

# BROKER

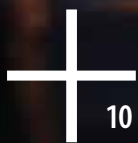
THE ALBERTA

THE INSURANCE BROKERS ALBERTA



## DRAGON TALES

A Conversation With  
**Manjit Minhas**



**10 Reasons You Should Mentor**  
Should Potential E&O  
Claims Be Reported?  
**Fraud Trends**  
and more—



February–March 2022

Cdn Publication Mail Registration 40018149



# MEMBER OF THE MONTH

January & February 2022

JANUARY

## Access Insurance

Access Insurance is a small but growing office in Lloydminster doing great things in their community. They've been active in volunteering for a variety of organizations and causes. Frank Spenrath, principal and proud Lloydminsterite, says "being a broker in a 'border city' has its own unique challenges both from the standpoint of operating a brokerage, as well as assisting clients in two different provinces." Despite COVID-19 and a "somewhat slower oil-based economy", Frank and the Access team remain optimistic for the future.

Sadly, the Access team lost Garth Merryweather in February last year. Garth, who had a long insurance career, spent the last nine years with Access. Frank remembers

him as "extremely knowledgeable and always went out of his way for his clients. The clients and our team miss him." While they've lost, they've also gained. They just welcomed Kelly Olmstead who is now in the process of getting her level 1 license. All the best Kelly!

Nicki Spenrath joined the team in 2020 and we're sure she has gotten her baptism by fire through COVID crisis management and hard market complications.

## Rogers Insurance North

Rogers Insurance (Fort McMurray) has been a beacon in their community, donating to a number of causes. They have sponsored the APPLE Schools Foundation for the past three years. They also

like to support local community organizations or sponsor a family during the holiday season. In 2021, they donated to the Fort McMurray SPCA, Fort McMurray Food Bank and the Centre of Hope.

The management team is just as driven about engaging their staff as they are about engaging the community. The Rogers Rock Star Award is presented to staff who have embodied their four core values (FUN IT, WIN IT, OWN IT, and RESPECT IT), have performed at a high level and have demonstrated their dedication to going above and beyond. Two of their recent outstanding recipients are Stephanie Paybe and Sheralea Moon-Raymond.



The Access Insurance Team



Rogers Rock Star Award Winners



The Whitecourt Insurance Team



The Sims & Associates Team

FEBRUARY

## Whitecourt Insurance

The Whitecourt Insurance team strongly believes that insurance brokers should be educators, not salespeople. They form lasting relationships with their clients by interacting with empathy and compassion. They've nurtured a warm office culture that makes both employees and clients feel welcomed and appreciated.

They recently welcomed Emily and Brittany to their team. Emily has been working in the personal lines team since April 2021, and acquired her Level 1 license through the IBAA's self directed course. She is now pursuing her Level 2 license through the IBAA and is a member of the PYIB. Brittany has been a fantastic addition to the team since she started in March 2020. She started out as a commercial Broker Assistant and quickly transitioned to becoming a licensed broker. Her positive attitude and ability to

form great relationships embodies what Whitecourt's culture is all about.

The team at Whitecourt not only invest in their staff, they also invest in their community. They are active members of the Rotary Club of Whitecourt and the Whitecourt & District Chamber of Commerce. They are always looking for opportunities to assist other organizations so that they accomplish their own goals in supporting and bettering Whitecourt and surrounding areas.

## Sims & Associates Insurance

The team at Sims & Associates Insurance sure love their sports! Not only that, but they've contributed to over 25 causes in their community, whether in cash or kind.

In addition to donating to a number of sports programs, the staff and owners have also given of their time to these teams. At one point in time or another, they have coached hockey, soccer, baseball, and basketball at different levels. When they're not coaching, they're serving on boards for the gold course, Minor Hockey Association, Alberta Hockey Provincial Championships and Hockey & District Baseball. They've supported the Jr. Curling Team, Rocky Rams Jr. B Hockey Team, Lacombe and Rocky Minor Hockey Teams, and the Rocky and District Minor Baseball team (to name a few).

It is clear that the Sims team is dedicated to giving their time and financial resources to programs that help children and families in their local area.

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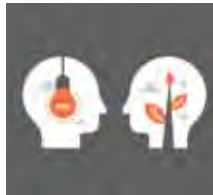
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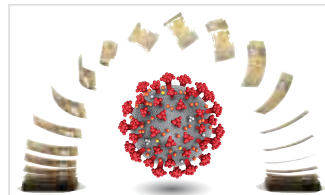
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## THE ALBERTA BROKER

February–March 2022

The Alberta Broker is the official publication of the



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Published six times annually by:



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Jody Lohr

## President's Message

As you can see by this issue's cover story and the efforts of the IBAA communication team, the ramp up to convention 2022 has started. I am beyond excited to join in on our first live convention in two years and actually see your smiling faces in person! The theme for convention this year is "Back in the Saddle: Resilience Through Reinvention." To me, this theme has many meanings, the first being that we are back in the saddle with respect to an in-person convention (fingers crossed). We missed one completely and held one virtually last year with a great virtual convention put on by the IBAA team. But it's no secret to anyone that we'd all love and prefer to be in person at the beautiful Banff Springs hotel. I personally cannot wait to see everyone again.

Another meaning behind "Back in the Saddle" has to do with getting back to "business as normal" as brokers. We're now starting to focus on what a post-pandemic business is going to look like for brokers. Whether that be interacting with our clients in new or different

ways, or helping our commercial clients operate completely and get their coverages in order. With the double whammy of COVID-19 and a hard market, many commercial brokers have experienced significant challenges with submissions and new business. "Back in the saddle," to me, means helping insurers and brokers move past the COVID changes and the hard market and leverage the changes to find a place of more business and profitability.

Brokers have really felt the loss of relationships with underwriters and company people over the last few years, so hopefully "Back in the Saddle" means that we regenerate those relationships—for us and our clients. Personally and professionally, we all hope to find whatever the new normal is and find some footing there for a while.

I think that this year's theme, under it all, means learning to adapt. As someone raised riding horses, I liken it to the old adage, "If you fall off, get back on right away and figure it out." So perhaps we are getting back in the saddle to learn a new way to



# BACK in the SADDLE

 IBAA CONVENTION   
2022

REGISTER AT [IBAA.CA](http://IBAA.CA)

stay on the bucking horse instead of always just doing things how we've always done them.

As convention prep continues to ramp up, unfortunately, my term as president starts to wrap up. It has been a strange term to say the least. We went from operations as normal to the entire world trying to navigate COVID and the challenges it brought. We shifted to communications and broker support through COVID, and I am proud of what we did and tried to do.

My first year was really more different than I could have ever imagined. Wrapping up my second year and ending my term, I am really happy with the work we have done on the new strategic plan, specifically around the member benefit awareness, member involvement and all forms of communication. I am looking forward to supporting those initiatives as much as I can as past

president. My goal in the last part of my term is to continue to make the association's communication stronger so that all members and non-members are aware of the work the IBAA office does with all stakeholders on behalf of insurance brokers.

... perhaps we are getting back in the saddle to learn a new way to stay on the bucking horse instead of always just doing things how we've always done them.

I also hope that I can get a few more members involved through conversations about the amazing benefits IBAA provides, getting one new member to attend an event—virtual or in person—or continuing to promote strong communication around what is happening in our industry and how you can be a part of “the conversation.” If I can get a few more people involved and engaged, I will feel like I have had some success throughout my term.

