



COMMERCIAL INSURANCE

NATIONAL QUARTERLY REPORT | Fall 2021

IN THE NEWS

Opinions vary on when the ongoing commercial hard market may end, but there are signs that rates across certain commercial lines are beginning to plateau and in some cases stabilize.

Marsh, a leading insurance broker and risk advisor, recently released its [Q2 Global Index](#) which showed a continued fall in the average rate of increase on renewals across the most commonly-placed commercial lines, which include commercial property, business and professional services, construction, hospitality, and retail services. Canadian market trends are correlated with global trends.

Willis Towers Watson PLC, a leading global advisory, brokering and solutions company, also reported that [commercial insurance price increases continued to ease](#) in the second quarter of 2021.

Aon PLC Canada's mid-year [Insurance Market Report](#) suggests challenging market conditions will continue into 2021, but there are signs of market stabilization. That said, underwriters remain cautious and continue to tighten some terms and conditions and, in some cases, are offering less capacity. According to the Report, the market is seeing a high volume of submission activity impacting underwriters and company resources in some cases.

Cyber insurance premium increases continue to be an outlier, according to the Council of Insurance Agents & Brokers' second-quarter [Commercial P/C Market Survey](#). A rise in ransomware attacks, lackluster risk management protocols and lack of employee training were among the primary drivers behind the increase in cyber prices.

Re-opening strategies

Canada is one of the leading countries in the world for percentage of the population (over 12) that have received full vaccination for COVID-19 or at least one dose.

This is an encouraging success, as many businesses are hoping a fourth wave fueled by the Delta variant will not lead to further lockdowns and closures of non-essential businesses. However, depending on where you live, some capacity limits and other restrictions remain in place by provincial public health orders.

In terms of your commercial insurance needs, it's important to let your insurance representative know to what degree you have reopened. Any changes you have made to your business operations on re-opening may affect your insurance coverage and premiums. That includes disclosing to the insurance underwriter how your business model may have pivoted from the prior year and ensuring that websites and social media reflect the new business model. As underwriters remain challenged to place certain lines of commercial insurance, it's critical to ensure you have a complete submission including a defined risk management strategy.

Most importantly, be prepared for upcoming renewals – start the conversation with your insurance representative early and in advance

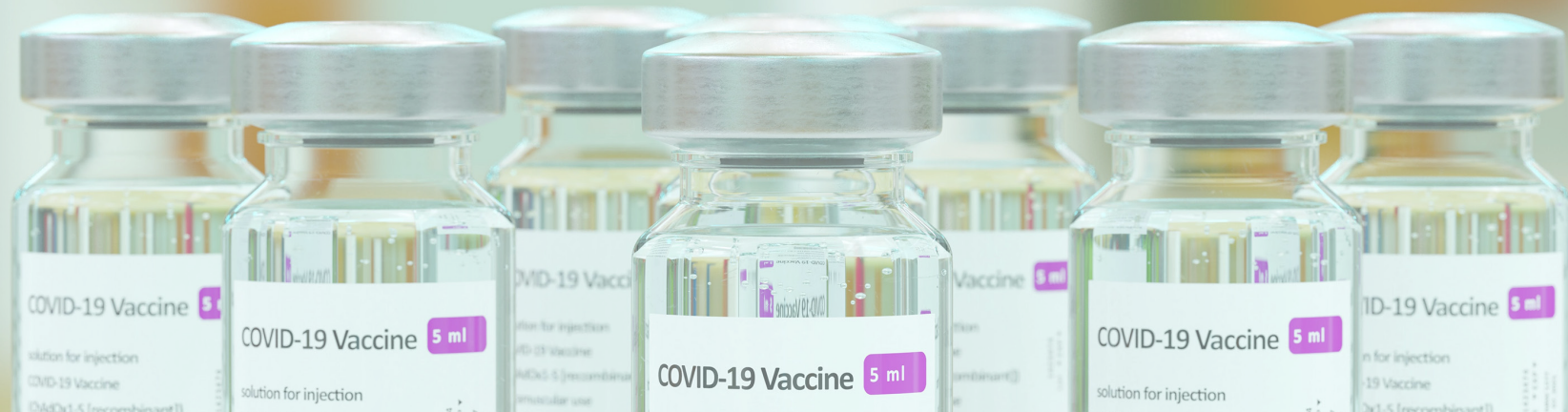
of renewal. Getting ahead of your renewal will provide more time to work with the insurers and potentially mitigate any surprises.

If you have any questions, contact Insurance Bureau of Canada's (IBC's) dedicated Business Insurance Helpline, 1-844-227-5422 or visit www.businessinsurancehelp.ca. We're here to help.

Risk management and mandatory vaccine/mask protocols

Various health protocols, including the wearing of personal protective equipment and vaccine policies, are the responsibility of government. Insurers will look to ensure that businesses they underwrite are following public health and government guidelines and policies and will inquire into whether a business has implemented its own policies and procedures such as a pandemic response protocol. This is part of the overall review insurers undertake when assessing the exposure and risks a particular business may have. Businesses should speak with their insurance provider to find out more about what measures they may take to help mitigate their risk exposure.

Following government and public health guidance when it comes to COVID-19 may also help a business manage claims made by patrons in those jurisdictions that have implemented liability immunity measures.

