



IBC Annual General Meeting

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Chair of IBC Board of Directors
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In a short period of time, COVID-19 has altered the social and economic landscape of our country and our world. While this is top-of-mind for us all, it is important to take the time to reflect on the accomplishments we saw in 2019. As Chair of IBC's Board of Directors, it is my privilege to share the progress that we made as an industry last year.

2019 saw an improvement in financial results for the P&C insurance industry. The industry reported a net income of \$2.6 billion with a return on equity of 6.2%, compared to 3.8% in 2018. This is below the long-term average of 10.5%, but an encouraging gain over 2018.

Personal and commercial property lines contributed to an improvement in loss ratios, owing to lower catastrophic losses in the first half of 2019. However, industry results continue to be challenged by private passenger loss ratios across the country.

The industry reported a \$1.6 billion improvement in investment income compared to 2018 and return on investment increased to 3.7% from 2.1%. All of these figures exclude Lloyd's and mortgage insurers.

2019 also saw progress on a number of important issues including auto insurance, natural catastrophes and fraud.

In a number of provinces, IBC's interventions and guidance helped move Canada toward more competitive and sustainable auto insurance markets.

In Ontario, we saw a new and streamlined rate regulation process, the approval of electronic pink slips, a new regulator with a mandate to fight fraud, and a plan to reduce premiums by removing costs from the system.

In Alberta, we saw an end to the rate caps that were heavily impacting our industry. Electronic pink slips and online cancellations were also approved – in other words, the first fully digital auto insurance experience in the country.

The auto insurance markets in a number of provinces continue to have structural issues that require review and reforms. More work needs to be done, but through its efforts, IBC has helped to generate real progress both for the industry and for consumers.

On natural catastrophes, IBC contributed to meaningful movement on a number of key policy points.

The federal government embraced our recommendations on flood risk. Ministers have been tasked by the Prime Minister to establish a high-risk flood insurance pool, create a federal program for strategic retreat, complete high-quality flood mapping, and expand and prioritize investments in disaster mitigation with an emphasis on natural infrastructure. The federal government also expanded the mandate of its residential retrofit program to include climate resiliency. Together, these achievements represent real and genuine progress on the flood file – and good news for both the industry and for Canadians.

As an industry, we've made important strides in our efforts to combat fraud. IBC launched its Investigative Coordination Support Service, which works collaboratively with insurers to investigate cross-insurer fraud. We assisted in the recovery of more than 1,400 stolen vehicles and pieces of heavy equipment, with an overall value of more than \$37 million. Our investigations led to more than 900 criminal charges and 65 arrests. In other words, 2019 marked another step forward in our shared effort to fight those who seek to perpetrate fraud.

On the regulatory front, OSFI scaled back the scope of its reinsurance review and pushed back the release of the new draft guidelines.

On cybersecurity, IBC continued to educate businesses and influence public policy decisions regarding this new and growing form of risk. The launch of our Cyber Awareness campaign put the spotlight on the need for small businesses to understand and respond to cyber threats.

And on climate, the Expert Panel on Finance supported the recommendation of IBC and others to create a Canadian Centre for Climate Information and Analytics to develop the modelling and data needed to better prepare for emerging challenges relating to our changing climate.

I want to thank and congratulate Don and the IBC team for their expertise, hard work and accomplishments on behalf of our industry – and the millions of P&C insurance customers across the country.

This year, IBC has continued its important work while helping the industry navigate unprecedented challenges brought by COVID-19. IBC will continue to stay in contact with governments across the country and collaborate with the industry to ensure that lines of communication remain open and the needs of Canadians are met.

Thank you.