to find new ways to interact with and add value for their customers. The reality is that the vast majority of the insurance buying public depend on their broker for their insurance needs. Furthermore, market research sponsored by Red River Mutual indicates that brokers enjoy a very high satisfaction level from their customers. The brokers are in an exceptionally strong position to retain their customers by serving them the way they want to be served.

Instead of looking at new technology as yet another obstacle in an ever-changing landscape, brokers can be using it to connect with their customers on their own terms. And while some customers will look for the ability to self-serve, others will still want to be able to pick up the phone or sit down and discuss their insurance policy with their broker face-to-face. There is no one right option here. The key is for brokers to remain relevant to customers and to allow for enough flexibility in their business processes to be able to adapt. Willingness and ability to respond to each customer's unique needs is the opportunity in front of brokers today.

Supporting our Saskatchewan broker partners is a priority for Red River Mutual. As a company, we have already made major investments in technology in an effort to improve outdated processes and to eliminate bottlenecks. In 2016, we began implementation of a new core policy management system — Guidewire InsuranceSuite.

Guidewire will be a game-changer for Red River Mutual and our broker partners. The opportunities to speed up policy transactions, simplify quoting procedures, and offer better service to our brokers are paramount to our company. We want to make doing business easier for our broker partners, so brokers can focus on serving their customers.

Specific to Saskatchewan, we have increased co-op budgets to support our Saskatchewan broker partners with grassroots initiatives and community-focused events. We are striving to be a part of the communities we protect, but we should note that this budget can also be used to assist our brokers in becoming digitally enabled. We have partnered on successful sponsorship opportunities with IBAS and IBAC, and see the value in how these associations bring advocacy and awareness to consumers on behalf of the industry.

Continued education will always be required to remain relevant as the industry continues to evolve. Beyond Red River Mutual's RRM University courses, which are updated annually

to provide credit hours for brokers, our loss prevention team has been very active in assisting our broker partners insure to value. Richard Philpott, our loss prevention manager, has done a number of BVS education sessions and we plan to add a home evaluator session to our catalogue in the future.

***What are the two highest priorities — one internal, one external — for your company over the next year?***

### My Mutual Insurance

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The two highest priorities are both related to technology.

My Mutual is moving ahead with becoming CSIO compliant. This will make our rating available to multiple BVSSs. We currently have an agreement/connection with only CSSI. CSSI has been fantastic to work with, but, unfortunately, they do not have their software in every brokerage office.

A third-party rate review is on the horizon for My Mutual, which will be a deep dive into our portfolio. The results from this review will provide direction for future rating models.

### Saskatchewan Mutual Insurance

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Growth and long-term underwriting profitability are important strategic objectives for SMI. Two priorities in 2019 that will assist SMI in achieving these are broker connectivity and refined pricing for the habitational line of business.

Making it easier for brokers to sell SMI's products and service SMI's clients will lead to growth. One way that SMI can assist brokers is by providing basic services to help the brokers service clients as many of our competitors are already doing. Consumers expect not only quality products, but to be able to access information when they want and how they want.

The first step SMI has planned is 'policy inquiry.' Policy inquiry will allow brokers to access SMI's operating system to lookup policy details, client details and billing information, policy documents, and claims information. Additional stages will provide more consumer access to this information and enhance the broker's ability to process changes to existing policies, and quote and submit new policies.

In order to remain a stable, strong, and healthy insurer, as well as to provide quality products at a reasonable cost, SMI is working on refining its pricing model for the habitational line of business. By moving to geo-coding and peril rating, SMI is looking to ensure it charges an appropriate price based upon individual risk characteristics. It will also allow SMI to better target areas for growth.

### Intact Insurance

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With rapidly evolving consumer expectations, we are focused on being customer-driven and integrating that into every level and aspect of our business.

