

BROKER

THE ALBERTA

THE INSURANCE BROKERS ASSOCIATION OF ALBERTA

TOP 9 SOCIAL MEDIA MYTHS

Focus Time and Resources
Strategically to Get Results
That Matter to Your Brokerage

+

Brokers Have
Explaining to Do

Taking On
Distracted Driving

Broker on the Hook
for a Crook

and more—



December 2019–January 2020

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THE ALBERTA BROKER

December 2019–January 2020

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Vicki Livingstone

President's Message

Winter sure hit early. Thankfully, Mother Nature did give us a bit more of a taste of summer with a fairly mild October and November. Hopefully most of the farmers were able to get their crops off before the weather set in to stay. Cross our collective fingers that we get an early Spring!

I touched on the concept of distracted living in my speech when I was elected president back in May and I think this is a topic that warrants a little more attention. We are all guilty of distracted living; in many cases we are not even aware we are doing it. Some may even try to brush off being distracted as multi-tasking. The fact is that becoming distracted is so easy these days. I, myself, was caught recently by my daughter. I had been in the kitchen cooking (that alone is a shock) and walked away from the stove without turning off the element. Luckily, she came behind me within about five minutes and turned it off. I had been too eager to get back to my phone. More and more house fires are happening because of incidents like the one I just described. People put something on the stove and then get busy doing something else and forget about it. Our lives are so busy these days and we are trying to do so many things at once that we can't keep track of everything. Stop. Slow down. It is okay if you don't get everything done today. Tomorrow is another day, and, ironically, you'll likely get more done if you focus on one thing at a time.

Then there is the more important topic of distracted driving. There are many campaigns about the dangers of distracted driving, and I know more than half of us are guilty ourselves. Distracted driving is now being called "the new drunk driving" because it is just as dangerous. The mindset is that we can glance away and read that quick text. After all, we are just taking our eyes off the road for a second. *I am watching, nobody is around. It will only take a*

second, I am a good driver. This kind of thinking is dangerous. Thinking, *It can't happen to me! I know what is happening in my surroundings. I can do this.* The fact is taking your eyes off the road, even for a second, can be disastrous.

Some surprising stats on distracted driving:

1. You are 23 times more likely to be involved in a collision if you text while driving and four times more likely if you talk on a cellphone while driving (hand-held or hands-free). (IBC Website)
2. A distracted driver may fail to see up to 50% of the available information in the driving environment. You may look but not actually "see" what is happening. (IBC Website, National Safety Council)
3. About 26% of all car crashes involve phone use, including hands free. (National Safety Council)

"43% of all drivers said it would take a collision for them to stop driving distracted."

4. The biggest culprits are 35-44 year old drivers – followed closely by 30-34 year olds. (Government of Alberta, Enforcement Research File (SGMV.PYYEO01. SASDATA))
5. And the most shocking of all comes from a study done by Desjardins Insurance that states "43% of all drivers said it would take a collision for them to stop driving distracted."

This last point means a person would need to injure or even kill someone before they stopped driving distracted! That is just not an acceptable way of thinking!

Thankfully most insurers are now taking the problem of distracted driving much more seriously. The conviction is now considered a major conviction by many carriers and results in a surcharge. A lot of insurers are declining physical damage coverage if your client has a distracted driving ticket. This is undoubtedly making things more difficult for us, as brokers, but it is absolutely a step that had to be taken. People cannot continue to drive distracted.





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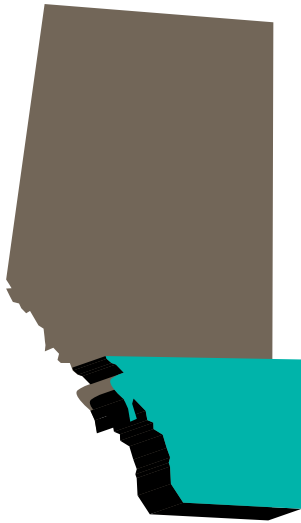
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COUNTRY REPORT

BROKER NEWS

- BrokerLink acquired Jamber Insurance.
- The former HC Hopper Insurance Agency location was officially transferred to the Glenmore Trail location of BrokerLink.
- Jonathan Dicey of Lakeview Insurance has semi retired; Terri-Lynn Dupuis assumed additional responsibilities at the brokerage.
- George McDonald Agencies moved to a new 20th Street location in Didsbury.
- Westwinds Insurance is now part of Alpine Insurance & Financial.
- Procom Insurance Brokers officially moved to the Rogers Insurance 19th Street location in Red Deer.
- JLT has also officially moved to the Marsh office in downtown Calgary.
- Phong Le, formerly of Costen Insurance, is now working with Clear Cut Insurance.
- Dawn Ladds former SVP Marsh and McLennan Companies, has accepted a VP commercial sales role at Western Financial Group.

- Jones Brown has officially completed its transition to the AJG offices in the east village.
- BFL has new executive positions: Marco Racano is a managing partner, and Adam Bunz is VP global leader and Calgary commercial leader.
- John Boone, a former client executive for Jones Brown, is a new VP at Marsh.
- Mauricio Quintero, formerly of Liberty Mutual, is the new AVP management liability practice for Gallagher Energy Risk Services.

COMPANY NEWS

- Mark Rouleau, formerly of Aviva, is now working with Western Financial Group as its chief strategy officer.
- Reena Sharma moved from Aviva to work with CNA as a senior P&C underwriter.
- Intact Insurance has a new director of digital distribution projects and analytics: Jordan Kramers.

- Andre Guzzardi will join Intact Insurance from BrokerLink as a personal insurance manager.
- Christine Grove of Intact Insurance has a new position in commercial auto as a unit manager.
- Lindsay Readman, commercial manager for Aviva, accepted an AVP role in Aviva's Vancouver office.
- Liberty Mutual has a new commercial insurance manager in its Calgary office: Kevin Lee, former risk advisor at Iridium Risk Services.
- SMI has a new southern Alberta staff adjuster: David Chapman-Collier. David recently relocated from the SMI office in Regina.

INDUSTRY PARTNER NEWS

- Jeff Settingerton a former director of specialty solutions for Intact, is now VP of sales for Crawford & Company.

- Ron Biggs left RSA to take on a new challenge with Crawford and Company. He is the new VP of property and capacity solutions.
- The RIMS conference, the largest risk management conference in Canada, was held in Edmonton this year. Katie Foden of Intact Specialty Solutions reported that it was a really great event. The Intact Specialty Solutions team sponsored the welcome reception at the conference, hosting over 800 people. “Transform” was the theme of the conference, featuring presentations from all over the world that explored how insurance and risk management is changing the mindset and approach to changes in technology, leadership and industry.

