Building Resilience:
An update from Saskatchewan’s home, car and business insurers
Saskatchewan’s private home, car and business insurers help people manage serious risks. Homes can be destroyed by fire, businesses can be hit by vandalism and car owners drive into dangers each day. Life is risky.

This is particularly true now. Severe weather is on the rise across Canada. It comes as heavy rainfall with flooding; as damaging hail, wind and ice storms that cause blackouts and widespread destruction; and as wildfires that devastate entire regions.

Never has the building of personal, community, regional and national resilience been more critical. Helping Canadians achieve that resilience is IBC’s primary mission. We believe that, in a complex and volatile world, insurers, consumers and governments need to work together on being prepared.

Beyond helping to manage risks, and providing essential peace of mind, the property and casualty (P&C) industry employs thousands of Canadians, promotes economic development, and invests in strong and safe communities.

It is our responsibility and privilege to serve the people of Saskatchewan and all Canadians.

Bill Adams
Vice-President,
Western and Pacific
IBC believes insurance consumers are best served by a competitive environment that gives them choice and inspires innovation. This is true in most areas of daily life – for example, buying clothing, food or a car.

But in Saskatchewan, basic auto insurance is provided by a government monopoly while in most other provinces, drivers benefit from competition and choice.

While additional insurance can be purchased from private insurers, the competitive advantage of the government insurer means full competition and choice are not available to Saskatchewan drivers.

We believe in a competitive environment that supports a strong private sector economy and allows drivers to make the best choices that meet their needs.

IBC believes that informing consumers will help them to make the best choices. IBC’s website, ibc.ca, provides information on the issues that matter most to consumers.
Severe weather took a devastating toll on Canadians in 2013. After each crisis, the P&C insurance industry worked quickly to process and settle claims to help people recover. All told, the industry paid out a record-breaking $3.2 billion to policyholders in 2013 for losses related to severe weather – the highest amount in Canadian history.

To help Canadians build resilience in the face of natural disasters, the P&C insurance industry focuses on preparing before a crisis as well as responding afterward. In 2013, the industry achieved two milestones in collaboration with federal, provincial and municipal governments and took other proactive steps to cultivate and maintain relationships at all levels:

- IBC launched the municipal risk assessment tool (MRAT), a new ground-breaking technology, to help municipalities identify sewer and stormwater infrastructure vulnerabilities that could result in sewer backups and basement flooding. Municipalities will use the MRAT information to plan and prioritize infrastructure repairs.

- IBC released a scientific study on the economic impact of a 9.0-magnitude earthquake along the Cascadia subduction fault off Vancouver Island. An earthquake in this region could have major economic implications for Saskatchewan, highlighting the importance of establishing a business continuity plan in the province. IBC, along with the P&C insurance industry, is dedicated to working closely with governments and other stakeholders toward the development of a national response framework.

Consumers also have a role to play in adaptation and preparedness. IBC offers information online, through social and traditional media channels, and through conferences on emergency preparedness to help address consumers’ information needs.

The Saskatchewan climate is one of extremes that can include droughts, floods, thunderstorms, blizzards and tornadoes.
In late 2013, IBC released a study of the economic impact of a major earthquake in Canada (British Columbia and Quebec/Ontario). At the event launching the study, a panel including IBC President and CEO Don Forgeron (second from left) fielded questions from the media.

While Saskatchewan is one of the least earthquake-prone areas in Canada, an earthquake could cause supply chain disruptions, posing major economic implications for the province.

MUNICIPALITY “A” CURRENT RISK

Map is a simulation only. It is not reflective of actual risk.

An illustration from the municipal risk assessment tool shows vulnerable areas of municipal water systems. In a time of heavy rains MRAT will help prevent more flooded basements.
Empowering Consumers

When Canadians know how their insurance works and have the right coverage, they can better protect themselves, their families and their property.

IBC is committed to being a trusted source of insurance information. Here are some of our efforts in 2013 to help Canadians understand their insurance:

- Answered more than 66,000 inquiries at five consumer information centres across the country
- Issued 86 media releases that generated 9,599 articles
- Made effective use of social media, resulting in more than 37 million Twitter impressions and over 1 million visits to ibc.ca and getintheknow.ibc.ca
- Responded to 884 media calls and participated in 124 events, speaking engagements and sponsorships
- Used both traditional and social media to promote timely reminders about severe weather preparedness, water damage prevention, winter driving, insurance literacy, how to fight fraud and more
- Partnered with law enforcement and other organizations across the country, such as Crime Stoppers, to fight fraud and other insurance crimes

HELPING CONSUMERS ASK THE RIGHT QUESTIONS WITH ONLINE SURVEYS
Giving Back to Communities

Insurers don’t just do business and go home. They are part of the communities they serve, giving back to those communities in ways that support quality of life.

In a time when extreme weather is now the norm, IBC is committed to building resilient communities by working with like-minded partners. Here are some examples of the industry’s work:

- IBC collaborates with the Canadian Risks and Hazards Network on disaster risk reduction. The 2013 annual symposium, held in February in Regina, addressed the issues of aging infrastructure, climate change, community resilience programs and emergency management and response.

- IBC works closely with the Federation of Canadian Municipalities (FCM), the national voice of municipal governments, to share knowledge on issues that affect all Canadians. IBC is a longtime sponsor of the FCM’s annual conferences.

- IBC was a sponsor of the 2014 Saskatchewan Emergency Planners Association Conference held in March in Regina. The conference focused on the importance of emergency and disaster mitigation efforts in the province in addition to the lessons learned from the 2013 Alberta flood.

