



IBC Annual General Meeting

Check against delivery

**Don Forgeron
President & CEO
April 23, 2020**



I believe I speak for everyone at IBC when I express my gratitude to our Chair, Silvy Wright, for her service to this organization – and to our industry.

Silvy has shared with you some of the challenges we faced in 2019 – as well as the tangible progress we made on a number of important fronts.

Our shared focus right now is the COVID-19 outbreak – and what it means for ourselves, our families and our business.

The country is entering a period of profound challenge. We first want to applaud our health care, and other frontline workers who are placing themselves at great risk. We also want to acknowledge the leadership of our governments, at all levels, and public health officials who are navigating uncharted waters. These collective efforts remind us that Canada is indeed a great nation.

The impacts are felt by all sectors and for our industry as well with some customers, through no fault of their own, struggling to make routine payments. There are enormous and unprecedented pressures on families and businesses. We understand this. And we are answering the call.

The IBC Board has made it clear that, as an industry, we stand ready to help consumers during this difficult time, as do all of you.

We continue to consult and communicate with governments and regulators to ensure our industry can meet the challenge, as it has so many times in the past.

In a series of announcements, the Office of the Superintendent of Financial Institutions (OSFI) introduced measures to ease the operational burden on insurance companies. Measures that insurers greatly appreciated. And, in a decision earlier this month, OSFI allowed insurers to offer premium deferrals without incurring a higher capital charge for those outstanding amounts. We are grateful for OSFI's support as insurers provide consumers relief during these challenging times.

As CEO, it is my responsibility today to outline how we intend to build on our recent successes.

While our response to the COVID-19 pandemic will remain a focus for the foreseeable future, we owe it to our members to ensure we don't lose sight of the core issues that make up our 2020 strategic plan. And that's exactly what we'll be doing.

I'm going to focus on four key issues.

First, natural catastrophes.

On earthquake preparation: IBC has continued to take a leadership role in advancing a national dialogue on the risk of earthquake. However we are concerned about the slow pace of progress with the federal government. For years now we have advocated for a financial game plan to address a tail risk event and have pointed out that money will flow faster, and recovery will be swifter, should that game plan be centered on a public/private partnership with the insurance industry. We have pointed out that this is a national issue that extends beyond the hot spots of southern British Columbia and Quebec to all parts of the country whose supply chains and export strategies rely on the ports of Vancouver and Montreal.

Given the macroeconomic consequences of such an event, it is imperative that government partner with the insurance industry to better safeguard both public and private assets. Right now, we are conducting a detailed survey on the status of earthquake insurance products across the country – a prerequisite if Finance Canada is to understand the full problem and be able to work with us on a solution.

In the months ahead, we intend to use this data to press Finance Canada for a policy solution to earthquake risk – and the huge, potentially existential liability that the industry could face. Ironically, with the COVID-19 outbreak, government preparedness for tail risk events is now front and center. Immediate action may be delayed but we are hopeful of resolution.

Now to flooding. As Silvy highlighted in her remarks, this is an area where we've helped to generate real momentum and positive change.

A number of federal ministers and provincial governments became engaged as never before. Six federal Ministers have flood action featured in their mandate letters issued by the Prime Minister.

In the months ahead, we will continue to leverage industry expertise to help design a national framework for resilient infrastructure – and help establish an insurance pool for high-risk homeowners. The timelines on these items may shift a bit with current events however we are still pressing ahead with governments on them because as the industry knows all too well, there will be flooding events this spring.

The second key issue I want to focus on today: Auto insurance.

Silvy provided a recap of some of the encouraging changes we've seen over the past year.

In my view, we can't lose sight of two important facts.

One: Our advocacy played a crucial role in achieving that progress.

Two: We must work to maintain that influence – because there is still a lot to do.

There are provinces where serious challenges remain. And across the country, there are opportunities for even better outcomes in the future.

And so our advocacy continues – as does our determination to achieve even greater progress.

The third issue: Commercial insurance.

We are all aware that this is a challenging time – both for insurers and for a number of companies and organizations that are struggling in the current hard market conditions. That challenge has only become more acute in recent weeks.

IBC took early action by launching a National Task Force on Commercial Insurance – which is currently traveling the country.

The task force has been hearing from industry, from customers, and from experts – so we can understand the scope of the challenge and focus on putting in place real solutions for the short and long term.

The final report will be released later this year.

But we're not waiting. We are taking action now to confront and address challenges in the market.

Our roundtables to date have generated useful ideas and potential solutions.

We've already made policy recommendations in British Columbia.

And we'll soon release a mid-term white paper – with recommendations for helping condo corporations through this difficult period.

From a reputational point of view, it's important to demonstrate immediate progress like this – but it's even more important to address this challenge for the longer term.

Looking forward, I have confidence that we can do both.

And finally, the fourth issue: Fraud.

Again, Silvy talked about some of the progress we've made. But there's more to come.

Some time ago, we undertook a comprehensive review of the industry's shared anti-fraud efforts.

This review was led by IBC member companies – and resulted in a new strategy that we've been putting in place over the last number of years, with real results.

This strategy has now brought us to another key juncture of progress – a clarifying of roles and responsibilities when it comes to anti-fraud measures, and a focus on greater efficiency and effectiveness.

We are in the process of creating a single entity for the industry with a clear mandate and clear leadership.

It will bring an unblinking focus to combatting insurance fraud and crime.

And it will communicate a greater sense of urgency within the industry to fight back as insurance crime grows more prevalent and more sophisticated.

In the months ahead, we will continue the work of establishing and leveraging this new entity – and stepping up our efforts to combat fraud.

So, there you have it: In broad strokes, these are our priorities for the coming year on the policy front.

By way of conclusion, I want to once again thank our Chair for her leadership and her expertise.

Thank you to the Board and our member companies for their continued support and confidence.

And thank you to the IBC staff that continue to put our members first and accomplish excellent work on their behalf.

We are going through a tumultuous period as an industry. It won't get easier anytime soon.

By working together, we can come out stronger on the other side.

We can emerge as an industry better prepared than ever for the opportunities and challenges of tomorrow.

Thank you.