I hope to see you all at the convention this year as we ring in a new year of hope and reinvention!

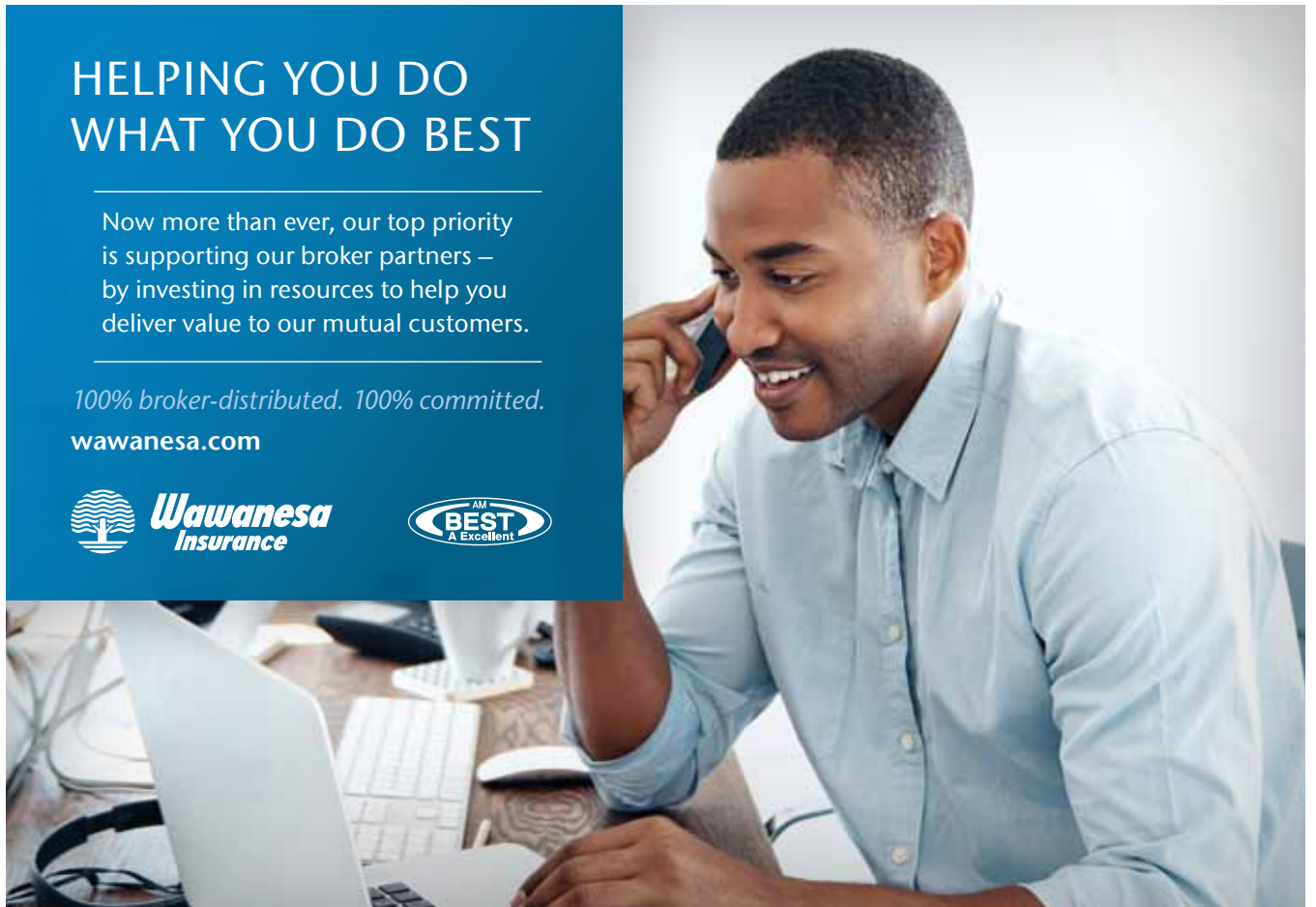


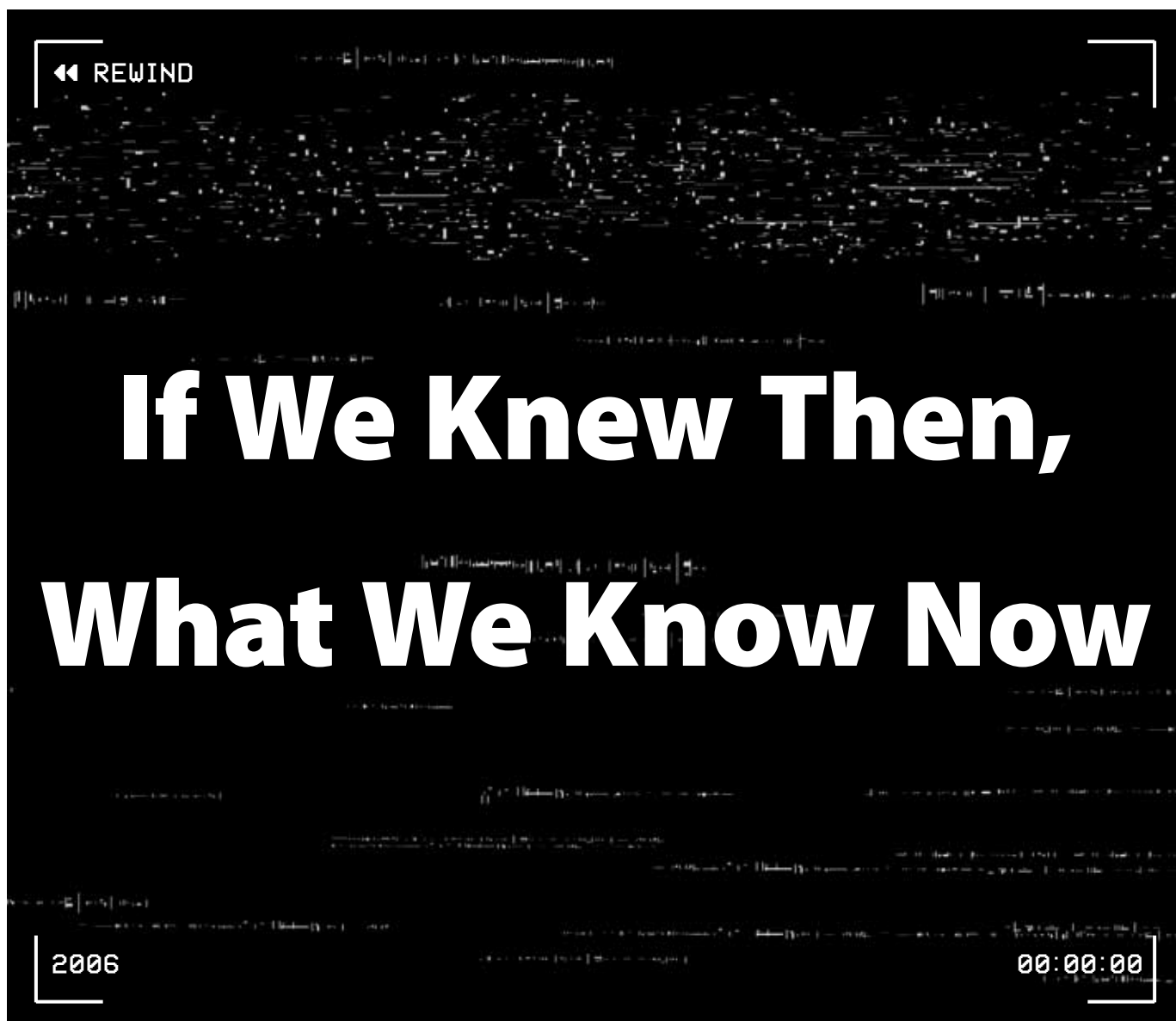
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Can an insurer deny coverage as a result of a policy violation it was unaware of when it had initially afforded a defence to its insured?