GIVING BACK

Chubb Insurance deserves a “shout out” for hosting its annual Chubb Charity Challenge. More than 300 teams across Canada competed this year, raising nearly \$1 million across the US and Canada. This event is a 20-year tradition at Chubb, and raising nearly \$17 million during that time. Each team that enters the event plays for a chosen charity, and the amount that they can win for their charity depends on their placement in the finals tournament. The competition must be fierce! This year, Lloyd Sadd Insurance Brokers was a winner at the 2019 Calgary regional. The Lloyd Sadd team played for Little Warriors, a charity dedicated to the awareness, prevention and treatment of child sexual abuse. T. Marshall Sadd, chairman of Lloyd Sadd

Insurance Brokers stated after the win: “It is incredibly rewarding for our company to win \$50,000 for a charity that is doing so much good within our community, and we are so appreciative of Chubb for this opportunity.” Well done Chubb and Lloyd Sadd Insurance Brokers!

Thank you to everyone who contributed to this edition of the *Chinook Country Report*.

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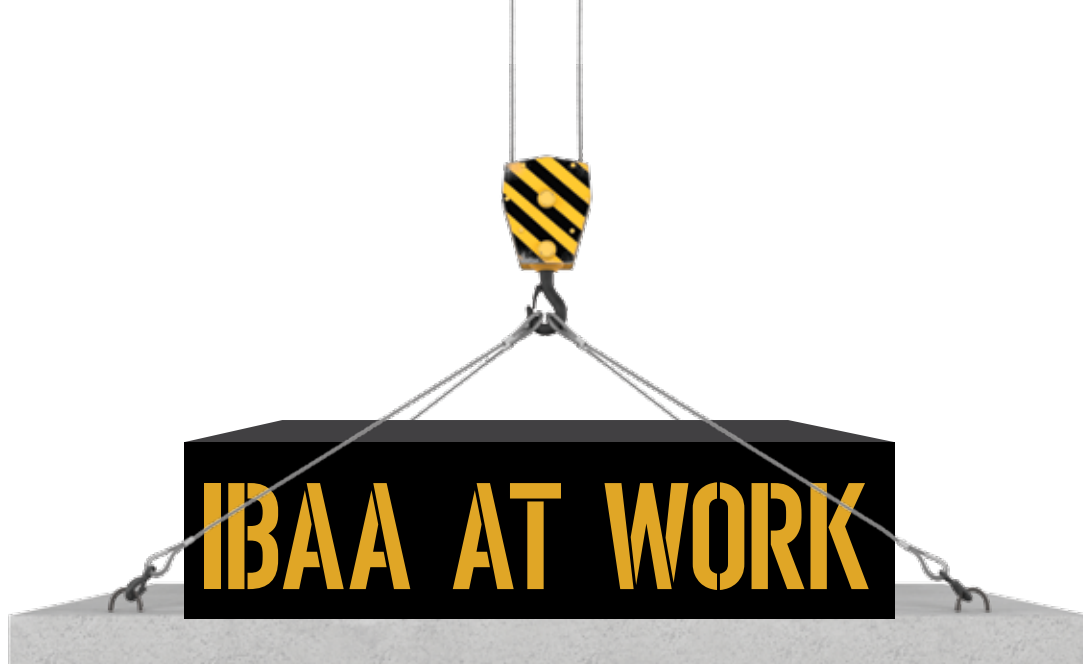


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What's going on behind the scenes at IBAA?

ADVOCACY/GOVERNMENT RELATIONS

Positive Changes

We are really excited that our top three asks have been granted by the provincial government. We are so thankful that they took the time to read our white paper and provide a positive response:

1. Electronic pink cards are now legal in Alberta.
2. The rate cap has been allowed to expire.
3. We received approval for licensing equivalencies – CAIB, our flagship designation, is now accepted as a licensing equivalency.

Many thanks to Ministers Toews and Hunter for moving these initiatives forward on our behalf!

There is much more work to do in helping the government get the Alberta insurance industry back on track, and we are so grateful that government ministers understand the need to fix the system to make it better for consumers.

AIRB

IBAA is happy to see the Automotive Insurance Rate Board (AIRB) back in charge of regulating auto rates. The folks at AIRB do a great job of scrutinizing insurance company requests, reviewing actuarial data and ensuring rate increases are at a necessary level for the industry to be viable, and are mindful of the need to provide a fair market for consumers.

We all know that consumers don't always see it that way, and IBAA and AIRB are keenly aware that it's front-line brokers who are in the line of fire, justly or not. That's why AIRB provided tips that IBAA was able to share back in November so members had some ammunition to explain why rates increase. For details on rate approvals, check out AIRB's website at www.airb.gov.ca.

PROFESSIONAL DEVELOPMENT

Learning 24/7

Our learning management system is officially up and running with some great online and on demand learning for our members. Now, you

can decide when and where you want to take a course—particularly great for rural brokers and those who want access 24/7. While we don't have a ton of courses available yet, we will be continually adding new material as we have it ready. We may be able to provide some content by subscribing to it for you, but we will be creating most of it from scratch. We will also try to make it fun and interesting, with quizzes, fun tests and maybe even some games.

CAIB = Designation AND License

And, how about those equivalencies, eh? Now, brokers can kill two birds with one stone: obtain their license and their CAIB designation! Instead of writing the provincial exam, with its 30% pass rate and then having to pay again to take the CAIB designation, you can achieve both at the same time, and take advantage of a 60% pass rate! CAIB 1 and 2 will get you a Level 1 license. Add CAIB 3, and you can get your Level 2. Add CAIB 4 and, you guessed it, you are eligible for a Level 3 license and could be the designated representative in your office. You must still meet all other AIC requirements,

but this should help get more brokers into the industry, and we all know how tough that's been for the past six years.

We sent out information in November as to how the equivalencies work, but if you have questions, just call or email us.

MARKETING

IBAC partnered with the Canadian Safety Association to be the exclusive partner for National Safe Driving week in Canada this year (Dec 1-7). That means all the provincial associations had a role to play in helping consumers be smart and safe behind the wheel. The BIP was the "Big Wheel" powering the campaign because it is the recognized symbol for member brokers across the country. We hope you saw our fun videos on IBAA's social media channels demonstrating how to be safe drivers. Thanks to all the young brokers who helped us out. What a great campaign!

2020 CONVENTION

Registration for IBAA Convention 2020 kicked off in November. We are happy to report that booths will sell out again this year and early bird registration has been brisk. "We don't want to save \$100 on registration," said no one ever. You have until January 31, 2020, to take advantage and keep that \$100 in your jeans. Registration is available on our website at www.ibaa.ca. And, don't forget, you can earn ALL 15 CE HOURS by attending the education sessions at convention.