Externally, our competition is no longer limited to just insurance providers. Today, we compete against the customer experience offered by major retailers like Starbucks, Amazon, Apple, and Google. These companies prioritize one-click, 24/7

access to providers, fast turnarounds, and multiple contact options so the customer can tailor not only the product, but their experience as well.

Together, we must be able to offer a comparable experience in insurance. To do that, we are investing to update legacy systems, identifying strategic opportunities to enhance the digital experience for brokers and customers, and are working closely with brokers to optimize the sales cycle to capitalize on emerging opportunities and serve evolving customer needs.

At the same time, being customer-driven is one of our fundamental values and at the core of our corporate culture, and we are also looking internally to strengthen this focus in 2019. Throughout the year, all employees in the company will take a 'Customer-Driven Hero Workshop' to reinforce that every job at Intact has a customer-driven aspect they can excel at.

This focus also directly impacts how we attract and retain talent. One of our main priorities for 2019 is to become a destination for top talent in the industry. Part of that is understanding that purpose drives talent. We want to create an environment that attracts and retains employees who inherently live our values and add to the culture that we have worked hard to cultivate at Intact.

We believe that by having the top experts in our field, we can deliver the best possible experience from quote to claim, for both brokers and customers.

## Wawanesa Insurance

We've deployed new BluePass software that will make it easier and more efficient for brokers to place business with Wawanesa. A key goal of this software is that 90 per cent of the transactions will be 'straight through' — allowing brokers the opportunity to deliver an effective and immediate service model to their customers.

Our Broker Management System integration (BMSi) is a project to enable our broker partners to start and finish transactions in their own BMS, which is also integrated with the Guidewire. For years, brokers have been telling us they want connectivity and we're committed to delivering this option and providing a digital solution that will help brokers be competitive, profitable, and customer-responsive. Our goal is to provide a 'best-in-class' solution for brokers to begin and end in their BMS.

Another priority for Wawanesa is to increase and improve our human capital in Saskatchewan. To provide an exceptional customer experience for brokers and policyholders requires exceptional talent in our service offices and in the field. Saskatchewan is a tough market for us and for our brokers to secure and retain high quality talent to meet our business objectives. We plan to spend more time on this in the coming years.



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## Aviva Canada

Internally, we are working to diversify beyond automobile insurance in Alberta and Ontario, and we are doing this by building up our home and commercial insurance products and services to other parts of the country.

Externally, you will likely know by now that we have adapted our segmentation model to better serve the changing needs of our industry and our broker partners. More specifically, we created a new framework that prioritizes consistent performance and profitable growth, and we are focused on making sure that you begin to see visible changes in the level of service that our broker partners receive from our business development, marketing, finance, claims, and underwriting teams. And in one of those areas, claims, we are also expanding our claims capabilities here in Western Canada.

## SGI CANADA

The top internal priority is making progress on our journey to become a true digital insurer ourselves, through our Microsoft partnership and the other items listed in the previous question. Our ultimate goal is to leverage data and technology to improve our products and services to enable a better experience between brokers and our company, and to increase the ease for brokers to deliver a great customer experience.

Externally, as we support brokers in their own digital transformations, we remain committed to being a stable, consistent, and sophisticated insurer our partners can count on. This includes:

- Taking a long-term view of profits and growth, as opposed to making market-driven decisions like most of our competitors;
- Using a deliberate approach to introduce new services, coverages, or products by applying disciplined due diligence, including clearly-outlined pilot projects to gather feedback from our broker partners to ensure success. We aren't a short-term, opportunistic insurer — we do our homework before we introduce something new, and if initial results aren't what we expect, we adjust in a responsible way for both customers and brokers;
- Striving for a consistent risk appetite. Remaining consistent is more important than short-term growth; and
- Ensuring sophistication in our pricing, decision-making, and connectivity. We continue to invest in resources, data sources, and contract with third parties to support our capabilities.

## Portage Mutual Insurance

Internally, our highest priority is the replacement of our current policy and claims management system with Guidewire.



