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INSURANCE BROKERS ASSOCIATION OF ALBERTA



Using Personality Insights to Create Connections in the Workplace



Recovering Data After a Ransomware Attack

Navigating Inflation Pressures on the Insurance Industry

Q&A with PYIB President

and more—



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PRESIDENT'S MESSAGE

BARRY HAGGIS

The main concept of insurance—that of spreading risk—has been around as long as human existence. Whether it was hunting in a group to spread the risk of being the one gored or shipping cargo in several different caravans to avoid losing the entire shipment, people have always been wary of risk.

Somewhere along the line, insurance went from being something that helped society rebound from disaster to a crooked necessary evil that takes your hard-earned money and gives you nothing in return.

Some consumers seem to believe insurance is full of sleazy salesmen who only want to collect a commission. Searching for insurance online, you will find: “Things your insurance broker won’t tell you,” “Why you can’t trust your insurance agent,” “7 tips to avoid being scammed by your insurance agent,” and “Should you trust your broker? No, and here’s why ...” Really? Are we honestly that bad that people need tips and websites dedicated to protecting themselves from the big bad insurance wolf?

This is something that we need to change as brokers, and we can all play a role in educating consumers that when you use a broker, you have a professional in your

corner who provides options for the best policy for you and your family. We offer educated, unbiased advice and all of the information a consumer needs to make an informed decision. We deal with the claims process with all of our companies and are with our clients every step of the way. We are committed to continuing education, ensuring that we are informed on the latest changes and adjustments

to insurance policies and legislation. This is quite the job description! We are not the best at tooting our own horns or promoting the broker advantage, which is something I think we need to change. Use the BIP; show it off with pride. Share your success stories of when you went above and beyond for a client. We matter! The economy depends on the insurance industry, and brokers can thrive in it better than anyone.

We do not all have horns hidden under our well-groomed hair, although there may be a few out there who do. The good vastly outnumber the bad. Unfortunately, we usually only hear about the bad. I would love to hear about your success, your service, your skill sets. Let’s get them out there. My door is always open, and let’s promote the broker channel together with a strong voice.

“We are not the best at tooting our own horns or promoting the broker advantage, which is something I think we need to change.”



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NAVIGATING

INFLATION

PRESSURES ON THE INSURANCE INDUSTRY

BY AARON SUTHERLAND

Whether filling up at the gas pump or buying groceries, Albertans are feeling the impact of inflation on almost every aspect of their day-to-day life. In June, inflation rose to 7.7%, its highest point in nearly 40 years. Canadian banks forecast inflation to remain above 5% for the remainder of 2022.

How did we get here? Several underlying factors are driving high inflation, including supply-chain disruptions and labour shortages owing to the pandemic. The war in Ukraine also adds to inflationary pressures, as both Russia and Ukraine are major suppliers of raw materials and energy. At the same time, government stimulus programs and province-wide restrictions have led to changes in consumer behaviour. As a result, consumers have accumulated more savings, which has led to increased demand for the limited number of products available, ultimately leading to higher prices.

Rising claims costs

The insurance industry is not immune to these cost pressures. For property and casualty (P&C) insurers, inflation leads to higher operating expenses and, more importantly, higher claims costs. Alberta

insurers are facing a dramatic increase in the cost of repairing vehicle damage, as prices for replacement parts and vehicles have risen sharply over the last 12 months. At the same time, Albertans are returning to the roads in numbers that now exceed pre-pandemic levels.

Supply-chain disruptions are also affecting claims costs. A shortage of parts is leading to longer times to repair vehicles. In turn, this is leading to consumers needing vehicle rentals for longer while their vehicles are being repaired.

While the effect of inflation is particularly acute for personal auto and property insurance lines, it is also impacting commercial construction costs, which are up 13% according to the latest Consumer Price Index data. For example, demand and delivery delays have driven lumber prices even higher. This results in higher costs to repair insured damage to homes and businesses. The price for heavy equipment has also increased exponentially due to a global shortage of parts. All these factors increase claims costs.

Are current rates sustainable?

In spite of the ongoing inflationary and supply chain pressures, auto

insurance premiums are one of the few things not adding to the increased cost of living. While inflation is at record levels, auto insurance rates continue to buck inflationary pressures. According to the Alberta's Auto Insurance Rate Board (AIRB)—the government regulator charged with overseeing insurer rate changes—premiums in Alberta are stable, rising only 0.34% over the past 12 months.