The convention will take place May 3-6, 2020, once again in beautiful Banff, Alberta. The Fairmont Banff Springs Hotel is pretty much the only venue "west of the Pecos" that can hold us all. Besides, who wouldn't want to take in that view? All your favourite events will be back: Peace Hills party,

president's gala, trade show, hospitality night and SGI's after-party.

This year's theme is "Leadership Survival," because we are living through some really challenging insurance issues in Alberta, and leaders need tools to get their businesses, their staff and themselves through tough times. That's what we'll focus on this year.

Okay, I think that's about it for this edition. Thanks for reading and Merry Christmas, Happy Holidays and Happy New Year to everyone!

JANIS LOSIE
Chief Operating Officer
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ALBERTA'S AUTO INSURANCE INDUSTRY

A System in Flux

There's a popular saying that tells us the only constant in life is change. Whoever coined that saying must have been looking at Alberta's auto insurance industry over the last 12 months. Whether you're a broker, insurer or driver, there has been plenty of activity to keep up with.

Positive Steps Forward

The provincial government that was elected this past spring has driven many of the changes we've seen. It has altered regulations and shown a willingness to embrace more

innovative approaches to insurance. Recent changes to regulations allow Albertans to join the growing list of jurisdictions where consumers can use an electronic pink card as proof of insurance instead of old-fashioned paper copies. Regulators followed this with a decision to allow even more electronic communication between insurers and consumers by allowing for digital policy cancellations. These changes meant that Alberta was suddenly the first (and only) province in Canada to allow insurers to provide a fully digital insurance experience for drivers. The government also announced a future examination of the rules around usage-based insurance (UBI), in a move that could further alter Alberta's auto insurance industry.

These changes represent constructive steps forward in modernizing our auto insurance system.

Fixing a System in Crisis

As positive as these changes are, they don't address the crux of the issues afflicting our industry. Basically, Alberta's auto insurance system hasn't been working for consumers. Vulnerabilities in regulations created by court decisions have gone unaddressed for years, driven insurance costs up and in turn caused premiums to rise.

Alberta's previous government refused to address these problems realistically, and over the years, things have gone from bad to worse. The former government decided to ignore

the problem and slap on a rate cap that ultimately threw the problem down the road, asking consumers to pay for these issues later. These conditions have led to an environment where drivers have had difficulty finding affordable insurance or payment plans and where over 100 broker contracts have been cancelled.

Fixing this broken system is going to take a lot of work and will depend on insurers, brokers and our government working together to address the issues affecting the market. To its credit, our current government realizes its predecessor's strategy of ignoring the system's problems and artificially suppressing premiums was a flawed approach to managing the crisis.

While the difficult work to improve the system is underway, some drivers may see premium changes in the coming months as claims costs have continued to spiral. As the insurance professionals who most often deal with consumers face-to-face, brokers play an important role in communicating the issues in the market to their consumers and, of course, helping them find the best premium available.

Advising Customers

Dealing with questions on rate changes can be difficult, but it's vital to share accurate information to help consumers understand the market. In addition to explaining insurance market conditions, it's important to remind customers that there are options available to them.

In spite of the difficulties we face, our market is still a competitive one. There are 45 insurers offering private passenger auto coverage in Alberta. Drivers, with your help, have the ability to shop around and find an insurer that best suits their needs and budget.

IBC, working with key stakeholders like Insurance Brokers Association

of Alberta and Alberta's Automobile Insurance Rate Board, is launching a consumer education campaign to help drivers understand the options available to them in this time of change.

Beyond suggesting they shop around, IBC is advising consumers that they also have access to several mechanisms that can influence their premiums, including the ability to:

- Increase their deductible
- Drop collision coverage if their car is older
- Look for multi-line or package discounts (taking advantage of savings by bundling home and auto coverage together with the same company)
- Install a theft deterrent system in their car

“With more than 525 provincial regulatory provisions to abide by, our industry's hands are often tied.”

- Consider using a telematics product. (This involves installing an app on a smartphone or a device in a car that records driving activities. Insurers can use this information to personalize insurance premiums and provide discounts.)

- Drive safely
While the choice and options available today are good, IBC believes consumers should have more choice and ability to influence their premiums.

We believe that, in a world where everything is customized, drivers should have the ability to customize a product that meets their needs at a price that fits their budget. As we work with government to deliver an auto insurance system that is affordable and sustainable in the long-term, we look forward to continuing to work with brokers across the province to help our consumers now. Collaboration is key to the success of our industry and our number one stakeholder: our customer.

CELYESTE POWER
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BROKERS, WE'VE GOT SOME EXPLAINING TO DO!

2019 has been an interesting year in Alberta's insurance broker profession. We have seen a new government come to power in Alberta, and with it, a new willingness to listen to the concerns of brokers and insurers. With government approval of e-pink cards, CAIB and CIP equivalencies, and allowing the expiry of the auto insurance rate cap, brokers have reason to feel optimistic for the future. However, we still live in the present and continue to face the challenges that existed before the rate cap expired.

Daily, we face clients who are unhappy with their premiums, unable to obtain a payment plan, forced to take higher deductible or cannot obtain adequate coverage. It is imperative that brokers, as expert advisors, have the ability to address these issues. Our role is to help clients and prospects understand the Alberta insurance marketplace and how it impacts them. Because we are insurance experts,

we are in the enviable position of understanding this market.

Most, if not all, brokers are aware of the reasons for rate increases and limitations on policies. We know that insurers need the ability to be profitable in the space in which they operate. When claims costs outpace premium intake, adjustments need to be made to address this imbalance. Over the past two to three years, we have seen insurers spending up to \$1.30 for every dollar of premium that they have brought in—the challenges we are facing are part of their need to correct this. It is this need for bottom-line profitability that is driving insurers to take the steps they have taken. Unfortunately, consumers don't get it. And, that's not their fault. They shouldn't have to understand all the nuances and complexities. But, consumers need to know, in simple terms, how things work, how they are impacted and how their brokers

can help them manage their policies. Brokers should be able to articulate this to clients with simplicity, consistency and accuracy. Most consumers understand the concept of operating at a loss and how changes need to be made to ensure the continued viability of an unprofitable business.

Here are some of the points brokers can use in educating clients on rate and coverage concerns are things like:



Severe Weather

From 2010-2017, the insurance industry has paid over \$5 billion in insured losses due to severe weather in Alberta, which suffers more catastrophic losses than any other province. Wildfires, flooding, hail and wind are the chief types of losses we have faced from severe weather in Alberta.



Escalating Auto Repair Costs

As vehicle technology becomes more sophisticated, so too, do the costs for repair. What was once a simple side mirror replacement for \$500 ten years ago can now cost upwards of \$10,000 depending on the extent of the sensor suite that needs specialized recalibration or replacement (many vehicles are equipped with computer-driven lane change sensors that are integrated into the vehicle master system).