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Externally, managing our regulatory and compliance requirements is an ongoing concern. We are particularly concerned with the regulation impacting automobile insurance across the country. While not a significant issue in Saskatchewan, it does impact our strategic direction as a company, which will have a spill over impact on Saskatchewan. As a result of the regulatory challenges on automobile, we are focusing on growing our commercial, farm, and personal property books of business.

### **Wynward Insurance**

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Our highest priority is always delivering an underwriting profit and value for our shareholder; however, for 2019, we are also very focused on the successful development of our new back office system. We kicked off our project in 2018 and are currently on-track to deliver as scheduled in late 2020. This will be a transformational project in terms of modernizing our business and we are confident that our broker partners will see tremendous benefits from our efforts.

Alongside this major project, we are actively participating in the IBAC Data Exchange Working Group with other insurers to ensure that, as we develop our new back office system, we are keeping our eye on the ultimate goal of real-time data connectivity with our brokers.

Another priority for Wynward would be to ensure that we remain competitive and an insurer of choice for our broker partners, but, at the same time, provide a comprehensive suite of products that are fairly priced for the risk we are assuming. We are pleased with our ranking in the 2018 IBAS Broker Issues Survey, where Wynward was rated first overall by non-principal

brokers, with a 97 per cent satisfaction rating and tied for second overall by broker principals with a 90 per cent satisfaction rating. We pride ourselves on the strength of our team in Regina and the service they provide to our brokers, and are also mindful that a strong product offering leads to these kind of results, and so we will continue to focus on enhancing our coverages and risk appetite through 2019.

### **Red River Mutual**

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Internally, one of our highest priorities is managing the full migration of all lines of business over to Guidewire by the end of 2019. We are currently live for new business and renewals in residential, have launched new business for light and hobby farm, and plan to bring on specialized farm (poultry, dairy, grain, etc.) and commercial by the end of this year. Guidewire has enabled us to build out our billing options, faster underwriting response times, and an ability to share information with our broker partners like never before. It is with ease of business in mind that we have continued our investment in this software.

Our goals for 2019 also include automating our broker statements and finding ways to provide self-serve options to both brokers and policyholders. As of 2018, Red River Mutual has adopted the lean method as a way to assist us in reviewing our processes from a customer-focused perspective. At every step of our lean journey, we are looking for ways to add value to our brokers, as well as the end consumer.

We recognize that brokers need to be confident the markets they represent will serve their clients well and be a viable insurer when faced with a claim. Red River Mutual regularly conducts market research to ensure its reputation and Net Promoter Score



is meeting brokers' expectations. To provide assurance that Red River Mutual is a viable insurer, we have become AM Best-rated and are happy to report that we were issued a rating of A- (excellent) with an outlook of stable.

Externally, our priority is to release a new residential rating model and to provide our Saskatchewan brokers with an additional solution for overland water.

### *How do brokers fit into your long-term strategy as an insurer?*

#### **My Mutual Insurance**

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Brokers have been the distribution system for My Mutual since the 1970s. Our plans are to remain with our current distribution system as long as it is feasibly viable.

We are watching what is happening in the Ontario market with large corporate brokerages buying up independent brokers and then cancelling markets. We have had conversations around how we would respond if this happened in Saskatchewan.

#### **Saskatchewan Mutual Insurance**

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Brokers remain SMI's sole distribution channel. With some broker contracts in place for upwards of 50 years, SMI is committed long-term to supporting and building broker relationships.

In addition to regular contact from our marketing reps, our underwriters have been going out on broker visits and networking at events such as those hosted by the Saskatchewan Young Brokers Network and others to strengthen our broker relationships. We are actively looking for ways to partner with brokers, including providing the online services we know are

essential to keeping insurance customers happy. Leveraging of our new operating system to provide increased connectivity for both consumers and brokers will benefit both SMI and the broker, and is a priority for us over the foreseeable future.