**W**

hat happens when an insurer initially defends an insured in relation to an accident but learns more than a year into the litigation that its insured had consumed alcohol just prior to the accident, in breach of his policy of insurance? Is the insurer estopped (prevented) from denying coverage once they learn of the breach because they had previously defended their insured?

The Supreme Court of Canada has recently rendered a helpful decision on the issue of waiver and estoppel in *Trial Lawyers Association of British Columbia v Royal & Sun Alliance Insurance Company of Canada*, 2021 SCC 47 (“*Trial Lawyers*”).

In *Trial Lawyers*, Mr. Steve Devecseri (“Devecseri”) died in a motorcycle accident in 2006. His insurer was Royal & Sun Alliance Insurance Company of Canada (“RSA”). RSA investigated the accident and were unaware that alcohol played a role in the collision. RSA did not obtain a copy of the coroner’s report as part of its investigation.

RSA defended Devecseri’s estate against two lawsuits started by Mr. Caton (“Caton”) and Mr. Bradfield (“Bradfield”) who were injured in the accident. Several years after the accident and over one year into the litigation, RSA learned that Devecseri had consumed alcohol immediately prior to the accident, which put him in breach of his insurance policy. RSA ceased defending Devecseri’s estate and denied coverage. This reduced the \$1 million policy limit available to pay to Bradfield and Caton to the statutory minimum coverage of \$200,000. Several additional years later, the third parties obtained judgments at trial against Devecseri’s estate.

Bradfield sought to enforce his judgment against Devecseri’s estate. He rejected RSA’s position that the estate was confined to the statutory minimum limits of \$200,000 on two grounds: (1) waiver by conduct on the part of RSA, or (2) promissory estoppel.

The trial judge agreed that RSA had waived its right to deny coverage. The Ontario Court of Appeal (“ONCA”) rejected both grounds. The ONCA held that “RSA’s conduct could not amount to a promise or assurance which was intended to affect the parties’ legal relationship and be acted

“

Several years after the accident and over one year into the litigation, RSA learned that Devecseri had consumed alcohol immediately prior to the accident, which put him in breach of his insurance policy.

”

on because RSA lacked knowledge of Mr. Devecseri’s policy breach when it provided him with a defence.” This was despite the fact that the coroner’s report, which was available not long after the accident, would have provided RSA with evidence of the breach.

Bradfield appealed to the Supreme Court of Canada (“SCC”), advancing both waiver by conduct and promissory estoppel arguments. However, s. 131(1) of the Insurance Act, as it read at the relevant time, required that waiver must be given in writing. As RSA did not waive any rights in writing, the appellant conceded that waiver by conduct was not actionable on these facts. As such, the sole issue that

proceeded before the SCC was whether RSA was estopped from denying coverage because it defended the claims against Devecseri’s estate before it was aware of the policy breach.

Promissory estoppel is an equitable defence whose elements were stated by the SCC in *Maracle v Travellers Indemnity Co. of Canada*, [1991] 2 S.C.R. 50 (“*Maracle*”) as follows:

*“The principles of promissory estoppel are well settled. The party relying on the doctrine must establish that the party has, by words or conduct, made a promise or assurance which was intended to affect their legal relationship and to be acted on. Furthermore, the [promise] must establish that, in relation on the [promise], he acted on it or in some way changed his position. [Emphasis added]”*

The SCC held that the promissory estoppel argument against RSA failed, because RSA gave no promise or assurance intended to affect its legal relationship with Bradfield. RSA lacked knowledge of the policy breach when it

defended Devecseri’s Estate. RSA was under no duty to Bradfield or other third-party claimants to investigate policy breaches on a different or more rigorous standard than that which it owed its insured.

The SCC also noted the following key issues that Bradfield had to contend with in raising a successful estoppel argument against RSA:

#### **Intention**

As noted above, to support promissory estoppel, a promise or assurance must be intended to affect the parties’ legal relationship. This signals that the promisor must know of the facts which give rise to the legal relationship and the alteration

of those facts. Prior SCC cases speak of intention, not knowledge. But the significance of intention depends on what the promisor knows. A promisor, such as RSA, cannot intend to alter a relationship by refraining from acting on information it does not have. As RSA lacked knowledge of Devcseri's breach, this is dispositive of the appeal.

### 1. Imputed Knowledge

Promissory estoppel requires that RSA knew about the breach in order to be bound by any promise to cover notwithstanding the breach. Had RSA known that Devcseri had consumed alcohol prior to the accident but failed to appreciate its legal significance, namely that Devcseri was in breach of his insurance policy, knowledge of that legal significance could have been imputed to RSA.

### 2. Constructive Knowledge

The appellant argued that RSA constructively knew of Devcseri's breach and therefore knew that which

it ought to have known. This was based on RSA's alleged breach of a duty to diligently investigate the claims against their insured.

The SCC held that an insurer owes a duty to its insured, not to a third party such as Bradfield, to investigate a claim fairly and in a balanced and reasonable manner and without being overzealous in its search for policy breaches. Had Devcseri survived, he would have owed a duty to RSA to disclose any information he had that might have voided his coverage. If after receipt of this information, RSA still proceeded to provide Devcseri with a defence, Devcseri could have relied on this to prevent RSA from later changing its coverage position.

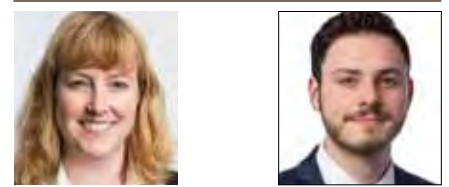
The SCC held that detrimental reliance by the promisee must be shown to assert promissory estoppel, along with evidence of prejudice, inequity, unfairness or injustice before a court will hold a promisor to its promise or assurance.

The SCC dismissed the appeal without costs to either party.

### The Take-Away

Waiver by conduct is precluded by the Insurance Act in British Columbia as it read at the time unless the insurer specifically provides the waiver in writing.

An insurer can deny coverage, despite having defended claims against its insured, when it does not know of its insured's policy breach.



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# 10 Reasons to Make Mentoring Your New Year's Resolution

*By Bert Thornton and Dr. Sherry Hartnett*

**T**he past two years have been tough. Many of us are feeling bogged down, burnt out, and wary of what the future holds. But instead of creeping into 2022 with a sense of dread, what if you bounded into it with optimism and confidence? There is a way to revitalize your career, your outlook and your mindset: Resolve to become a mentor in the upcoming year.