Distracted Driving

Distracted driving has outpaced impaired driving as the leading cause of accident or death on the roadways. This leads directly into increased claims costs for both vehicle repair and bodily injury.



Theft

Alberta has seen skyrocketing theft rates in the past few years and now leads the country by a wide margin in vehicle theft. This increasing burden on insurers has a significant impact on premiums.



Minor Injury Regulation Loopholes

Costs for even relatively minor bodily injuries continue to increase as litigants have found ways around the minor injury regulation. More and more injury lawsuits are being awarded sums high above the cap limit due to these loopholes being exploited by the legal industry, and our lack of restriction on pre-judgment interest also contributes to these costs.



Insurance Fraud

Insurance fraud can take many forms: from autobody shops that add to estimates as they know the insurer will pay for it, to property owners reporting

the loss of items of much higher value than what was actually lost. In the end, we all lose, because these costs are also passed along to the consumer.

These are just some of the items that drive rate increases and coverage availability in Alberta and they are but a small snapshot of the challenges that we are facing.

Another thing that I hear often from disgruntled insureds is that they should not have to pay for increased claims costs. Consumers believe that since they have not had any losses or very few, their rates should not be affected. As most of us learned when we entered the industry, “the losses of the few are paid by the many.” In practice, this is one of the core principles of insurance. Sadly, in Alberta, we are seeing the inverse becoming true as the “few” are becoming the “many” with the evolution of increasing claims costs.

Brokers know that we face an uphill battle in Alberta’s insurance industry. The continued relevance and prosperity of the broker channel will rest on our

determination to educate the public on the realities of why rates increase and how brokers can be part of the solution.

I know that this will not immediately solve the challenge of irritated clients, but it does give us a starting point. Brokers need to have open dialogue with their clients and ensure they understand where premium dollars go.

In closing, I just want to say to all of you, keep up the great work! There have always been challenges in our profession and brokers have always risen to the occasion. I know that this is the case with these issues and I look forward to better days to come. As a member of the IBAA board of directors as well as a frontline broker I can say with confidence that IBAA is hearing you and are always advocating for the brokers of Alberta!

JONATHAN BROWN,
Director
IBAA
JBrownePetersInsurance.ca



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CSIO's INNOTECH COMMITTEE

Bringing Technology
Opportunities to
the Forefront

More than at any time in the past, technology and digital innovation are changing the face of today's P&C insurance industry. As insurerechs and non-traditional entities gain traction delivering services that are typically provided by insurers and intermediaries, established technology giants such as Apple and Amazon continuously assess gaps and

opportunities in the insurance sector. It gets more challenging for the broker channel to remain competitive against this new category of insurance players.

And that's where CSIO and its industry partners can play a significant role. CSIO's Innovation and Emerging Technology Advisory Committee (INNOTECH) is a newly formed group whose mandate is to help identify effective technology and

business solutions aimed at improving the overall customer experience when dealing with their insurance provider. CSIO's INNOTECH committee has agreed that the starting point should be the important step of mapping specific customer journeys for various business transactions.

The INNOTECH committee has broad-based representation from CSIO's industry partners. These

committee members are industry leaders and technical experts who bring a range of expertise and knowledge that is invaluable to the P&C insurance industry and its customers.

The recommendations of the INNOTECH committee will help CSIO evaluate and promote any technology implementations that are found to be beneficial to customers, while also helping to remove friction and cost from the insurance value chain. At the same time, the work of the INNOTECH committee will aid brokers to make more productive use of technology and help them automate the manual work that doesn't add value to the client relationship. Through the use of fact-based research and analysis, the committee will identify opportunities that are believed to solve shared business problems, have the highest likelihood of success and the broadest benefits to the industry and end consumers.

Brokers Play an Important Role

Brokers are integral to the efforts of the INNOTECH committee. Peter Braid, IBAC's CEO is appointing broker representatives from across the country to bring the brokers' perspective to the work that the committee is tasked to deliver. "The INNOTECH committee is a fantastic opportunity for brokers to really provide valuable input into how technology shapes our industry," says Braid, who also sits as a guest member on CSIO's Board. "The work of the INNOTECH committee will have the potential to change the way our industry looks at business problems that impact both insurers and brokers, and to work together to come up with innovative solutions that benefit us all."

Passion Backed by Expertise

The INNOTECH committee is passionate about helping the industry and its customers by delivering the

most effective and efficient business solutions available. While it is a large mandate, the committee will work collaboratively and may also form sub-committees and specially assembled working groups with expertise in areas of focus identified. When the committee selects initiatives to research and review, it will turn to the appropriate working groups to report back to the INNOTECH committee with their findings.

Partnering to Solve Industry Pain Points

Through the INNOTECH committee, CSIO is looking forward to working collaboratively with its industry partners to solve common pain points. The first step is to reach a consensus that the problems we identify are broadly shared among industry stakeholders, and that any proposed solution wouldn't be to the benefit of any single member.

Collaborating with a competitor to share skills and information reflects the commitment of those participants to provide the best possible outcome for the industry and its customers. Working with competitors is not a new concept. In fact, we don't need to look further than the 2018 launch of the My

Proof of Insurance solution.

Together with our partner companies, CSIO built an industry solution that allows both brokers and insurers to digitally deliver auto liability cards and policy documents for their customers. All of this work came together quickly and allowed brokers to be ready when provincial regulators approved eSlips. This tremendous success speaks to what can be accomplished when insurers, vendors and brokers all work together for the benefit of the end consumer.

We are excited about the many opportunities that the INNOTECH committee will deliver to make a difference for brokers, insurers and customers alike. We anticipate that over the coming months, our work will make valuable contributions in helping brokers and insurers not only remain competitive, but also enhance their ability to improve their customers' experiences. We look forward to taking the industry on this transformational journey.

CATHERINE SMOLA
President & CEO,
CSIO



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TOP 9 MEDIA

Focus Time and Resources
Get Results That Matter



SOCIAL MYTHS

Sources Strategically to
Better to Your Brokerage

by Kat Macauley

Most consumers expect that their broker will be social. After all, these are the standards set out by the WestJets and Wendy's of the world. Some brokerages are investing significantly, while others are overwhelmed and unsure of where to begin.

Perhaps your brokerage is completely digital and considered a "social business". This means that you use all elements and features of the digital world from data collection to social interactions to operate your business. Or maybe you've set up a Facebook page, perhaps a LinkedIn profile, and now you're paralyzed by all of the "expert" advice zooming around and just aren't ready to take the next step.

Whichever the case, a challenge we can't ignore is that consumers are accustomed to accessibility and responsiveness. They expect that we're ready to answer them in whichever channel suits them best: phone, email, chat, Facebook, Twitter or in-person. With the current state of Alberta (restructuring and layoffs), as a broker you're likely more concerned with the jobs that must get done, rather than worrying about the jobs that are nice to get done (after all, you can't pay the bills in likes, tweets, retweets and shares.)