We know, as a small regional, mutual insurer, we cannot be all things to all brokers, but we can find niches and segments of the market to excel in. We look forward to continuing to work with IBAS and the brokers of Saskatchewan to deliver the products and services customers in this province need and deserve.

#### **Intact Insurance**

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The role of brokers is a key component of who we are at Intact Insurance. With more technology and an increased speed of transactions, the advice brokers provide is going to be increasingly more important than it was in the past. In today's world, it is easy to find information — the challenge is contextualizing it. We believe in the broker channel because, together, we can offer customers the right solutions and expert advice to protect what matters most to them.

We are committed to working with brokers and organizations like IBAS to ensure we offer a competitive experience to these non-traditional competitors. For example:

- **Training:** We have refreshed our approach to training (product, system, and professional development), anchored by our Producer School — a sales-focused training program built especially for commercial producers;
- **Technology:** We are investing to improve our technology suite for brokers, and work is well underway to bring these innovations to our commercial lines business for brokers and will make working with us even easier; and



- Community support in times of need: During times of catastrophe, we are here to help brokers, customers, and the community with a claims experience that is second-to-none in the industry. We have the size and scale to mobilize our teams and be first on-site with community response centres and emergency plans to get customers the assistance they need.

At the end of the day, insurance will always be a people business, so building and strengthening relationships between the insurer and broker remains critical. We are committed to work with brokers to offer customers the technology-driven experience they've come to expect, anchored by expert advice and support to ensure they have the coverage they need for the modern risks they face today.

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### Aviva Canada

In short, they are key to us because they are our main distribution channel in Canada. Although we have other channels, they represent only a small portion of our business.

Very much in-line with our new approach to segmentation, we intend to continue to invest heavily in the broker channel. We recently launched Ally, a service that helps brokers write new business for their SME clients by connecting with us in the way that is most efficient and effective for them. In fact, we created this service based on direct feedback from you, our broker partners. We're also providing APIs to BMS developers and investing in a multi-year development of a new policy system for our broker channel.

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### Wawanesa Insurance

The past two years have seen Wawanesa's commitment to the broker channel grow stronger through our investment in Western Financial Group and by transitioning to independent brokers in Quebec.

This strategic transition builds on our longstanding commitment to the broker channel. While other national insurers have grown their direct distribution capabilities, we are the largest Canadian P&C mutual insurer solely committed to broker distribution. Our insurance products are now distributed by broker partners in each one of our Canadian markets, from coast to coast.

Insurance is a complicated purchase and brokers are uniquely positioned to provide advice, advocacy, and service to customers. This is important in a world that is becoming more complex with things like the legalization of marijuana, semi-autonomous vehicles, cybercrime, new commercial ventures, and a shifting economy.

We believe it takes dedicated professionals like brokers who are committed to the success of their customers. When combined with the commitment of an insurer like Wawanesa that is here to help brokers deliver an exceptional experience to their clients, we think this is the recipe that will produce success for us as well as our broker partners and our mutual policyholders for years to come.

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### SGI CANADA

Brokers don't just fit into our long-term strategy — they *are* our long-term strategy. SGI CANADA is a broker-only company. Our strategy is to focus on growth in partnership with brokers, and our request of our partners is that they join us on this journey. We do not have a competing direct distribution arm, and have no plans to create one. We believe our strength and success is due to strong relationships with brokers, and it will continue to be.

We demonstrate our commitment to the broker channel every day, in many ways — one of the most prominent being our technology investment. We are committed to the omni-channel model whereby we support our brokers to provide trusted advice in person, over the phone, or online.

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### Portage Mutual Insurance

Brokers are our long-term distribution strategy. We have no plans to market our business any other way and we encourage all brokers to support the companies that are exclusively dedicated to the broker distribution method.

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### Wynward Insurance

Wynward is 100 per cent a broker market. We strongly believe in the value a broker brings to the customer and we have always viewed brokers as the core of our distribution model. We reinforce this commitment through our IBAC *Full Partner* status, which has just been renewed for 2019, along with continued support of provincial broker associations like IBAS.