We have both served as mentors (in Bert's case, for over 40 years!), and can say that mentoring is a reciprocal relationship in which mentors often learn as much as they teach. You might

be concerned that you just don't have the bandwidth to add one more role to your already-busy schedule this year, but the ROI of becoming a mentor is unbeatable—and the benefits will last well beyond 2022.

For many high-level mentors, the monthly time commitment is typically no more than an hour of preparation and an hour to meet. Some pairs might choose to meet more often, others less.

If you still aren't sure whether to make becoming a mentor your New Year's resolution, read on to discover ten surprising benefits you can expect to receive:

## **1** Mentoring can reignite your engagement

As you share your accumulated knowledge with your mentee, you'll explain why you chose the path you did and reflect on what your career means to you. Especially if you've been going through the motions for the past few years, this self-reflection can help you rediscover your enthusiasm for your job and reconnect you with your professional purpose.

## 2 It can help you hone new skills and broaden your perspective

Often, mentees keep their mentors up to speed with current tools and technologies (for instance, what apps they're using for productivity), help them learn to work with those of a different generation or background and give them new insights into topics like inclusivity and unconscious bias.

## 3 Mentoring can help you get to know yourself better

You'll sometimes need to take a step back and ponder what you really "know." You'll confront topics such as the nature of leadership, what success really means, and how to be a better person. This introspection will either reinforce your viewpoint or change it, driving learning and personal growth.

## 4 You can develop lifelong relationships

Bert still has contact with men and women who sat across the table from him 40 years ago. Through the years, they have talked about college, jobs, surviving and thriving in the business world, marriage and kids, finances and stress. Now they talk about how they are enjoying the fruits of a successful life: a perfect outcome.

## 5 It expands your network

Many of your mentees will go on to work for other organizations. Maybe you will too. You never know how these connections might eventually help you, your company or your future mentees.

## 6 It raises your profile in the organization

In most organizations—especially those that have a formal mentoring

program—mentors are considered an influential, successful group of leaders. When you add value to your company by developing mentees, your reputation will benefit.

## 7 Being a mentor pushes you to always do your best

Knowing that your mentee is closely observing how you think, act, tackle challenges, manage conflict, etc., will ensure that you're not cutting any

You might be concerned that you just don't have the bandwidth to add one more role to your already-busy schedule this year, but the ROI of becoming a mentor is unbeatable—and the benefits will last well beyond 2022.

corners. If you give your mentee advice, they need to see you implementing it in your own career as well.

## 8 Mentoring feels good

To us, true success isn't as much about wealth or power as it is about adding value—and where better to add value than in another person's life? It's a privilege to pay your experience forward to deserving, emerging leaders. You will gain a deep, abiding sense of satisfaction from doing so.

## 9 It can give new life to your self-development

Great leaders consistently consume an impactful list of books, articles, podcasts, websites, videos, etc. If your

self-development has fallen by the wayside, you'll need to kick-start it again if you expect your mentee to invest in themselves in a similar way.

## 10 Mentoring gives you faith in the future

Mentors often report that their opinion of the next generation has improved because they have a better understanding of younger workers' strengths and potential. Mentors also say they've become more effective leaders because they've gained important insights about younger people's outlook and priorities.

When making New Year's resolutions, many people focus on giving back to others and on implementing positive changes to their relationships, attitude and behaviour. Becoming a mentor allows you to do all of those things and will enrich your life for many years to come.

And remember, investment in a mentoring relationship is an investment in your own professional success—and especially after the chaos of the past two years, who wouldn't like that to be the legacy of 2022?



**BERT THORNTON** is the former president and COO of Waffle House. His first book, *Find an Old Gorilla: Pathways Through the Jungle of Business and Life*, is a well-received leadership handbook for rising high achievers and emerging leaders.



**DR. SHERRY HARTNETT** is a marketing and leadership professor, consultant, author, and mentor. At the University of West Florida, she founded the pioneering, high-impact experiential learning Executive Mentor Program.

They are jointly the authors of *High-Impact Mentoring: A Practical Guide to Creating Value in Other People's Lives*.



# RISKY BUSINESS

Growing Virtual Workplace Creates New Opportunities For Cybercriminals

Last spring, the Town of Didsbury was the target of a ransomware attack. According to town officials, fraudsters encrypted the town's information systems and demanded a ransom to decrypt them. Fortunately, the town was successful in minimizing disruption and used the opportunity to strengthen their defence against cyberattacks.

Following the incident, a Calgary-based civil construction company experienced a similar attack but with more serious consequences. Employees were locked out of their computer systems just as the business was preparing to submit a bid for a large project. In order to get up and running again, the business spent in excess of \$100,000 in IT services. The organization claims it needs to take on \$1 million in additional work to recoup the cost of the breach.

In June of 2021, an Alberta meat processing plant was shuttered for days

after its parent company was targeted by an organized cybersecurity attack that impacted its global operations. The company was forced to pay the equivalent of \$11 US million to the hackers.

## Research shows small businesses are vulnerable to cybercrime

Incidents of cybercrime—particularly ransomware attacks—have drastically increased since the start of the COVID-19 pandemic. As people began to work from home, criminals began to prey. And as many small businesses adopted digital processes and moved some of their business online, cybercriminals found yet more opportunities.

Insurance Bureau of Canada (IBC) recently published a report highlighting research that Leger conducted to help educate small business owners on the risk of cyberattacks and the ways they can protect themselves.

The research found that, despite the increased threat of cyberattacks during

the pandemic, almost half (47%) of Canadian small business owners said they are not allocating any budget to cybersecurity. In 2021, 41% of small businesses reported that they had previously suffered a cyber attack, up from 37% in 2019. However, fewer than half of the businesses surveyed (46%) said they have implemented defences against possible cyber attacks, and only a quarter (24%) said they plan to purchase cyber insurance within the next year.

A cyber attack can be expensive. A report by the law firm McCarthy Tétrault estimates that ransoms and their resulting lost productivity cost Canadian organizations \$5.1 billion in 2020 alone.

## Reducing the risk

Cyber protection doesn't need to be costly or complicated. Here are few simple actions your commercial clients can take to reduce their risk:

- Enforce multi-factor authentication on login and network access. This

means requiring at least one more step to log in, such as sending a code to a mobile phone.

- Focus on email security: Enable attachment scanning, use external sender banners and train staff on how to spot and contain malicious phishing attempts.
- Run regular data backups, making sure they have unique credentials.

### Cyber insurance and "silent cyber"

Most IT professionals will tell you that they are constantly upgrading their defenses, as attacks are more frequent and more convincing than they used to be. However, defenses can't catch everything, which makes cyber insurance critical for all organizations. A cyber insurance policy may also help pay for other costs related to cyberattacks, such as civil fines, legal damages, forensic investigations and other expenses that are required to restore business operations.

Unless a commercial client has standalone cyber insurance, which clearly defines the parameters of coverage, they could be responsible for paying out-of-pocket for cyber losses in certain circumstances.

Silent cyber—also known as non-affirmative coverage—refers to cyber losses that stem from traditional property and liability coverage, but where the insurance policy neither explicitly nor implicitly provides coverage for cyber risks. Silent cyber makes it difficult for commercial clients to understand what they are covered for and what is excluded, resulting in coverage uncertainty. Insurers are taking steps to reduce coverage uncertainty by promoting standalone coverage and clarifying the parameters of traditional coverage as it relates to cyber-risk.