But as the saying goes, "Elbow grease is the best polish." With a solid plan (a little elbow grease) and consistency, when leveraged strategically, social media can be a gamechanger.

If you want to get results that matter to your business, begin with a plan, data and accountability. It's kind of like buying a gym membership in January when you want to get fit. The easiest part is buying the gym membership, it's selecting the exercises to meet your goals and then actually doing the workouts regularly over the long term that makes the difference. The same goes for social media—you've got to approach it strategically and consistently to get results. You've got to know where you are (baseline), where you want to go (goal) and how you know you're on the right track (metrics).

To help you get started, let's tackle some social media myths that seem to come up in conversation with other businesses and get you going with practical and actionable ideas.



MYTH #1

If you're looking for sales, Social Media is easy peasy lemon squeezy.

It can actually be difficult, difficult, lemon difficult when you're only focusing on sales.

For the most part, it's quick and easy to create a post on any of the social channels. Unfortunately, this has given us a false sense that our message is clear and we're effectively reaching the right people with the right message. Though social media has given us the ability to reach a broad audience and participate in two-way communication, this relationship can break down easily when you only focus on what's in it for you.

Our social channels are considered "think" channels, not "do" channels—meaning that we should endeavour to put content in front of our people to get them to think and engage. The more engagement we get on our content, the broader our reach and the greater awareness we generate. But we must ensure that we're sharing valuable, unique and timely content.

According to online advertising service provider Wordstream, one third of online activity is spent watching video. For many people, the idea of putting videos together online can get your heart palpating. However, you can start very simply by using that mobile device in your pocket. To create content that stands out, you must think about what you can offer as a business that is hard to replicate. Spend some time listening and learning about your current clients and what's important to them. Turn pain points and the things that keep them up at night into valuable content. (E.g.: "Insurance requires you to have someone check on your home while you're out of town, we talk to three services here in [enter city] who can help you out.")

As time and resources are tight, we need to ensure that these pieces of content actually help us. We learn this by ensuring that they're tagged appropriately. An Urchin Tracking Module (UTM) are snippets of code that can be added to URLs. The information captured is accessible through our analytics tools as well as through tools like AgoraPulse.



MYTH #2

Branding doesn't matter on social channels.

Branding always matters, and you can never get your first impression back. This is why it's important not to regurgitate the same content and messaging as your competitors: best, cheapest, lowest ... you get the point. This isn't enough to differentiate your brokerage. There truly is no greater challenge than trying to market a business considered a commodity. That said, let's look at IBAA member Nuera Insurance. Early on, Nuera determined that price could never be a differentiator for its brokerage. So it has focused on value-based marketing; a promise to make the insurance journey as painless as possible. Nuera clearly communicates this message to its people across all of its social and digital channels. They let people know what they do (painless insurance), how they do it (technology) and why it matters (rewards). If you flip between content on its website and social channels, you'll see this message not only driven home in content, but also in reviews and, where it matters most, in recommendations.

A survey of 200 organizations determined that the estimated average revenue increase attributed to always presenting the brand consistently is 23 per cent¹. This is as simple as ensuring that you use similar brand assets such as images, colours, logos and wording across your social channels in places like cover photos and profile images.



MYTH #3

We don't need a plan, we'll just do a bit of everything.

If you want to generate outcomes that matter to your business, your first step is determining business priorities, where social media can support them and how to execute. By connecting the dots between social media and business outcomes, you lessen the chance of going off-track and wondering six months down the line if you're just wasting your time.

A few ways you can leverage social media to assist in business operations:

Social Customer Support

Free up those phone lines by redirecting customers through social channels; keep them engaged and happy (better retention!).

Build Community and awareness

The cost to reach your audience is unfortunately only going to increase. Social media is an economical approach to get in front of a broader audience.

Lead Generation

The cost to generate leads in this industry ranges. However, using retargeting techniques available through social channels can significantly bring them down.



MYTH #4

We need to be everywhere and on every social media channel.

It's easy to get overwhelmed when you think that you've got to tackle every single social media channel that exists online. There are hundreds of social media channels that can be leveraged, but the truth is that your people probably stick to the big ones:

continued on page 20

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Before you go on gut feeling, take a look at your in-house customer data. Look for trends in who your people are, i.e., demographics: age, gender, location, salary, and psychographics: beliefs, traits, values, behaviour. Second, look at demographic data from your website. Consider this data against that which is available from social media channels both for overall user (typical demographic information for the entire platform) and insights from your own business profiles and pages.

Start by choosing one or two channels and participate consistently. There are tools to help you manage social channels and bring them all into one central location, e.g. AgoraPulse, Hootsuite, Buffer and more. Additionally, there is an opportunity to automate certain aspects of community management. This cuts back on resources required to manage channels day-to-day. But don't forget to keep track! You should be monitoring activity and engagement results on a regular, monthly basis (at the very least). Identify which of the channels has higher engagement and better outcomes.



MYTH #5

It's better to throw up any content rather than having none.

I once read a comment that stated, "selfies sell." I have bad news for you; unless you're Kim Kardashian, selfies are not going to sell (even she has trouble sometimes!). It is a big mistake and a waste of resources to appear as though no thought or consideration went into what you share online. It is

critical to take the time to understand what motivates your audience to connect with you online. After all, you're not Apple. Think deeply about the benefit they get from following along. When thinking of the types and formats of content to share, consider the following: does it inspire? does it inform? does it entertain? The internet doesn't really care about your public relations moves.



MYTH #6

It's all about the likes and followers.

Not so fast.

The focus on social media typically defaults to vanity, "We want x number of fans/views/followers." Let me ask you this: what is the value of those fans and followers to your business? If you specifically chose to leverage a social channel to generate awareness or build community, how does a few likes on a page indicate success? Focusing on the wrong goals and metrics can have consequences for your business. You could spend significant time and resources toward building up a following only to learn that it didn't really impact the business.

With that said, we do know that it is natural for the audience to get excited by a high fan or follower number. These numbers can give the perception of credibility and higher numbers have the potential to improve your reach, but that's only if they're the right followers. Up until recently, you could just buy a few hundred fans on Fiverr and you can still run "Likes" campaigns in Facebook, as well as promoted profiles in Twitter. The question is really about how engagement numbers impact the business.



MYTH #7

We just need to post every day and we'll be good to go.

Unfortunately, there's no magic number of how many times you should post per week. But there are tools available (listed in Myth #4) that can analyze your specific social channels and people, and give you the most optimal days and times to get content in front of them. Monitoring reach and engagement on your posts will help you identify areas you need to strengthen or remove.