As a commercial insurer, we place significant value on the advice and choice that a broker can provide to customers. Every business has their own complex requirements and we feel that independent brokers are in the greatest position to protect the assets and livelihoods of business owners across Canada.

Our long-term strategy is to continue building strong relationships with brokers across the country so that we can profitably grow together. We will put our energy and resources towards real-time data connectivity to ensure that, as partners, we can provide the experience that customers expect in today's environment.

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### Red River Mutual

Red River Mutual remains committed to supporting the broker channel now and into the future. Currently, 100 per cent of our business is handled through our broker partners or MGAs. As we see a trend in customers going online and conducting their own research before purchasing insurance, we are looking to partner with brokers to assist them in digital enablement. Our brokers live and work in the communities they serve, and we rely on them to provide the expertise needed to help us fill the gaps in our products and services. 🦋





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# Insurance in the age of AI

*By Catherine Smola, President & CEO,  
Centre for Study of Insurance Operations*

**Y**our smartphone's alarm marks the start of a new day. You ask your Alexa smart speaker to play a list of music suggested for you, and glance at your Fitbit data from yesterday. While the coffee's brewing, you scan the news — curated for you, on your smartphone. You settle into your favourite chair to quickly answer a few emails and schedule appointments using your Google Assistant app.

Before you've left for work, you've used artificial intelligence, or AI, 10 or more times. It's no surprise that consumers today expect insurance to offer the customization and ease that AI brings to so many other interactions.

And this demand is only growing as technology will continue to change drastically in the next decade. By 2020, more than 20.4 billion 'things' will be 'connected.' A recent McKinsey report predicts that, by 2025, buildings constructed with 3D-printed components could become reality. By 2030, 25 per cent of cars on the road may be self-driving. Within the decade, we could be using fully autonomous farming equipment and enhanced surgical robots.

## **AI will transform insurance**

According to McKinsey, AI will take insurance from a current state of 'detect and repair' to 'predict and prevent,'

transforming every aspect of the industry in the process. "It will shift risk pools, change customer expectations, [and] enable new products and channels."

In fact, insurance companies are already using AI. While it's generally been back office usage, it's quickly moving to the forefront of experiences. Insurers are using drones and apps to assess fire damage and streamline claims. They are relying less on tables and trends and assessing real risk using telematics to tie actual driving habits to risk — and then to rates. Interactions are changing, thanks to chatbots that assist customers and digital coaches that walk brokers through new products.



All of these connections create a wealth of data about each of us. While there's far too much data for humans to make sense of, it's just what AI needs to 'get to know' each of us and create a profile of our health, habits, and preferences.

There are many potential advantages of AI for brokers:

- You'll have data that allows you to know your clients — and even your prospects — and really understand their needs, even if you only see them periodically;

- You'll spend more time on building relationships and less time on paperwork and prospecting that can be automated effectively with AI; and
- Your customers' experience will be enhanced through AI that efficiently takes care of routine customer service tasks.

Consumer benefits include:

- Truly personalized products, with pricing based on how safe or risky each person's behaviour is, rather

than general aggregated data;

- Telematics and other connected devices will provide the data to recommend the right product bundle, at the right cost — and it will adjust as their lives change;
- Claims that are less time-consuming and more convenient; and
- A smartphone app can send pictures of damage — to a vehicle, for instance. Rather than a manual, in-person inspection, AI will inspect and pay out a claim. And AI will keep track of all claims data, making it faster and easier to spot anomalies.

## What it all means

Companies like Element AI, a CSIO member, are rapidly bringing AI to insurance solutions. Charles Dugas, head of insurance at Element AI, was the keynote speaker at CSIO's 2019 Members' Meeting on April 16. In his presentation, entitled *AI: Setting the Stage for Systems of Intelligence*, he described the ways that insurance leaders should educate themselves on AI's possibilities, in order to manage expectations.