That said, insurance premiums are based on a forward-looking assessment of risk. The lingering effects of the pandemic, coupled with current inflationary pressures, have created volatility and uncertainty in insurers' forecasts and expectations. While premiums are stable today, according to Oliver Wyman, current rates may be unsustainable due to the rising cost of vehicle repairs, as well as bodily injuries and accident benefits. Even when factoring in the positive impact of the Alberta government's auto insurance reforms, the escalation in inflation related to vehicle damage and the increase in the number of drivers on the road is straining the stability of consumer premiums. Absent rate increases, the existing rate adequacy of insurers may be

insufficient to cover claims costs in the year ahead and may warrant additional reforms to maintain the stability of Alberta's auto insurance system.

Too often, headline-grabbing statements have suggested that Alberta's auto insurers have made exorbitant profits during the pandemic. However, the truth is quite different. For example, the Superintendent of Insurance 2020 Annual Report the Superintendent's Office summarized the industry's results rather succinctly (page 4): "For the automobile insurance class, the estimated combined ratio is ~103% for 2020. Any number greater than 100 % represents an underwriting loss." By underwriting loss, the regulator is stating that insurers lost money on the sale of auto insurance in 2020—three cents on every dollar, in fact.

Of course, some auto insurers have turned a profit in Alberta in recent years. Many others, however, have not. By law, when insurers set their rates, they cannot make more than 7% profit. As a result, those that have been

turning a profit have been reducing their premiums—some by nearly 10% on mandatory coverages.

In addition, inflation will also have an impact on P&C insurers through higher interest rates. Increasing interest rates act as a double-edged sword: they increase interest income but lower the price of bonds. Since regulations mandate P&C insurers' investment portfolios to consist primarily (75%) of bonds to meet policyholder obligations, a rapidly rising interest rate will pose a separate challenge to the industry.

Growing need for reforms

Many insurers are likely in a position in which current rates are not enough to cover the increased claims due to the increased volume on the roads and cost pressures to vehicle repairs. It is important that insurers, regulators and governments work together to ensure sustainability and keep premiums affordable.

A bold approach to reforming existing private-sector auto products

can help consumers hold onto their money. IBC continues to advocate for reforms that keep insurance premiums affordable for Albertans while offering more choice and more care for those who need it. These reforms address near-term pressure points, such as inflation, while offering long-term strategies for regulatory improvement.

What's next?

IBC applauds the efforts of brokers on the frontlines who are continuing to provide tremendous value and expertise to customers in these times of economic uncertainty. IBC and the insurance industry will be monitoring inflation and supply-chain issues closely in the coming weeks and months to ensure that you can continue offering the best and most affordable insurance options to your customers. 🇩🇪

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CLOUD SERVICES

What Is Right for Your Brokerage?

BY BRIAN WARKENTIN

Having worked in the insurance information technology (IT) space for over 20 years, I've had the opportunity to see how cloud technology has evolved from its earliest days to the present. At first, it was a digital solution only major corporations could feasibly implement; today a brokerage of any size can benefit from leveraging cloud services.

Should your brokerage adopt cloud services? That depends on a number of factors specific to your situation—only you can answer that question. To aid your decision-making process, I'll provide a brief overview of the cloud, its main benefits and potential risks to implementation.

What are cloud services?

Simply put, referring to a system or information as “on the cloud” means it is stored remotely. Most people

associate the cloud with end-user storage services, such as backing up the contents of your smartphone to a cloud server. A similar principle is applied to cloud-based business solutions. For example, there are broker management systems (BMS) that are stored on cloud services while brokerages use them. Lastly, we have infrastructure cloud services, notable examples include the Amazon Web Services (AWS) cloud or Microsoft's AZURE cloud. Organizations that leverage these services are able to host their own solutions on a cloud network.

What are the benefits?

Now that you're more familiar with what cloud services are, let's have a look at how they can benefit your business.

1. Cost savings

Many brokerages have seen their IT costs significantly reduced by adopting cloud services. Having too

many in-house solutions can be costly; cloud providers offer flexible options to manage and pay for those solutions. Upscaling legacy systems to modern ones is a common industry project but it can be expensive. Cloud solutions typically involve a minimal capital investment compared to building a new in-house solution. Finally, there are more flexible options regarding how cloud services are managed and who is managing them, ultimately resulting in cost savings.

2. Innovation

The ability of a brokerage to rapidly respond to customers' ever-evolving needs is paramount to its success. The cloud allows an organization to easily access many different solutions, enabling it to make operational changes quickly. Similarly, it is much easier to scale up a cloud solution to accommodate growth than it would be to do the same for an in-house solution. Last but not least, a key innovation driver is data, and cloud systems make accessing and viewing all kinds of data more feasible.