As cyberattacks become more common, businesses can no longer afford to ignore the risk. Consider starting a conversation with your clients to ensure that they understand whether they are covered for cyberattacks and the potential damage they may incur without adequate protection.

### About IBC's study

IBC contracted Leger to conduct an online survey of 300 small businesses (sole proprietors and those with up to 499 employees), between July 28 and August 5, 2021, using Leger's online panel. No margin of error can be associated with a non-probability sample (a web panel in this case).

In 2019, on IBC's behalf, Leger conducted a similar survey of 300 small businesses, also using its online panel. Leger compared those results with the findings of the most recent survey to

look for trends in how small businesses manage cybersecurity. For comparative purposes, a probability sample of 300 respondents would have a margin of error of  $\pm 5.7\%$ , 19 times out of 20.

Visit IBC's website to read the full report.

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# DRAGON TALES

A Conversation With  
MANJIT MINHAS

*By Annette Hubick*

The header on Manjit Minhas's website reads:  
"Mother. Beer Baroness. Entrepreneur. Dragon."

On May 16, 2022, "IBAA Convention  
Keynote Speaker" will be added to the list.

**M**anjit Minhas is the president and CEO of a privately owned empire that had revenues in excess of \$220 million in 2020 and includes breweries and distilleries, a film and production company, a graphics design studio and more. Due to her celebrity status as one of the investors/judges on the hit show, *Dragons' Den*, many are familiar with Minhas's background, but here's a quick recap of the highlights:

- Born, raised and lives in Calgary, Alberta with her husband and two daughters (ages nine and 11).
- In 1999, as a 19-year-old university engineering student, she became the co-founder and co-owner of the Minhas Brewery, Distillery and Winery with her brother Ravinder Minhas.
- With their \$10,000 investment, the siblings' first endeavour was importing private-label spirits for their parents' chain of liquor stores. In 2002, they added imported beer to their product shelf and in 2006, expanded into the manufacturing side with the purchase of the second oldest brewery in the United States, establishing them as the world's youngest brewery owners (now the 10<sup>th</sup> largest in North America). In 2012, they opened a brewery and distillery in Calgary.
- In 2015, Minhas became a household face and name when she joined CBC's hit show *Dragons' Den*. In the past six seasons, she has invested in 31 businesses.
- In November 2020, she launched *The Manjit Minhas Podcast*, featuring interviews with her friends who are successful entrepreneurs and CEOs about their journeys to success.

- In addition to serving on the boards of directors of organizations such as ATB Financial, Spiritleaf Cannabis and the YYC Calgary Airport Authority, Minhas donates time and money to many philanthropic causes, including one near and dear to the hearts of IBAA members: Ronald McDonald House Charities.

During my interview with Minhas, I was struck by her "both/and" nature. She exuded poise and warmth, confidence and humility, seriousness and humour, toughness and kindness

on confidence

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"... as a woman, but also as an entrepreneur, I've always been very conscious about cultivating an inner champion and not relying on others to do that for me."

... you get the idea. We talked about everything from working with family to life in "the Den" and even insurance. Here are some excerpts of our conversation.

**When you give your keynote, what are you hoping that the audience walks away with?**

I think that it's important to understand that everybody's story has bumps along the way, whether it be my story 22 years ago or it be in the last two years. And so, I think that it's always nice to peel back the onion for any entrepreneur or for their audience to understand a little bit more about their journey, about their story, about

the struggles, about the challenges, about the failures, which everybody has. Because often in the media, people only see the successes. I really do hope that they come out inspired, but also maybe knowing a little bit about my story and hopefully learning something along the way about entrepreneurship.

**What gave you the confidence to take entrepreneurial leap at only 19 years old?**

I don't necessarily think it was confidence then—that it was more naivety, and it was ego. I think one of the great things about being young

is that you don't really know what the real world has to offer. Very quickly, I discovered what my dad said to me almost all my life—that life isn't fair—was pretty true. However, I think that when you're passionate about something and think that you have something to offer that is different, you put blinders on—sometimes that can be an advantage, sometimes not.

I think that confidence is definitely something that

I've built over time—didn't come at 19, and still at 41, it's something that I'm always working on. But it's about trying, it's about taking risks and not worrying about failing, knowing that you will be able to get through it, that you have support around you—family, friends, colleagues, mentors ... [That said], as a woman, but also as an entrepreneur, I've always been very conscious about cultivating an inner champion and not relying on others to do that for me. I think that that is something that everybody has to do themselves, and that takes time and practice, because we are all so critical of ourselves. Sometimes it's necessary, but often it's not, often it's really not.

continued on page 18





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And so that is something that I've consciously practiced over [the past] two decades.

People think it's only when things don't work out or a company business isn't going well, but it's quite the

up with a procedure for that, and that has been one of the best things that we ever did was to have a third-party mediator. In the beginning, it was my dad. You have to trust the person inherently, so you plead your case, they come up with a decision and you both gotta abide by it. You can't say "I told you so." You can't huff and puff about it. After that, it became a third-party mediator that we could afford to hire and that works with us, that knows your business, but that also knows you as individuals. I think that that is really ... one of the greatest things that we ever did, because as things are growing and moving at a fast pace, not everybody has the same vision, and so it is important often to make a decision when you're at a stalemate.

## on insurance

"... it's something that you want to forget about, but you want to forget about in the good ways. You want to know that it's taken care of, and you have peace of mind that it is right for you."

Like your business, many insurance brokerages are family businesses. What do you think has been the greatest benefit of working with your brother?

I think one of the greatest benefits is that inherent trust ... you don't have to worry about whether or not you're in it for the same reasons and that you're raised with the same values, and so I think having family involved in a business just takes out a lot of those factors that are sometimes there with the third party ... You also know each other's talents and skills, and I think that that's super important to understand what each individual is good at and where they might need a little bit of help... so a nice mix of being open and transparent, I think, of what each other's skills are is also very handy, especially when you're all trying to figure it out together.

Conversely, what's the greatest challenge of working with family and how do you navigate that?

opposite, often. It's that alignment of vision going into the future as things are doing well. Where do you expand? Where you grow? How do you do that? And whether or not taking bigger risks is sometimes everybody's cup of tea or not.

... When you are so close, sometimes it's really hard to stop working ... to have space to breathe ... so I think that it's important to draw boundaries and respect them and stick to them.

Also, when disputes arise ... if you can't convince each other on a decision, you have to have a way in order to make a decision, because often your team members are relying on you to pick a direction ... we very early came

Why did you want to join *Dragons' Den*?

My first reaction... I thought, oh my God, I've never been in front of a camera. I was always behind the scenes. My brother was in our commercials, did all our media before that, and that was purposeful, and so I thought to myself, wow, to be thrown into the spotlight, literally, to have everybody know everything about me. But also, in the world that we live in, whether it be social media and/or just a more critical space, that was going to be a lot ... That I would have to go to Toronto for a month, which is a long time when I have a



very young family. And so, I thought of all the negative things about it. And my brother, and my husband said too, “Listen, we will figure it out on both fronts for you to be away for that long, but you gotta do it and you gotta do it because nobody else in nine years before you—and this is one of the top shows in Canada—has looked like you, has a story like you, and it’s important for not only your girls and your nieces, but every other racialized girl and boy in this country to understand that they can be sitting up there too, with a different background, with a different experience and with a different story than everybody else up until that point.”