Technology is only part of the solution. Working together is going to be the key to adopting AI in insurance. The exponential increase in data across devices and platforms is going to make data standards and coordinated projects ever more important for anybody with a role in this industry.

Clearly, the pace of change, personalization, product categories, and pricing are all going to increase rapidly. Relationships will change, but with the added bonus of depth and knowledge in our interactions. The ability to analyze the influx of data will bring the benefits of AI to consumers, brokers, and carriers sooner rather than later.

*Catherine Smola is the president and CEO of the Centre for Study of Insurance Operations (CSIO). CSIO works to improve the efficiency and competitive position of the broker channel by overseeing the development, implementation, and maintenance of technology standards and solutions.*

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# Working together to address flood risk

*By Celyeste Power, Vice President – Western, Insurance Bureau of Canada*

**A**s brokers know well, the insurance industry is on the frontlines in dealing with the immediate aftermath of extreme weather events.

We have all seen first-hand how extreme weather is dramatically affecting Canadians. Flooding has become a major issue everywhere, and experts point to the frequency of these events as a worrying trend.

Saskatchewan in particular has experienced significant flooding events in recent years. Last June, thunderstorms unleashed heavy downpours that caused flash flooding and washed out roads in southern Saskatchewan, particularly around Assiniboia. The Town of Lampman also experienced severe flooding after receiving close to 180 millimetres of rain during a single weekend.

Spring is typically flood season. Snow is melting and rain showers are usually abundant. As we head into this time of year, it's important to note the availability of flood insurance products in the market.

Residents and governments are more aware of their risks and how to respond following a flood. Even with the progress in this area, however, there is still much work to do. The Insurance Bureau of Canada (IBC) believes we all have a role to play in raising awareness about flood preparedness and the increasing risk of flood, and that working closely with brokers will help us achieve this goal across the province and country.

## Flooding is costing everyone

While flooding causes upheaval and headaches for residents and can put public safety in jeopardy, it also brings a mounting financial cost. Across Canada, the frequency of catastrophic water-related weather events is increasing.

From 1983 to 1990, Canada saw six water-related catastrophic weather events. Between 2011 and 2018, Canada saw 26 such events.

It's clear that flooding is an issue that deserves our attention. It's costing insurers, affecting homeowners, and hitting the





bottom lines of businesses everywhere. Governments and, in turn, taxpayers are also on the hook. Thirty years ago, the federal government's Disaster Financial Assistance Arrangements program paid provinces and territories about \$50 million a year. In 2016, the parliamentary budget officer estimated that this number will reach \$900 million a year by 2021, with 75 per cent of that figure likely paying for damage caused by flooding.

## Taking action

The time for action to mitigate losses from flooding and severe weather events is now, and IBC has been taking steps to move the conversation forward. IBC has been encouraging governments to adopt a whole-of-society approach in which everyone (insurers, governments, and citizens) does their part to mitigate flood risk.

The industry is already stepping up. Flood products are now being offered in an effort to help citizens reduce their financial risks from a flooding event. While the product is still new and evolving, the take-up rate across Canada is 32 per cent, and policies are widely available in Saskatchewan.

# Practical tips to better market flood coverage to homeowners

By Pete Tessier, Host, [TheInsurancePodcast.com](http://TheInsurancePodcast.com)

**1** Take the time to learn the products and coverage options. Overland water protection is not an endorsement simply added to a policy upon renewal, as all products or limits are not identical.

**2** Explore what kind of risk exposure each individual client faces. Before discussing specific coverages, do some of your own homework on the risk probability based on the location of the home, as well as the measures they've taken to mitigate risk.

**3** Ask your client if he or she could absorb any financial cost personally in the event of a loss. That discussion will frame the value of the product to the client and provide the broker valuable insight around how to proceed.

**4** Ask your client about details to their home or business that might be affected by overland water so you can better explain how the coverage will protect them in the event of a loss.