3. Functionality

The economic and innovation benefits are usually enough to entice brokerages to consider cloud services, but there's even more incentive to make the switch. The cloud allows brokerages to integrate their in-house systems with carrier Application Programming Interface (API) services or other third-party solutions. Also, when hiring new IT staff, most candidates will be more familiar with modern, web-based systems. Finding talent that is already trained in some of the older, legacy systems is more difficult.

Things to consider before moving to the cloud

As you can see there are many potential benefits to adopting cloud services but the reality is that it's not something every brokerage should be prioritizing. Here's why:

- **A lack of alignment:** Brokerages that adopt the cloud but do not adapt their operations to the necessities of their new solution are more likely to create poor experiences for their customers.
- **Hyper-competitive market:** Insurance technology is advancing very rapidly, which means a brokerage can invest time and money into adopting a cloud solution and still be behind their competitors.
- **Underestimating effort:** A lot goes into implementing a cloud solution. It can make things easier in the long run but the adoption process takes time and financial resources.
- **Increased complexity:** Upgrading to a cloud environment typically involves new systems, staff, procedures, and ways of working. Not managing those changes properly can present a new set of risks.
- **Costs exceeding expectations:** The organizations that own cloud servers charge clients who use their cloud for services and transactions, like accessing data for example. Brokerages that don't adjust their procedures accordingly to this new expense structure can see their costs get out of hand.

Take CSIO's free, accredited course to learn more!

Now that you're familiar with what cloud services are, along with their potential advantages and drawbacks, consider taking CSIO's Cloud Fundamentals for Brokers course if you're interested in leveraging the cloud at your brokerage. You'll learn more about planning and managing your organization's move to the cloud in just one hour and earn a

continuing education (CE) credit. The course is free for CSIO members (all IBAA members are CSIO members as well) and can be found at csio.com/professional-development.

Best of luck on your journey to adopting cloud services!

BRIAN WARKENTIN
Director, Solution
Architecture & Technology
CSIO



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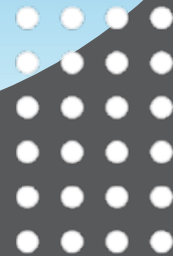
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Using Personality Insights to Create Connections in the Workplace

By Jolene Watson



“You can’t change your personality type but you can ALWAYS change your behaviours.”

This is a simple statement yet a profound one! I truly believe this sentence can change the world in terms of more effective communication, decreasing conflict and increasing clarity. Knowing your personality type can uncover intrinsic strengths that can be critical to career development and success. Knowing your weaknesses and areas you need to improve upon are just as important when it comes to working effectively with others and achieving personal and professional goals.

Team dynamics and culture are a huge focus now more than ever given the past two years and what is now being coined as “The Great Resignation.” It doesn’t matter what role you are in within the insurance brokerage, what matters is how you adapt to those around you: leaders, team members and clients. But before you can adapt, you must first understand yourself and those around you.

The MBTI® Tool

The Myers-Briggs Type Indicator® (MBTI) is a versatile assessment of personality type and is utilized by 88% of Fortune 100 companies! Developed by Isabel Myers and Katherine Briggs, and based on the teachings of Carl Jung, this tool can help people make better business, career and personal decisions.

Knowing your type/personality preferences will increase your effectiveness in the following areas:

- Self-understanding/awareness
- Career development
- Leadership development
- Team dynamics
- Customer service
- Change and stress management
- Presentation and networking skills

The Myers-Briggs® Type Indicator consists of four areas, each with two personality “preferences,” resulting in 16 unique personality types (see the MBTI table below), which are determined by completing a questionnaire.

1. Focus of Attention/Energy Extroversion and Introversion

This area refers to how we gain energy. Extroverts are energized by the outside world and by being around others; they often enjoy talking things out and tend to think out loud. Introverts are more energized by their inner worlds and reflections and often need more time to contemplate ideas before sharing them with others. Extroverts tend to communicate by talking while introverts often prefer

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Myers-Briggs Type Indicator®

<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">E</div> <p style="margin-top: 5px;">Extraversion</p> <p>Energized by people and things in the external world.</p>	<p>FOCUS OF ATTENTION</p>	<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">I</div> <p style="margin-top: 5px;">Introversion</p> <p>Energized by ideas or impressions in the inner world.</p>
<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">S</div> <p style="margin-top: 5px;">Sensing</p> <p>Gather details and facts that can be confirmed by experience.</p>	<p>INFORMATION INPUT</p>	<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">N</div> <p style="margin-top: 5px;">Intuition</p> <p>Gather ideas and see future possibilities.</p>
<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">T</div> <p style="margin-top: 5px;">Thinking</p> <p>Make decisions by logic and analysis.</p>	<p>DECISION MAKING</p>	<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">F</div> <p style="margin-top: 5px;">Feeling</p> <p>Make decisions based on personal values.</p>
<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">J</div> <p style="margin-top: 5px;">Judging</p> <p>Enjoy planning and deciding.</p>	<p>LIFESTYLE</p>	<div style="border: 1px solid #00AEEF; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; font-size: 24px; font-weight: bold; color: #00AEEF;">P</div> <p style="margin-top: 5px;">Perceiving</p> <p>Enjoy remaining open to new options.</p>

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writing. As we age and mature, we often develop behaviors on each side, however Carl Jung believed that we are one or the other innately.