... And I do honestly believe that it is inspiring to ... be able to see somebody that looks like you, so you can follow in their footsteps, whatever that may be—not necessarily exactly that, but to even dream. ... [Another thing I thought was important was] up until that time, there was nobody with young kids on the show. Everybody before me, and at that time, had grown adult children, and I think that was important for women to understand we don’t have to be one or the other. We can do a lot of different things.

What would people be most surprised to learn about life in the Den?

That we know absolutely nothing about the entrepreneurs that walk through those doors. We are told (their name) seconds before they arrive. We are not a part of the audition process ... we get 45 to 60 minutes with them, ... They can’t give us any papers, so that’s why they have to tell us all of their numbers and their financials. They’re only allowed to give us demo products, but other than that, their pitch is them talking to us ... What we know is what we know, and so we go really with our gut, and I think that’s the most

fantastic part, is that we don’t read a pitch deck and we don’t call a big team to say, “What do you think?”, as we do in our normal investments. And so, it is really first impressions, it is them being able to talk to us and us making decisions fairly quickly; but they get our undivided attention, which is very rare.

What has been your greatest deal success story to emerge from the Den?

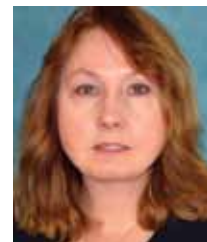
Oh, that’s an interesting one because there are lots of different ways to measure success. Sometimes it’s fun, sometimes it’s seeing a product just come from a piece of paper and an idea into an actual something you



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## on being a dragon

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can hold that works in your hand ... So, it's different, it's seeing some successes in the individual, in the entrepreneur, and some with the product, some with just pure finances. So that's a tough question to answer, because over seven years, I have had 31 investments ... I think that each one is a different experience, and all of them, I've really enjoyed the individuals, because I invest in entrepreneurs first before I invest in products or services, and it's always exciting to be a part of somebody's journey and see them grow and their vision come to life in a lot of different ways. And that's just exhilarating.

**As an insurance consumer, what has your broker done to provide a positive customer experience? What do you look for in that provider?**

"... it's always exciting to be a part of somebody's journey and see them grow and their vision come to life in a lot of different ways. And that's just exhilarating."

I think it would be the same things that you look for in any service provider, no matter what they are, and so I think transparency, trust, that they're giving you great advice, if they're looking out for what your needs are ... And I think that building a relationship with the company, (and the individual more importantly, ) is important, because things are always changing—whether they come from the regulatory environment, whether they come from the different services

and options. And so, I think that everybody just wants to know that somebody is paying attention and somebody smarter than them, is looking out for their best interest, and navigating sometimes an experience that isn't always fun or isn't always something that many people know anything about. ... It's something that you want to forget about, but you want to forget about in the good ways. You want to know that it's taken care of, and you have peace of mind that it is right for you.

**Early in the pandemic, I read how you had retooled one of your operations to produce sanitizer instead of spirits. Tell me about that.**

We actually did three of them, one in Calgary, Regina and in Wisconsin

## keynote topic

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### RISING TO THE TOP

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... we stopped making gin, vodka and whiskey, and we made hand sanitizer. It was the third week of the pandemic, when we were asked by a local health authority in Canada if we could. We didn't know if we could, but we definitely figured it out, and 24 hours later said yes, we could. We decided our community needed us and so ... within eight days, we got Health Canada approval, we got the extra two ingredients—we had the alcohol, but we needed hydroxide and glycerol. We needed a new cap, we needed new bottles, we needed labels—all up and running. And then we hired 200 extra people, set up new facilities in order to label and do that other stuff ... in the distribution end of it.

By the end of it, we made 11 million bottles in a matter of weeks, and then we went back

to producing alcohol because our shelves were starting to dry up also, so it was important for us to go back to our regular business. But it was pretty incredible to be able to help out in such a big way. (The company distributed the sanitizer in a combination of donations to organizations like homeless shelters and selling to companies like Amazon for its distribution centres. —AH)

... It was a very tough time for our team members, for us, but it was a blessing in a lot of different ways too. We discovered new supply chain partners, we discovered new retail partners, we made some pretty amazing relationships with individuals as we were working all for a common goal. ... I think that every business we have, that has been a key to our success—that nimbleness, being

quick, being able to pivot fast no matter what trend we saw in alcohol and beverage, to be able to be super-efficient and to be open to new things. And so, we had some muscle memory in our organization for that, and I think that that definitely helped.

I think that that's one great thing that all Canadians did, especially Canadian entrepreneurs—they figured out their networks, what they could do and what they couldn't, and even if they thought they couldn't, they figured out a way to make it happen. 🇨🇦



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By Stephanie Iacono

## IBAA MEMBER BENEFIT:

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Alberta brokers are required to earn 15 continuing education (CE) credits by June 30, 2022, to maintain your insurance broker license for the year—how many more credits do you need? As an IBAA member, you are automatically a member of the Centre for Study of Insurance Operations (CSIO), giving you access to CSIO's catalogue of accredited courses and webinars at no cost.

Even if you've already met the 15 CE-credit requirement, completing additional courses can contribute to career growth, salary increases and a better understanding of the industry and your customers. CSIO's professional development program is available on demand, so you can learn at your own pace, on your own time and immediately access certificates for completed courses.

### What is CSIO?

CSIO is Canada's P&C industry association dedicated to improving the broker distribution channel. The

organization works with brokers, insurers and vendors to develop data standards, technology solutions and online education for members across the country. Over the course of CSIO's long-standing relationship with IBAA, the organizations have worked together to provide brokers with the best possible education opportunities, solutions and support.

### Courses Available in Three Streams

CSIO offers accredited continuing education (CE) courses in three streams: cybersecurity, digital marketing and insurance innovation. New courses are added every month. Here's a taste of course content from CSIO's 2022 catalogue from each stream that brokers can access for free:

#### Cyber Security Trends and Risk Management (Cybersecurity)

According to professional services firm Aon's recently-published 2021 Global Risk Management Survey, cyberattacks are the number one concern of risk managers. Andrew Dunsford, Wawanesa's director, internet security risk, goes over the steps your brokerage should consider to mitigate cyberthreats in 2022.

#### Optimizing Your LinkedIn Profile (Digital Marketing)

Job opportunities are far from the only opportunities LinkedIn provides. Many of your customers—and even more of your potential customers—are using the platform regularly. Learn how to strengthen your LinkedIn profile from Melanie Raffa, digital marketing consultant, Aviva Canada, to not only benefit your brokerage's brand but your career as well.

#### My Proof of Insurance: Providing a Digital Customer Experience (Insurance Innovation)

Companies are increasingly going paperless and expecting service providers to offer an easy, digital experience—and your commercial lines customers are no exception. Give your commercial clients the option to securely receive their policy documents and proof of auto insurance (eSlips) digitally with My Proof of Insurance. Learn everything you need to give your customers a convenient, paperless experience.

CSIO will continue to grow its portfolio of courses and webinars throughout the year, and work with IBAA to build tailored content for Alberta's brokers.

