

Annual General Meeting

Don Forgeron

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Vantage Venues
27th Floor, Sun Life Financial Tower, Inverness Room
150 King Street West, Toronto

Check against delivery



- Thank you, Kenn.
- I know I speak for everyone at IBC when I express my sincere thanks to Kenn for his dedication and contributions these last two years as chair of our board. Kenn is deeply committed to serving our industry and has done so with great success. I'm very pleased that he will continue his work as a board member.
- This morning I'll begin with the climate adaptation file.
- Earlier this month, Canadians received some alarming news in a new report from government scientists.
- Canada's Changing Climate Report 2019 told us that our country is warming at twice the rate of the rest of the globe. And that means even more frequent heat waves, droughts and precipitation events.
- This is a huge wake-up call for all of us, including our industry.
- We need to stand up taller than ever – and speak out louder than ever.
- As a voice of advocacy for common sense. And a voice of support for any government willing to prioritize climate resilience in our planning and regulations.
- Governments also need to speak louder. They need to send a clear message: Our world is being transformed.
- It's time to say to homeowners that if they want to build in high-risk areas, the risks are theirs and theirs alone.

- We can no longer afford to ignore when the evidence stares us in the face and plainly says: It's not smart to build here.
- In practical terms, this means limiting or ending the practice of building in areas deemed high risk by flood mapping. It also means having a hard discussion about where to build in areas that are close to our boreal forests.
- Even today, dwellings are still being built in river valleys or on flood plains. They are being positioned in such a way that flooding claims are all but inevitable. This must stop.
- Now let's look at another key file with many moving parts – and that's auto.
- Just about every provincial system has serious challenges but I'm pleased to report some positive steps in recent weeks.
- I'll start with our members' biggest book of business – and that's Ontario auto insurance.
- The recent Ontario Budget contains a plan for transformative changes to the auto insurance system that builds on the recommendations in the Marshall report of the previous government. The changes include moving to “care not cash” for accident benefits, reducing health provider fees and reforming rate regulation.

- This is a huge step forward. The new Ontario government has committed to a “Putting Drivers First” multi-year strategy that – if implemented – will actually fix the system. Consumers will get lower costs and a wider range of options. And insurers will do business in a healthy competitive market where they can innovate and improve their products.
- The comprehensive package contained in the budget is, frankly, the most encouraging statement about auto insurance from a government in Ontario for 35 years. And the government has committed to moving quickly and to continuing to consult with the industry every step of the way. We’ll arrive at every meeting with practical and detailed suggestions for them.
- Moving to Newfoundland and Labrador, the government has called an early election for May 15. Last week, the government passed two bills containing reforms to auto insurance. The success of these reforms hinges on what rules the government puts in place next.
- But, these reforms don’t go far enough to stabilize premiums. Consumers in that province have told us loud and clear that they want a balance between premiums and benefits. And they want the system repaired to achieve that balance.
- Staying in the east – in Nova Scotia, we’re working for change on two fronts: rate regulation and the cost of injury tort claims. IBC is working closely with the Office of the Superintendent of Insurance, and participating insurers in a closed claims study.
- This will pinpoint where the pressures are coming from and we will use that information to chart a better way forward.

- Now let's head west.
- In Alberta, the situation is, frankly, dire. For every premium dollar, insurers pay out up to \$1.29 in claims and operating costs. It's unsustainable and we have been making the case for change with passion and math.
- Our campaign for change moves into a new phase with the recent election of the United Conservative Party. IBC is now aggressively executing its post-election strategy and sharing the industry's reform package with the new government.
- I'm happy to tell you that we are already extremely well positioned with the UCP and have met with many of the elected MLAs, the transition staff and Premier-elect Jason Kenny.
- Going forward, we will rely on members, their teams, brokers and other stakeholders to help us share the industry's messages with the new government. There's much work to be done in Alberta and we're cautiously hopeful.
- I'll finish with an update on British Columbia. In this province where state-run ICBC is floundering, drivers pay the highest rates in Canada. Our polling shows that consumers support ending ICBC's monopoly and our message of choice and healthy competition is gaining traction.
- However, increasingly, we're hearing from our detractors in the province that systemic problems in auto insurance systems elsewhere are proof that private delivery and competition don't work. You can be sure that we're countering that argument forcefully with facts.

- We're explaining to all governments, including the one in BC, that auto insurance systems are like justice, health care and education systems: they require constant review and adjustments. Many provincial governments have failed to do this work and, as a result, costs have increased to the degree that, unless something is done, auto insurance will become even more unaffordable for many people.
- Finally, on auto, in 2019, we are laser-focused on combatting insurance fraud. The cost of fraud, particularly in Ontario, is substantial. We are working to reduce those costs for our members and, ultimately, consumers.
- Now let's look past our current problems to the opportunities that lie ahead. In our discussions with decision-makers, we always talk about the opportunities that await our industry once we're able to get the regulatory balance right.
- The pace of technological advancements is breathtaking. But, despite all of the progress, the regulations that govern our industry haven't changed much, or at all in some cases.
- Stale regulation acts as a disincentive to progress and better ways of doing business and serving customers.
- We know consumers want choice, customization and fresh-thinking from us. They want us to evolve with the times. They want to be protected from risk, but not from change.

- We are putting ourselves on the side of consumers and finding better solutions for them. And we are working to create a win-win-win scenario. Governments get credit for creating a more consumer-friendly market. Consumers get better solutions and insurers get to innovate.
- IBC and its members will continue to advance the issues that are important to Canadians, whether it's a national flood strategy, as Kenn talked about, or modernizing regulations to enable insurers to offer new and innovative auto insurance products and services to consumers.
- We will continue to advocate for modern regulatory environments across the country.
- Thank you to Kenn for his leadership and support over the last two years.
- Thank you to the Board and our member companies for their continued support. I'd also like to thank our new members – Zurich and Red River Mutual – for joining us. We're pleased you did.
- And thank you to the IBC staff that continue to put our members first and accomplish excellent work on their behalf.