2. Gathering Information

Sensing and Intuition

Before we make a decision, we have a favourite way of gathering information. Those with a sensing preference tend to gather details, statistics and facts that they must confirm by experience; they tend to focus on what is. They trust their experience and may not be open to new ideas without seeing the research. Those with intuitive preferences on the other hand, are inclined to trust their gut feeling more often and tend to focus on associations, possibilities and what-could-be scenarios. They trust inspiration and often live in the future of possibilities.

3. Decision Making

Thinking and Feeling

This area refers to how we make decisions. Thinkers make decisions based on logic, analysis and are brilliant with strategy; they often find it easier to look at a situation objectively. Feelers make their decisions based on personal values and often look at a situation in a subjective way by trying to understand the needs, emotions and feelings of those involved. This area tends to cause occasional conflict in the workplace and in personal relationships due to the different areas of focus.

4. Lifestyle

Judging and Perceiving

Are you more spontaneous or a planner by nature? This area refers to how you approach the outside world. Individuals with a preference for judging tend to be planful and systematical and enjoy planning, organizing and completing tasks. Perceivers act in a more spontaneous way and enjoy having flexibility in their

plans, which often leads to increased adaptability.

Each personality preference (e.g., extrovert, sensing, thinking, etc.) has five behavioral facets, and although personality type does not change, your behaviors definitely can (and quite often should) in order to easily adapt to others and achieve your goals.

I used to be very “in preference” in four of the five judging behaviors and absolutely loved making a plan, being systematical and being scheduled. However, when I became an entrepreneur, I soon realized that being spontaneous, emergent and more flexible would be required to succeed. It took me years to truly shift the behaviours as much as I did but I am so proud of the results and the path

I have taken. Refer to the images for my behavioural facet scores from 2011 versus 2020 (see chart on page 16); just because you have scored a 5 out of 5 on a behaviour, it does not necessarily mean success. I always ponder if that behaviour is actually serving me in achieving my ultimate goals.

Connecting to Your Path

Finding or creating a career that is in line with your natural preferences and strengths is extremely rewarding. For example, a large percentage of engineers are of the introversion and thinking preferences while most

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DECISIONS, DECISIONS

Keep in mind that even though teams consisting of individuals with similar communication styles tend to work together more easily and may arrive at a decision more quickly, teams with differing communication styles take more time to make decisions but may produce outcomes of better quality. Decisions will be stronger if all the perspectives are included:

EXTROVERSION Share information and discuss.

INTROVERSION Reflect and then talk.

SENSING Identify facts and realities.

INTUITION Generate possibilities.

THINKING Analyze by likely outcomes.

FEELING Evaluate by values and relationships.

JUDGING Make a plan.

PERCEIVING Be open to changing the plan.

Source: MBTI® Manual Third Edition, Isabel Briggs Myers, Mary H. McCauley, Naomi L. Quenk, Allen L. Hammer

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professional speakers are of the extroversion and feeling preferences. Within all roles in the insurance industry, the percentage split is closer to 50/50. Knowing your personality type can be an incredible asset when choosing niches within your role in order to find your work enjoyable and fulfilling. This knowledge also allows strong leaders to find ideal replacements in terms of succession planning.

Lack of career development has been named as one of the top reasons for “The Great Resignation.” Many retirements also took place during the past two years, so this is the perfect time to start to map out your career trajectory. In the insurance world, this

may involve earning more designations, acquiring a higher licensing level, becoming a leader or just adding new skillsets and responsibilities into current roles.

Understanding your personality type can serve to guide you to the career path you’re most suited for or identify behaviours you need to work on to achieve your goals. Personality type is never to be used as a crutch but as a tool to show you the areas you will naturally excel in and some areas that may require more energy or practice. Neuroscience and psychology are topics that have always fascinated me. Knowing that we can create new neural connections in our brain when we create a new habit truly takes away the excuse of: “I don’t know how,” or “I am not good at that.”