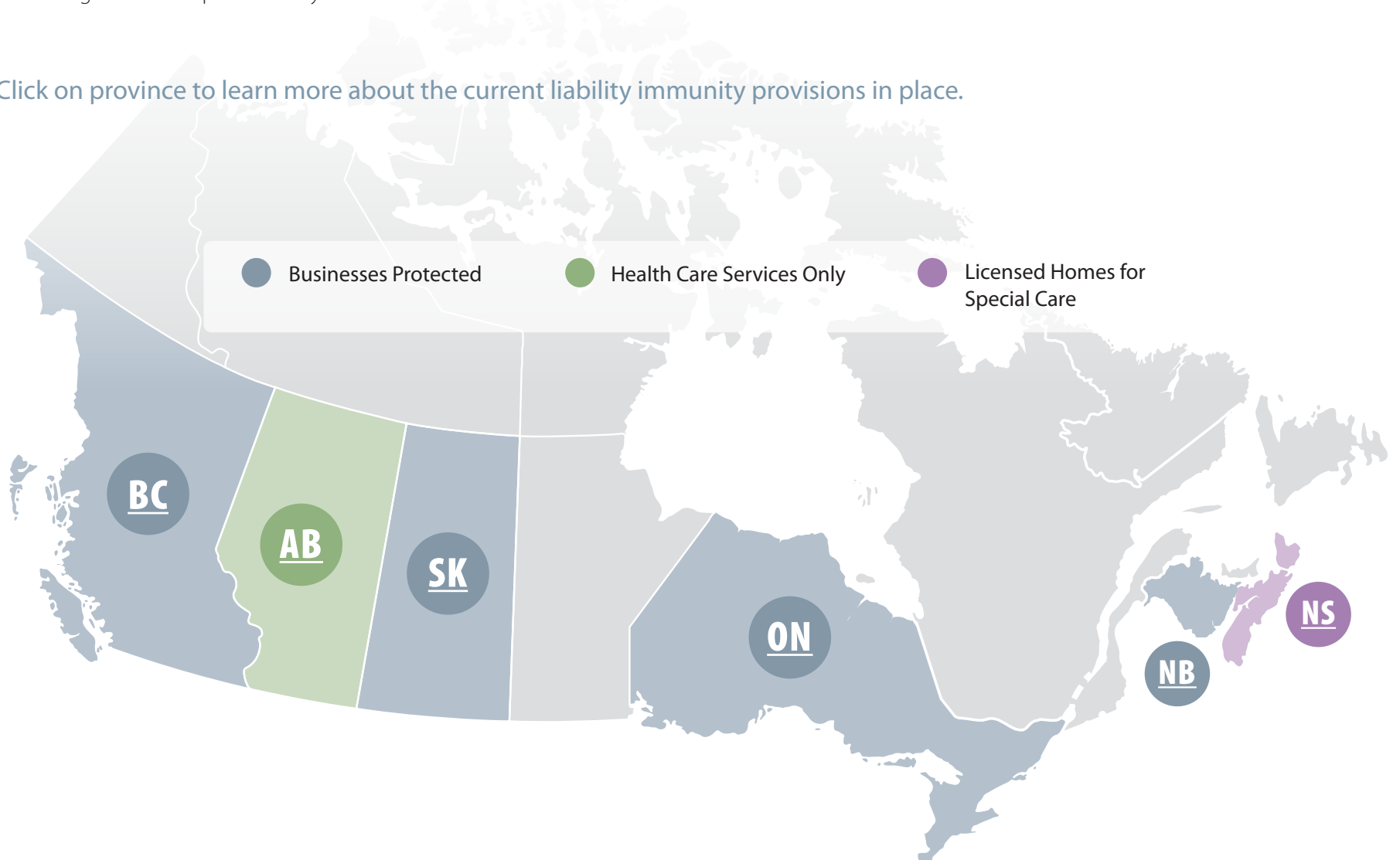


A look at liability immunity provisions across Canada

Liability immunity reforms have been undertaken by a number of provincial governments across Canada, and are helping to support businesses in the midst of undertaking the substantial challenge of recovering from the impacts of the pandemic. The end result is that businesses following protocols are protected against costs associated with frivolous lawsuits and consumers remain protected with businesses required to follow government protocols.

Liability immunity protection measures for businesses are effective in British Columbia, New Brunswick, Ontario and Saskatchewan. Alberta and Nova Scotia passed legislation that protects only health services facilities.

Click on province to learn more about the current liability immunity provisions in place.



IBC Helping Businesses Every Day Find a Path to Insurance


Through IBC's dedicated Business Insurance Helpline, the Business Insurance Help website, IBC's risk manager and industry partnerships, assistance is being provided every day to businesses across the country.

Here are a few recent stories from across Canada of businesses that have been able to secure insurance with the assistance of IBC's trained staff and risk manager services.

- A charitable organization in Ottawa, that works to help communities discover the benefit of barrier free spaces, contacted IBC's Risk Manager after the combination of manufacturing and US exposure made it very difficult to obtain coverage. After some risk management discussions - deciding to not directly manufacture a product and stay in Canada for their operations – the broker was able to obtain coverage for the organization at the same price as the previous year.
- A British Columbia strata with three medium size claims (\$100k) was having difficulty obtaining a decent rate for the insurance. IBC's Risk Manager worked with the strata to identify and address issues, and helped the broker implement a new strategy to go back to the market. The strata received a quote less than half the previous year, and by raising the deductible, was able to retain the savings to be used in the event of a future claim.

IBC Business Insurance Helpline and Risk Manager Services


2,100
Number of commercial insurance inquiries handled


194
Files elevated to risk manager for additional assistance


96
Condo, Strata and Commercial Action Team


98
Business Insurance Action Team


147
Resolved

* as of August 31, 2021