For example, if our goal is community building and the metric we're following closely is growth, we need to analyze the content that helps us do that. If we spent time to create custom videos, blogs and infographics, we want to see how they perform against our overall goals. Let's say we test for three months and see a correlation between videos created and both reach, community growth and referral traffic to our website. We'll probably continue to create videos. However, for infographics there's barely a pulse. We'll likely pivot resources from creating infographics over to video.



MYTH #8

If you create it, they will come.

Algorithms are making it more challenging to reach people, even when they follow us. HootSuite released a staggering statistic that organic reach in Facebook dropped to 6.4 per cent. This presents a challenge to ensure that the content we spend time creating will actually get in front of the right people.

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continued from page 20

We already covered that the best way to get people engaged with us is to create content that they want to share. To get it out in front of them quickly and efficiently, we can leverage advertising tools baked into each platform. For example, Facebook, Instagram, Pinterest, Twitter and even Reddit offer the ability to advertise within channels. We can start small and scale our ads based on the outcomes we want. The powerful targeting ability within the platforms ensures that we don't waste our budget on "spray and pray" tactics (e.g., benches and billboards). We can create custom ad audiences based on website visitors and look-alike audiences, and we can drill into postal codes. You can expect to spend a minimum of \$500 per month in social channel ads to reach between 25,000 and 30,000 people. The key to reaching more and spending less is ensuring that your content is worthy and that the targeted audience will get value.

MYTH #9

You Only Need Social Media.

This is a big mistake. Brokerages should have an integrated marketing strategy. What you do offline should transfer online and vice versa. In other words, the experience your clients and prospective clients have in one space should be mirrored in all.

You can begin leveraging social media for your brokerage with baby steps. Start small, track goals and shift when you go off-course. Expect to spend at minimum ten hours per month creating custom content and around twenty to thirty minutes per day engaging with your online community.

Social media is revolutionary for businesses because it allows for two-way communication. It has fundamentally changed how we

do business and has democratized marketing and advertising. What would have taken an extraordinary investment of resources and time a decade ago, is possible today with a modest budget and elbow grease.

¹ "Media Notes—The Impact of Brand Consistency Report," *Lucidpress*; www.medium.com, March 14, 2017



KAT MACAULEY

is the founder of TAKCAM, "Your Local Alberta Resource For Everything Social Media and Digital Marketing."

With experience in government, not-for-profit and corporate, she's worked with some of the world's largest brands and has counselled dozens of senior leaders. Kat also teaches Social Media Analytics and Google Analytics at Mount Royal University, as well as Social Media at SAIT (Southern Alberta Institute of Technology) and delivers social media webinars through IBAA. You can contact Kat at 403-809-6322 or Kat@takcam.com.

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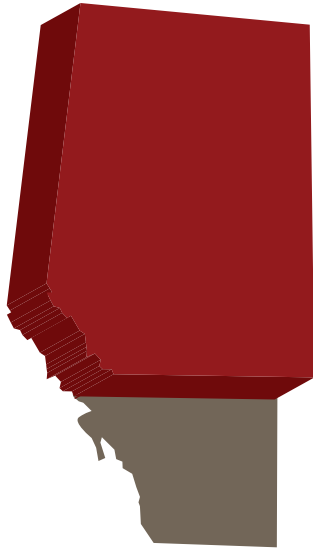
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NORTHERN EXPOSURE

BROKER NEWS

- Steve Bhardwaj, owner of Farnese Insurance Brokers and Reliant Insurance, purchased Baseline Insurance in Sherwood Park in September. This office will now be operating under the name of Reliant Insurance Sherwood Park.
- At Insureline Elite, Scott Marit was brought in as managing partner and Lisa Urbana was hired as account manager.
- Lake City Insurance, a division of Excel Insurance Group Lloydminster Inc., opened its doors in June 2019 to service clients in the Cold Lake area.
- Pratt, Lambert and Brown and Mybrokers Insurance were purchased earlier this year by Lloyd Sadd Insurance Ltd. These offices have now moved from their southside location to the main Lloyd Sadd office at 700, 10240 124 Street.



"Insanity" won the battle of the bands at the Banding Together to Battle Hunger event held on November 7.

COMPANY NEWS

- Portage Mutual Insurance welcomed Donna Lee Genge in October. Donna Lee was previously with Roberts McClure Insurance and is now working as a personal lines property underwriter.
- Candace Martin made a move from Economical and joined the Peace Hills farm underwriting team.
- Over at SGI Canada, they welcomed several new staff. Abi Mogunjubola, previously with Liberty Mutual joins the commercial department. Also joining the commercial department are Mabel Wong and Lisa Wong, previously with Peace Hills. Tiffany Emberly, previously with Intact, joins its claims department.
- Congratulations to Paul Stannard at SGI Canada for his nomination as *Insurance Business Canada's* 2019 Business Development Manager of the Year. Winners will be announced later in November. Good luck Paul—this is well deserved recognition.

INDUSTRY PARTNERS & PROFESSIONAL ORGANIZATIONS

- There are some staffing changes over the IBAA offices as well. Rob Barnes moves into the role of Technology Coordinator. Rochelle Mighty will be responsible for IBAA videos and social media, and professional development marketing. Jessi Zelinsky is the new events coordinator.
- Tony Thibaudeau has accepted the position of sales director, Western

Canada with Origin and Cause.

- Tree of Knowledge (TOK) Engineering welcomes new sales and marketing director, Jenna Shelly.
- The IINA and EIA joined forces again to present “Banding Together to Battle Hunger” on November 7. It was a Battle of the Bands with a charity silent auction with all proceeds going to the Edmonton Food Bank. This event kicked off the industry food bank drive. The EIA also had a very successful, sold out Night at the Races. The new race track is incredible.
- On October 30, the EIA offered an education seminar, presented by Andrew Happer of CEP Forensics.

- The Blue Goose has also been busy with a dinner meeting and paint night. Its initiation meeting was held on November 13 and their charity Christmas lunch was on December 3, 2019. If you are interested in joining either of these groups or seeing what events they have coming up, visit their websites, EdmontonInsuranceAssociation.com and EdmontonPond.org.

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Christmas, Happy New Year and
an Awesome Holiday Season!*





DRIVEN TO DISTRACTION

Insurance Brokers Take On Distracted Driving

It's a scene that is far too familiar on roads across Canada: a cell phone sounds an alert, the driver reaches for the phone and in the short time it takes to read the screen, a collision has occurred.

Using a mobile device while operating a vehicle is dangerous and, in most jurisdictions, illegal. And yet, even though this is well known, distracted driving is on the rise, now competing with impaired driving as the number one cause of motor vehicle accidents and claims.