## Additional CSIO Member Benefits

Access to accredited courses and webinars is far from the only perk that comes with your CSIO membership. Browse CSIO's recently refreshed website to learn about the additional resources available to you, including:

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- **Billing and Claims eDocs Savings Calculator:** Using electronic policy documents (eDocs) will result in cost and time savings for your brokerage. CSIO's latest calculation tool will show you how much you could save. 📱

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# Fraud in the Time of Covid

## Property and Casualty Insurance Fraud Trends

By Alex McLellan

**T**he COVID-19 pandemic has exposed many things that were hiding in the shadows, challenging the Canadian insurance landscape in new and different ways like never before. While the industry has weathered many crises in the past, the COVID-19 pandemic is different in that it affects all lines of general insurance including home, auto and property. As well, historically, in times of economic downturn, there is an upswing in insurance fraud<sup>1</sup>. Economic instability and financial stress create both more opportunity for bad actors, as well as more interest in fraudulent schemes on behalf of policyholders.

As the Canadian insurance industry's new, independent, national organization dedicated to reducing and preventing insurance crime and its impacts on honest, hardworking Canadians, Équité Association is examining several of the alarming fraud trends you and our members are facing.

### The Digital Transformation as the New Normal

Pre-pandemic, both carriers and consumers were shifting toward digital platforms, and this shift toward digital activity accelerated during the pandemic.

AiteNovarica's 2021 paper *Insurance Fraud: Rethinking Approaches in the Digital Age* advises that most carriers saw an increase in digital activity by their customers in 2020 across both underwriting (77%) and claims (76%). While this paradigm shift is, in many ways, enhancing the customer experience, it is leaving both carriers and consumers vulnerable to fraud. The study found that a staggering 67% of property and casualty carriers polled reported that an increase in digital transactions has resulted in higher fraudulent activity. This can include identity theft or a data breach, which allows cyber criminals access to an individual's personal information, which they can then use to set up fraudulent policies.

To compound this problem, there seems to be an increased tolerance of fraud among individuals under 35. According to research conducted by

the Coalition Against Insurance Fraud, 81% of Americans over age 55 say that premium evasion is unethical compared to only 68% of Americans under 35 years old. Unsurprisingly, it is precisely this generation of millennials that property and casualty (P&C) carriers are focused on when it comes to digital initiatives. All of this suggests that our industry is on the precipice of a new reality and we cannot afford to overlook fraud as a side effect of digital transformation.

### Data—Sharing & Protecting

With the shift toward digital platforms, it would not be surprising to see carriers experiencing significant data breaches. Consumers' personally identifiable information (PII) is more accessible than ever to fraudsters. As a result, our industry now has an identify theft problem. Organized crime rings make swift use of this data, pooling it in databases and gathering sufficient information to impersonate individuals.

The pandemic has forced many consumers to adopt digital processes leading to an influx of tech "newbies" in the marketplace who are much



more susceptible to social engineering schemes and identify theft. Consumers expect our industry to adapt and innovate but they also expect that we will protect their personal and financial information along the way. This places a large onus on insurers to evaluate their current fraud management programs.

## No Longer Just a Claims Problem

Another interesting trend is the rise of underwriting fraud. Historically, P&C insurers focused resources on claims-related fraud. As brokers, you likely have experienced a significant decrease in face-to-face interactions with your clients and fewer physical inspections due to virus-related concerns.

Rate evasion and premium leakage are on the rise. Rate evasion is a form of fraud where the client deliberately misrepresents information at the point of sale for the specific purpose of obtaining a cheaper insurance rate. The Aite Group estimates "... that between 5% and 14% of an insurance company's premium revenue is lost through rate evasion."<sup>2</sup> Rate evasion is a contributing factor to premium leakage, which occurs when underwriters use erroneous information, such as incorrect address or underreported mileage, to assess risk thereby leading to inaccurately priced premium.

Rate evasion and premium leakage can be tied to the growing gig economy, with many policyholders surreptitiously using their vehicles for services such as DoorDash, Uber and Lyft. Both rate evasion and premium leakage cause monetary losses for insurers, but brokers can play a critical role in the reduction of this specific type of fraud. Fraudsters thrive on anonymity, and brokers often get to know their clients in a holistic and personal way, offering them a unique opportunity to disrupt potentially fraudulent schemes.

Équité members have also noticed an increase in ghost brokering. Ghost brokering is a specific type of fraud that originated in the United Kingdom and is now across the globe. Simply put, it

occurs when an individual alleges to be a legitimate insurance broker and sells a client a policy at a cheaper rate that either is not valid or simply does not exist. Financial stress, unemployment and general misinformation are some of the factors responsible for the increase in this type of fraudulent activity. Many new immigrants, not yet familiar with the insurance system in Canada, are the targets of ghost brokers, but these fraudsters can dupe savvy consumers as well.

## Fraud Is Hurting Everyone

Fraud might once have been seen as the cost of doing business. Today, the industry acknowledges this problem is growing too large to write off. In 2021, the industry took action to move beyond its own internal fraud management programs toward industry collaboration. We can't solve a puzzle without all the pieces, and fraud, by nature, is designed to be elusive. Équité aims to bring Canadian insurers together in a coordinated effort to collaborate on investigations of mutual interest using data, analytics and coordinated support services.

Fraud is not a victimless crime; not only does it affect our insurance

premiums, it also erodes our public safety. Make no mistake, organized crime groups use insurance fraud to launder money and to finance their criminal activities both at home and abroad. When we choose to look the other way, we are directly contributing to the problem and, ultimately, undermining the very system that is set-up to protect us. As brokers, you can play a vital role in the detection, suppression and prevention of insurance crime. This Fraud Prevention Month, we encourage you to educate yourself and watch carefully for fraud. For further information and to report a tip either online or by phone, please visit our website at [www.equiteassociation.ca](http://www.equiteassociation.ca).

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**ALEXANDRA MCLELLAN**  
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[www.equiteassociation.com](http://www.equiteassociation.com)

## Fraud Related Trends and Stats

- Auto insurance fraud represents between \$116 and \$236 per average premium paid in Ontario (KPMG, 2010).
- 67% of carrier respondents to an Aite-Novarica Group study published in 2021 either agreed or strongly agreed that the increase in digital transactions has resulted in higher fraudulent activity.
- In a 2017 Financial Services Commission of Ontario (FSCO) report, 35% of respondents did not know that defrauding an insurance company is an offence under the federal Criminal Code.
- Between 5% and 14% of an insurance company's premium revenue is lost through rate evasion and identity fraud now accounts for up to 26% of all insurance policy fraud—Aite Group LLC, *P&C Underwriting Fraud: A Market Overview*.
- A 2021 FRISS survey of insurance professionals across the globe found that respondents believe 18% of all claims contain an element of fraud, inflation or misrepresentation.



# POTENTIAL E&O CLAIM

Should I report it  
to my E&O carrier?

*By Brian Snyder*

**T**he decision to report a potential claim to one's professional liability carrier brings a host of issues to consider:

- What effect does reporting a potential claim have on my brokerage's loss history?
- How will it affect my brokerage's premium?
- It's just a potential claim, so what difference can it make?
- My customer has not hired an attorney or filed a lawsuit against my brokerage. Am I only creating trouble for my brokerage by reporting this potential claim?

The best source for these questions is the brokerage's professional liability policy, which requires that a brokerage report potential claims to its carrier. But apart from that, there are additional, common-sense reasons for doing so. The following example illustrates those reasons.