**5** Review the policy and ask appropriate questions regarding existing water damage endorsements, such as sewer back-up. Insurance companies treat overland water differently from one to the other, and some will require the existence of sewer back-up coverage to be eligible for an overland water extension. One key difference can be coverage for *seepage*, where water pools next to a foundation and seeps through the concrete.

To help ensure these products are accurate, insurers are investing millions of dollars in innovative data gathering, new flood models, machine learning, and artificial intelligence to improve their risk models.

IBC is also working with governments to address how we can mitigate flood risk. IBC sits on the National Advisory Council on Flood Risk and chairs the National Working Group on the Financial Risk of Flood. IBC's work with the National Working Group will help make sure there is a financial management solution for those properties at highest risk of flood. Provincially, we are working with governments to clarify their language around disaster assistance programs so that residents know when the government will step in, and when they will be expected to rely only on the private insurance market.

### Brokers can help educate the public on risks

Educating the public is a critical component of the whole-of-society approach the industry has undertaken, and brokers play a vital role in this regard. Brokers can and do help consumers understand their flood risk and their options in dealing with this risk (both physical steps and financial steps they can take), and can help in the aftermath of a flooding event, if consumers need to file a claim.

Brokers can be a catalyst in getting consumers to think about flooding. They can encourage consumers to review their coverage, help them decide if their current product suits their

circumstances, and inform them of what they can do to protect their property and belongings.

This is especially important. A recent IBC poll found that only 37 per cent of homeowners felt confident that they know what is covered by their home insurance policy and what isn't. The survey also revealed that 53 per cent of respondents had no plans to take any action to protect their homes from flooding in the next several months.

### Water is the new fire

Many insurers now consider water the new fire. For several years, water damage has outpaced fire damage claims. Years ago, our industry made a concerted effort over time to reduce our collective risk of fire damage. The time has come that we all have a role to ensure Canadians are prepared for and protected from flooding.

The only way in which we can reach success is by working together and by finding new and creative ways to inform consumers about flooding and to keep this conversation at the top of their minds.

We were successful in educating Canadians about fire and reducing our risk to it. Let's do the same for water.

*Celyeste Power is the western region vice president with the Insurance Bureau of Canada, where she oversees all government relations pertaining to the P&C insurance sector in Saskatchewan, Alberta, and Manitoba.*



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# 5 REASONS TO GET YOUR YOUNG BROKERS INVOLVED WITH THE YBN



*Jaycee Turtle is the past chair of the Saskatchewan Young Brokers Network (YBN) and currently serves as the YBN observer on the IBAS board of directors.*

## 1 BOOST THEIR CONFIDENCE

The YBN offers a welcoming, immersive experience tailored specifically for the insurance industry. Here, young brokers are able to hone their networking and interpersonal skills in a comfortable and low-pressure environment. The result? Stronger, more confident communicators.

## 2 FORGE VALUABLE RELATIONSHIPS

The YBN ecosystem isn't just about brokers — it's about connecting with carrier representatives, underwriters, remediation experts, adjusters, and other insurance professionals at similar stages of their careers, and bringing the value of those relationships back to your brokerage.

## 3 ENHANCE THEIR SKILL SETS

Professional development is a core priority of the YBN. YBN members can participate in a variety of often-free educational opportunities throughout the year (including the annual Saskatchewan Summit of Young Insurance Professionals), gaining CE credits in the process, and learning from their peers across Canada.

## 4 BUILD BROKERAGE LOYALTY

YBN members demonstrate great pride in representing their respective brokerages in the 'bigger picture' of the insurance industry. The days of 'poaching are gone' — if an employee wants to leave, he or she will leave. This is about building ambassadors for your brand and dedicated employees who recognize the value you've placed in them.

## 5 SHAPE THE FUTURE OF INSURANCE

Lead the industry — don't just react to where it's heading! The YBN regularly participates alongside the IBAS board of directors in a number of influential advocacy events, such as the Insurance Broker Day at the Legislature and Parliament Hill Day in Ottawa.