Insurance is all about risk, and distracted driving is an extremely risky behavior. That's why the Insurance Brokers Association of Canada (IBAC)

partnered with the Canada Safety Council to sponsor National Safe Driving Week, December 1-7, 2019. And while we were highlighting the issue of distracted driving during this advocacy week, it's something we should be thinking about all year.

Where distracted driving is concerned, people are willingly engaging in behaviours that increase the chances of having an accident. Studies in provinces across Canada have borne out the same result: a majority of drivers understand that distracted driving is dangerous and illegal; yet, the same respondents report using their devices behind the wheel anyway.

Insurance brokers have a role to play in raising public awareness and advising their clients about risk. The stakes are high. Driving while distracted can result in death, injury, property damage and fines—all excellent reasons to put down the phone and focus on the road.

Insurance brokers bring an additional perspective to this issue—distracted driving will cost you. If you get a ticket for using your phone while driving, or worse yet, cause an accident, your insurance premiums may increase upon renewal.

National Safe Driving Week is a good time to remind family, friends and clients that driving is a serious activity that requires their full

attention. Every driver has a social responsibility to protect themselves and other road users from the potentially devastating consequences of a collision. Safe driving is a choice that is completely within our own control.

While distracted driving is usually thought of as using a mobile device while behind the wheel, other forms of distraction can be just as dangerous. These include eating, applying makeup, adjusting GPS settings, interacting with passengers or any action that takes your attention away from the road.

Whatever the distraction, it's not worth the risk. Make the right decision and just don't do it!

Check out the tips to avoid distraction to the right and please share!

KENT ROWE
FCIP, CRM, CAIB

President,
IBAC

ibac@ibac.ca



Tips To Avoid **DISTRACTION** Behind The Wheel



- Put your phone on silent or on Do Not Disturb mode. You won't be tempted by an alert you don't hear.
- Even better, use an app or a built-in function that activates a Do Not Disturb feature automatically when connected to your vehicle's Bluetooth or when increased speed is detected.
- Put your phone in a glove compartment, a zipped purse or knapsack or even the back seat. Out of sight, out of mind!
- Leave enough time in your schedule to eat and groom before getting in the car.
- Ensure that your temperature, music and GPS are set before you leave.
- If it's really that important, pull over.

*Be it Merry Christmas
Or Happy Holidays,
May Peace and Joy
Follow you this Festive Season*





ON THE HOOK FOR A CROOK

Broker Liable for Part of Fraudster's Fraud

Over a period of six years, Elaine Badry stole over \$500,000 from her employer, Duraguard Fence Ltd. ("Duraguard"). Bit by bit, the "well-liked" employee processed numerous fraudulent refund transactions into accounts that she held or controlled.¹ When her employer discovered her scheme, Ms. Badry was charged and convicted with fraud. She was sentenced to three years in jail, and the court ordered her to pay \$250,000 in restitution.

In response to its loss, Duraguard started a lawsuit. In addition to naming Ms. Badry, Duraguard also named its insurance broker and brokerage on the basis that the broker failed to assess its insurance needs and failed to place proper insurance against employee dishonesty such that Duraguard had been unable to recover insurance proceeds for Ms. Badry's crime. In October 2019, Justice Douglas Mah rendered his judgment in the matter of *Duraguard Fence Ltd v Badry*,² holding the broker and brokerage liable for nearly \$250,000 of Duraguard's loss.

The Facts

According to Justice Mah's decision, Duraguard relied greatly upon the expertise of its broker to secure the right kinds of commercial insurance. The principal of Duraguard was known to follow the broker's recommendations and

to pay the associated costs without question. The broker's relationship with Duraguard began with a meeting with its principal to get a clear understanding of the business's activities, looking into things like building uses, fire protection, assets, revenue, number of employees and the nature of the business generally. Prior to yearly renewals, the broker would arrange a meeting to discuss any changes to Duraguard's needs.

Historically, Duraguard experienced some incidents of crime. At one point, it had a \$7,000 piece of equipment stolen from its yard. At another point, an employee forged two company cheques for \$4,000 each (although that incident resolved quickly with a confession and the amounts being paid back). The former had been disclosed to the broker, but not the latter. For the most part, insurance discussions between Duraguard and the broker focused on the company's physical assets without venturing into employee dishonesty.

In 2004, the broker switched Duraguard's insurer from Aviva to Peace Hills, and the limit for crime coverage reduced from \$10,000 to \$5,000, as Peace Hills did not have any \$10,000 package for such coverage. The broker considered the reduced limit sufficient for Duraguard's business.

The broker's usual practice following each renewal was to provide a binder containing the policies and a plain-language

executive summary of the coverages. The broker would encourage customers to review the binder. Duraguard's principal stated that he might have reviewed the broker's summary, but he would not have read the policies: "he relied on and trusted [the broker] to take care of Duraguard's insurance needs."³

Then, in the spring of 2007, Duraguard discovered Ms. Badry's fraudulent transactions. Eventually, Duraguard learned that Ms. Badry had stolen approximately \$589,000. When it reported the loss to the broker, the broker assured Duraguard that the loss would be covered.

Unfortunately, this was not the case. It turned out that Peace Hills' limit was an aggregate limit and that all of the transactions would be treated as one occurrence. Accordingly, it paid out its \$5,000 limit and was done.

The Law

Unsurprisingly, Duraguard looked to the broker and brokerage for compensation for its loss (i.e. the amount of the fraud loss that was uninsured), which Duraguard said would not have occurred if the broker had properly placed the necessary coverage. Its primary argument was that the broker had negligently breached its duty of care.

Justice Mah referred to the central authorities that define the scope of the insurance broker's duty of care: the Ontario Court of Appeal's 1977 decision in *Fine's Flowers Ltd v General Accident Assurance Co of Canada*⁴ and the Supreme Court of Canada's 1990 decision in *Fletcher v Manitoba Public Insurance Company*.⁵

In *Fine's Flowers*, the plaintiff company operated a greenhouse that lost its crops when a broken water pump caused the greenhouse's heating system to shut down. The plaintiff's insurance claim was denied for lack of coverage, and the plaintiff sued the defendant insurance agent on the basis that the agent had negligently failed to place the proper

coverage for the loss. The Ontario Court of Appeal affirmed the agent's liability for failing to obtain insurance for the water pumps and for failing to obtain the full coverage that the plaintiff requested. The court's comments on the scope of the agent's duty are worth quoting in full:

In many instances, an insurance agent will be asked to obtain a specific type of coverage and his duty in those circumstances will be to use a reasonable degree of skill and care in doing so or, if he is unable to do so, "to inform the principal promptly in order to prevent him from suffering loss through relying upon the successful completion of the transaction by the agent".