A brokerage's most important and long-term customer owned an engineering business along with numerous commercial buildings. The brokerage handled all of the customer's insurance needs and obtained, among other coverages, commercial property coverage.

A pipe burst in one of the commercial buildings, resulting in over \$200,000 in damage. Unfortunately, the building had been vacant for several years, a fact the customer had not shared with the brokerage. The commercial property coverage placed by the brokerage contained limitations on coverage for vacant buildings.

Even though the brokerage suspected the carrier would invoke the vacancy provisions of the policy, the brokerage thought it was best to report the claim to the carrier. The brokerage's suspicions were

well-founded as the carrier denied coverage for the property claim because the building was vacant at the time of the loss and was vacant for several years.

The customer wasn't happy with the lack of insurance coverage though it did not take issue with the carrier's coverage position. Like many business owners, the customer believed that the significant premiums he paid each year entitled him to coverage in the event of a loss, regardless of policy language.

The brokerage was worried about losing its most important customer, though it knew it did not breach any duty owed to the customer. After all, the customer never told the brokerage about the change in the building's status from occupied to vacant. And the brokerage also agreed with the carrier's coverage position.

Faced with an angry customer who was litigious by nature and a significant uncovered loss, the brokerage decided to report a potential claim to its professional liability carrier, Westport Insurance Corporation.

The Westport claim handler contacted the brokerage within 24 hours of Westport receiving the potential claim. After collecting the claim information, the claim handler and the brokerage worked together as a team to develop a strategy focusing on both the customer and the carrier.

The customer was assured that the brokerage would advocate on his behalf with the carrier in an effort to identify any avenue of recovery for the customer. At the same time, it was explained to the customer that the brokerage did nothing wrong in placing the property coverage that included vacancy provisions. The



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customer's indulgence was sought so that the brokerage could have time to discuss the situation with the carrier. A commitment was made to provide frequent updates to the customer.

The focus then turned to the carrier. As there was no dispute with the carrier's coverage position, the Westport claim handler and brokerage agreed on a two-part strategy that would leverage the brokerage's long-term profitable relationship with the carrier and the customer's profitable account history.

The brokerage appealed to the carrier using data to prove that the carrier benefited throughout the years by doing business with the brokerage and the customer. As a result, the carrier agreed to make a business accommodation by paying the customer \$100,000 on the uncovered claim. This decision was relayed to the customer.

The brokerage believed that the carrier would contribute more. After further discussions with the Westport claim handler, the brokerage made an additional appeal to the carrier resulting in an agreement to pay an additional \$100,000, bringing the total recovery to \$200,000. The brokerage's contact with the carrier said that he had never seen a payment of this kind on a loss that was clearly not covered by the policy.

The Westport claim handler and the brokerage had many conversations about what to say to the customer and carrier, and how to say it. Of utmost importance were creating and maintaining goodwill with the customer.

The brokerage was worried about losing its most important customer, though it knew it did not breach any duty owed to the customer.

While not every potential claim is resolved on such favorable terms, this example shows what can be achieved when a thoughtful, collaborative approach is taken by a brokerage and Westport. Without question, had this potential claim not been reported to Westport, the customer would have sued the brokerage, and the carrier and the brokerage would have lost its most important customer.

A brokerage may also be concerned about whether the mere reporting of a potential E&O claim will have an adverse underwriting effect on its E&O. Each situation is unique, and each carrier is different. Westport will review the facts and circumstances of the individual situation, but as a general rule, the mere reporting of a claim does not automatically result in any underwriting action or increase in premium. Because your E&O professional liability policy is claims made, it is imperative that you report any potential claims immediately to your E&O carrier. In fact, Westport recommends that you report them as soon as reasonably possible to ensure that the claim is reported during your policy period so coverage can be determined. In the situation described

above, there generally would be no underwriting action taken or premium increase as a result of the potential claim.

Not every potential claim will end up with a result like this one, but if you give yourself and your E&O carrier the opportunity to resolve things before they develop into something bigger, the probability of a positive outcome increases dramatically. And if you don't, the possibility is completely gone. By taking steps to report potential claims to your E&O carrier early, you may avoid actual claims and maybe even litigation.

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**BRIAN SNYDER**

Vice President & Legal Counsel  
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## What's going on behind the scenes at IBAA?

**W**e've had a pretty solid start to the year here at the office, and we hope you have too. Already, we've been doing lots of groundwork as we prepare for the first in-person convention in two years. We're also pretty excited about all the things we hope to accomplish in the next few months. But first, let's take a quick peek at the year that was.

### LOOKING BACK AT 2021

Last year was phenomenal! Of course, we had a quite a number of highs and lows, especially due to the pandemic. However, we managed to keep our focus on what mattered most: you. With a fresh perspective, we came up with a new strategic plan as well as new mission and vision statements. I think we made some strides that we are very proud of, namely the various initiatives that have come from IBAA's amazing team, revamping of our website and streamlining of internal processes.

One proud moment in particular was when we held our very first Facebook Live session last year. We were so happy to share our plans and answer some of your questions about auto and DCPD. You can look forward to more of these "lives" as we'll try to have them on a quarterly basis.

As we seek to reach out to you, you can expect to see more events coming out of our office in general. Don't be afraid or shy (or too busy) to stop and see what we're doing. You can take it a step further by participating in them. It'll be well worth it.

### IBAA CONVENTION

Speaking of events, it's no secret that we launched our convention campaign last month. This year's theme is "Back in the Saddle" with a focus on remaining resilient through reinvention. It's been a long period of disruption for us all, and this year's theme is about bouncing back from that and becoming better than

ever. This year's event will be held from May 15-18 at the beautiful Fairmont Banff Springs hotel. With our keynote being "dragon" Manjit Minhas, the event promises to be simply fantastic! You can look forward to the same awesome opportunities to network, have fun and learn from the best. Make sure to grab your tickets today by visiting our website.

### MEMBER PERKS

In order to add greater value to your membership, we've embarked on a "Seasonal Perx" program. This is different from the standard member perks that you see on our website. With Seasonal Perx, you get access to fabulous discounts on season-specific offerings at different times of the year. This winter, we're really pleased to be partnering with the **Edmonton Ski Club**, which is offering \$5 off individual lift tickets and \$10 off family lift tickets. Go to our website to grab your discount codes so that

you can enjoy what's left of the winter with your family that much more.

Additionally, we're happy to welcome **HRdownloads** to our slate of year-long member perks. They are a Canadian company offering comprehensive HR solutions for your business. As a member, you can enjoy 10% off a number of their offerings including live HR advice, employee training and even a job description generator. You can

also get 5% off their most popular product, HelloHR, which provides you with a team of experts ready to help you develop policies around vaccinations, hiring and many other issues. For more information, log onto our website to see what you're entitled to. Remember, it's your **#IBAAMemberBenefit** 😊, so make sure you learn about and utilize it.

That's it from me for this go round. As I wrap up this article, I want to

thank you for staying the course with us. I'm thrilled to be working with a team that's constantly improving so that we can serve you better. We have started 2022 on a good footing and we intend to end the year equally well ... if not better. Stay tuned for more! 🎯

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**2022 BACK in the SADDLE**  
IBAA CONVENTION

**GOLF TOURNAMENT**  
May 15th | Banff Springs Golf Course  
— Visit [ibaa.ca](http://ibaa.ca) to Register —



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