Building resiliency starts by forging relationships with like-minded partners. Here, Bill Adams, Vice-President, Western and Pacific, speaks at a Day at the Leg event in Regina.
Insurance 101

When people buy insurance policies, they put money into a pool to help the few who will suffer a financial hardship – such as a house fire, car collision or business interruption – in a given year.

A premium is based on how likely it is that the purchaser will collect from the pool by making a claim. Insurers gather information that they know from experience will help them produce fair and accurate rates.

Ask your insurance representative about your policies at least once a year.

### Did you know?
Both federal and provincial governments closely regulate the insurance industry. Provincial governments oversee and must approve car insurance rates and coverages.

### QUESTIONS TO ASK YOUR INSURANCE REPRESENTATIVE:

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<th>HOME</th>
<th>CAR</th>
<th>BUSINESS</th>
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<td>• What does my policy cover if I’m involved in a collision?</td>
<td>• What kind of insurance do I need?</td>
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<td>What are the limits?</td>
<td>• What optional coverage is available? Should I have collision insurance on an older car?</td>
<td>• Are there perils for which I can’t buy insurance?</td>
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<td>Are there any exclusions?</td>
<td>• What deductible amount is recommended?</td>
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<td>• Is there a specific kind of insurance for a house? A condo? An apartment?</td>
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Demystifying Insurance

Despite the importance of insurance to their financial security, consumers are often unsure about what a premium represents and how it is calculated. Here are some factors that help insurers set premiums.

🚗 CAR INSURANCE:
- Claims history of policyholder
- Driving record of policyholder and other household drivers (at-fault collisions, moving violations, etc.)
- Vehicle type (make, model, year, etc.)
- Vehicle repair cost and/or replacement value
- Collision and crime rates where vehicle is usually parked
- Driving distance and frequency
- Additional coverage, deductible and discounts.

🏠 HOME INSURANCE:
- Age, size and location of residence
- Type and quality of finishes and materials
- Residence replacement cost
- Residence type (single-family dwelling, apartment, etc.)
- Residence construction material used (brick, cement, etc.)
- Distance from fire hydrant and fire station
- Claims history of policyholder
- Crime rates of residence location
- Additional coverage, deductible and discounts.

DISCOUNTS MAY BE OFFERED FOR:
- Vehicles with loss prevention devices
- Drivers who have graduated from approved driver training courses
- Insuring two or more private passenger vehicles in the same household
- Combined coverage for existing insured clients (for example, car and home insurance)
- Policyholders who have never filed an insurance claim
- Drivers over the age of 55
- Vehicles not used in winter
- “Loyalty” for policy renewals by existing insured clients, subject to insurer’s criteria.
Contributing to the Economy

The P&C insurance industry plays a vital role in Canada's economic health. By absorbing financial risk, particularly in a world of emerging new risks and changing needs, and investing in Canadian bonds and securities, insurers help to create and promote growth, development and employment.

Here are highlights from 2012, the year for which the most recent data is available:

The P&C insurance industry employed 118,600 people across Canada.

The P&C insurance industry had $104 billion in invested assets, to support economic growth and stability.

Insurers paid out $27.8 billion in claims to victims of collisions, disasters and other losses in Canada.

Canadian insurers paid more than $7.5 billion in taxes and levies to federal and provincial governments.

In Saskatchewan, there are over 100 private home, car and business insurers serving consumers.

In 2011, the P&C insurance industry in Saskatchewan paid more than $67 million in provincial taxes, monies that are key to helping fund hospitals, municipal infrastructure and vital social services.

In 2012, the P&C insurance industry in Saskatchewan paid $455 million to help people recover from losses.

Source: IBC
Investing Wisely

The P&C insurance industry offers the key service of risk management and is committed to covering losses when they occur. Providing these services necessitates the careful and safe investment of resources, to ensure that funds are available when needed. With the bulk of its investment portfolio in secure bonds, the insurance industry is far less vulnerable to stock market fluctuations than are other industries. This is why P&C insurers historically weather an economic crisis better than others in the financial services sector.

**BREAKDOWN OF P&C INSURANCE INDUSTRY INVESTMENTS**

- **80.7%**  
  Bonds
- **12.7%**  
  Shares
- **3.8%**  
  Term deposits
- **2.1%**  
  Other investments
- **0.7%**  
  Mortgage loans

Source: IBC, MSA, SCOR, AMF

**WHERE DOES EACH DOLLAR RECEIVED BY INSURERS GO?**

The Insurance Dollar pie chart shows how Canada’s home, car and business insurers spent each dollar of revenue averaged over the seven years from 2006 to 2012.

- **54.0¢**  
  Claims paid out to policyholders
- **20.5¢**  
  Operating costs
- **16.1¢**  
  Taxes and levies
- **9.4¢**  
  Profit margin

Source: IBC, MSA
Questions?
We’re here.

Insurance Bureau of Canada’s
Consumer Information Centre
Tel: 604-684-3635
Toll-free: 1-877-772-3777 ext. 222
Hours: M-F 9 a.m. – 4 p.m.
or visit ibc.ca

For additional copies of this booklet,
please contact:
Insurance Bureau of Canada’s
Member Services
memberservices@ibc.ca

Insurance Bureau of Canada is the national industry association representing
Canada’s private home, car and business insurers. Its member companies
represent 90% of the property and casualty (P&C) insurance market in Canada.

Data in this 2014 State of the Industry brochure have been gathered from several national and international sources,
including IBC. Data are from 2011, 2012 or 2013 depending on when sources release their information. In some
instances, figures may not add up to 100% as a result of rounding. Also because sources collect data in different ways,
there may be small differences among similar data.