But there are other cases, and in my view this is one of them, in which the client gives no such specific instructions but rather relies upon his agent to see that he is protected, and if the agent agrees to do business with him on those terms, then he cannot after wards, when an uninsured loss arises, shrug off the responsibility he has assumed. If this requires him to inform himself about his client's business in order to assess the foreseeable risks and insure his client against them, then this he must do...

*I do not think this is too high a standard to impose upon an agent who knows that his client is relying upon him to see that he is protected against all foreseeable, insurable risks.*⁶

In *Fletcher*, the Supreme Court of Canada considered the duty of care owed by Manitoba's public insurance corporation. There, the plaintiffs had requested the maximum coverage available, and it was not until they had been injured in an accident with an under-insured driver that they discovered the under-insured motorist coverage had not been put in place. In assessing the scope of the duty of care of public insurers, the court considered the duty owed by private insurance agents and affirmed the Ontario Court of Appeal's decision in *Fine's Flowers*, saying:

[I]t is entirely appropriate to hold private insurance agents and brokers to a stringent duty to provide both information and advice to their customers. They are, after all, licensed professionals who specialize in helping clients with risk assessment and in tailoring

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insurance policies to fit the particular needs of their customers. Their service is highly personalized, concentrating on the specific circumstances of each client. Subtle differences in the forms of coverage available are frequently difficult for the average person to understand. Agents and brokers are trained to understand these differences and to provide individualized insurance advice. It is both reasonable and appropriate to impose upon them a duty not only to convey information but also to provide counsel and advice.⁷

Against this legal backdrop, Justice Mah assessed whether the broker's conduct met the standard of care and found that he breached his duty to Duraguard. In particular, the broker had failed to discuss the adequacy of the \$5,000 limit for employee dishonesty (knowing, as he did, that a much higher limit could be obtained, if necessary). Although the broker was unaware of the incident with the forged cheques, the broker had been aware of the equipment theft, and even this one occurrence, according to Justice Mah, should have made the broker doubt the adequacy of the \$5,000 limit. Further, if the broker had simply asked about previous employee dishonesty, he would have been told about the forged cheques, which, again, showed the inadequacy of the limit. As such, "as an experienced broker he should have known that slavish reliance on a present package with a \$5,000 crime limit was inappropriate."⁸

In addition to failing to "properly inquire into and assess Duraguard's crime risk, and in particular [the] risk of employee dishonesty," the broker breached his duty by "failing to determine whether the \$5,000 limit was an aggregate or per occurrence amount prior to placing it and failing to investigate other options for Duraguard for crime coverage."⁹

In Justice Mah's opinion, "It does not seem onerous ... that an insurance

broker would, at the time of taking over a commercial account and at each renewal, discuss specifically with the customer each coverage that is proposed to determine whether it is sufficient to meet the company's risks, which of course would continue to evolve."¹⁰

Concluding his analysis, Justice Mah was satisfied that the broker's breach was the cause of the under-insurance loss. Had the broker clarified that the \$5,000 limit was an aggregate, he would have concluded that the limit was insufficient, given the history of crime loss; and further,

Justice Mah's analysis puts a significant emphasis on the reliance that customers place on their insurance brokers and the broker's corresponding obligation to investigate the needs and histories of their customers.

Duraguard's preference for coverage despite the cost meant that Duraguard would have upped its coverage if it had been given the opportunity. As such, Justice Mah found, based on various factors, that Duraguard would have obtained \$250,000 in crime insurance. Deducting the \$5,000 already paid by Peace Hills plus a further \$1,500 premium that would have been paid, Justice Mah awarded Duraguard a total of \$243,500 as against the broker and brokerage.

The Take Away

Any number of aspects of Justice Mah's decision in *Duraguard* could have been discussed further and from various perspectives, but this review seeks to highlight the decision as the most recent articulation of the scope of the insurance broker's duty of care in Alberta. Justice Mah's analysis puts a significant emphasis on the reliance that customers place on their insurance brokers and the broker's corresponding obligation to investigate the needs and histories of their customers. In that way, the decision aligns with the Supreme Court of Canada's statements in *Fletcher* in support of the broker's duty to inform both themselves and their customers on relevant risks and coverages.

Nevertheless, concerns linger: Is this duty of care too onerous? Is the burden of liability fairly placed? How will brokers properly balance their responsibility to provide coverage that is responsive to customers' needs with their own desire to avoid liability for gaps in coverage?

¹ See "Well-liked woman convicted in \$530,000 fraud", *Alexandra Zabjek, Edmonton Journal*, 19 Dec 2009.

² 2019 ABQB 783 [*Duraguard*].

³ *Ibid* at para 28

⁴ 1977 CarswellOnt 54 (Ont CA) [*Fine's Flowers*].

⁵ [1990] 3 SCR 191 [*Fletcher*]

⁶ *Fine's Flowers*, *supra* note 4 at paras 43-45 (citations omitted)

⁷ *Fletcher*, *supra* note 5 at para 61.

⁸ *Duraguard*, *supra* note 2 at para 52.

⁹ *Ibid* at para 68.

¹⁰ *Ibid* at para 74.



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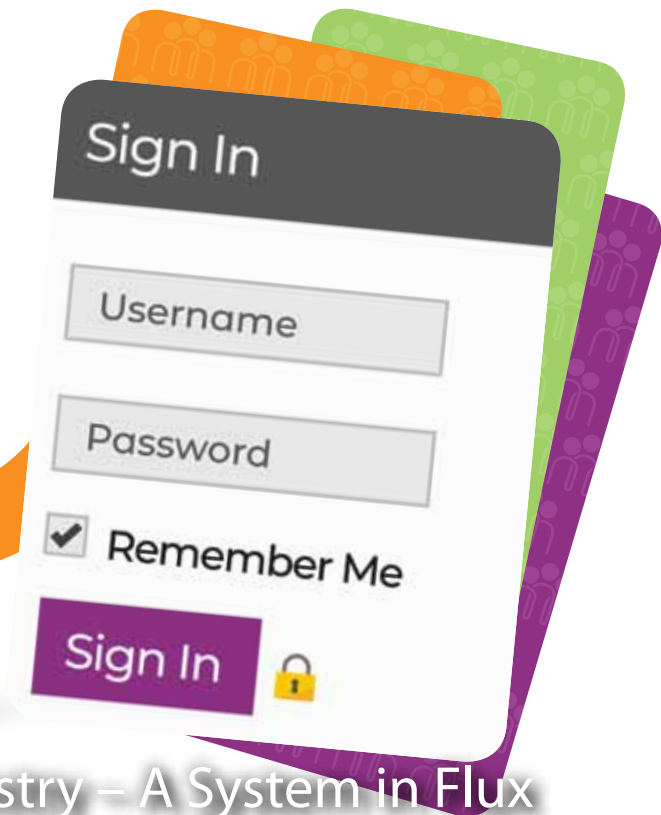
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