# Classifieds

## Brokerages for Sale

### North West Agencies

North West Agencies, located in the thriving community of Buffalo Narrows in northwest Saskatchewan, is for sale. The owners are eager to sell this turn-key operation, which includes the business, building, and equipment. Please contact:

Charlie Seright  
North West Agencies  
Box 159  
Buffalo Narrows SK S0M 0J0  
306-235-4684  
nwagencies@sasktel.net

### Confidential

Brokerage for sale in a small community located in south-central Saskatchewan. The brokerage has a contract with SGI CANADA, Wawanesa, as well as for hail and motor licence issuing. Sale includes building, equipment, and book of business, or will sell book of business only. For more information, please contact:

Insurance Brokers Association of Saskatchewan  
Please reference *Classified A* in the subject line  
communications@ibas.ca

### Confidential

Brokerage for sale in south-central Saskatchewan. This is a profitable, turn-key insurance brokerage that has contracts with SGI CANADA, Wawanesa, GMS, Saskatchewan Blue Cross, and Palliser Hail Insurance. The owner is retiring and the brokerage's day-to-day operations are handled by qualified staff. The price includes a modern building, a broker management system, new computers and office equipment, as well as the book of business. The price has been set for a quick sale. For more information, please contact:

Insurance Brokers Association of Saskatchewan  
Please reference *Classified B* in the subject line  
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Please send  
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Located in northwest-central Saskatchewan, well-established brokerage for sale. Contracts with SGI CANADA, My Mutual Insurance, and Saskatchewan Blue Cross. Motor licence issuer. Active in hail and livestock insurance markets. Currently employs three support staff licensed brokers. Sale is to include building, equipment, and book of business. Owner is looking to retire from a lucrative, progressive, turn-key business. For more information, please contact:

Insurance Brokers Association of Saskatchewan  
Please reference *Classified C* in the subject line  
communications@ibas.ca

### EMTA Agencies Ltd.

Insurance brokerage in southwest Saskatchewan community for sale. Located one hour from major centers. Sale includes SGI book of business, licence issuer, lottery terminal, and Sask. Liquor vendor. Please contact:

Earl Haubrich  
EMTA Agencies Ltd.  
104 Main Street  
Box 129  
Hodgeville SK S0H 2B0  
306-741-9005  
emta@sasktel.net

## Career Opportunities

### Commercial Lines Broker

Prince Albert Insurance is looking for a Commercial Lines Broker. As the successful candidate, you will use your industry experience and customer service focus to provide superior service to our clients. Your previous sales and customer service experience, combined with your ability to adapt and thrive in a fast-paced team environment, will be essential to our success. Qualifications include:

- General insurance Level 3 licence;
- Ability to maintain an existing commercial book of business;
- Ability to provide exceptional customer service;
- Talent to grow and develop relationships with our existing clients, new clients, industry-related associates, and our community; and
- Ability to suggest and implement standardized best practices procedures.

Please reply in confidence to:

Ron Wesolowski  
Prince Albert Insurance  
499 – 15th Street East  
Prince Albert SK S6V 1G1  
pa.insurance@sasktel.net

### Commercial Agricultural Insurance Producer

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#### Responsibilities

- Marketing an exclusive agricultural insurance product;
- Developing relationships with customers and insurers; and
- Building a book of business: Agricultural-related businesses, farms, and commercial.

#### Qualifications

- Level 2 Insurance Licence;
- Agricultural industry and insurance industry experience;
- Ability to work independently and as part of the team;
- Strong organizational skills, self-motivated, goal-oriented; and
- Excellent communication and negotiation skills.

Forward resume to [info@rempelinsurance.com](mailto:info@rempelinsurance.com).



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A man in a blue and white plaid shirt and brown pants is sitting on a green combine harvester in a field of golden wheat. He is holding a laptop and looking at it. The harvester is green and has large yellow wheels. The background shows a clear blue sky and a line of trees in the distance.

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