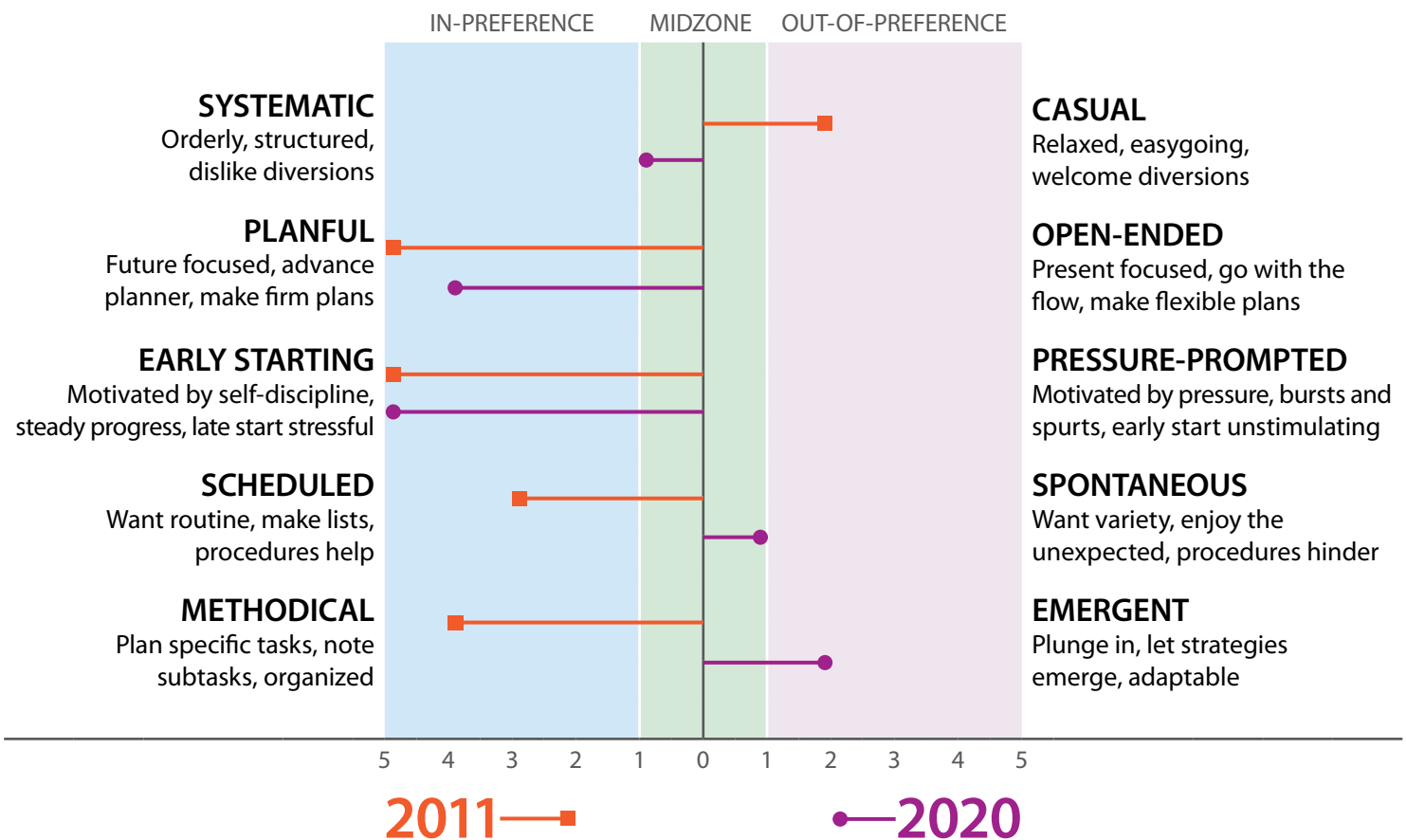
Connecting to Your Team

When I was managing a natural resources company in 2012, my boss suggested I get my Myers-Briggs® personality profiling done prior to my performance review. We discovered we were very similar in type except the feeling and thinking preference, and in fact, that area did cause some conflict between us, and I had even considered giving my notice. Once he realized I was of the feeling preference, he changed his leadership style to adapt to my needs. For example, he started to highlight my achievements as he now understood that I was very motivated by recognition. He also paid for my MBTI® certification and changed my role from business manager to client

My Behavioural Facet Scores: 2011 vs. 2020

JUDGING  Preferring decisiveness and closure

PERCEIVING  Preferring flexibility and spontaneity



relationship manager—a role better suited to my feeling preference.

Knowing the personality types of your team members can truly impact how you communicate with each other from a team and leadership perspective. When I facilitate full-day workshops for insurance companies, effective meeting etiquette is a huge area of focus. One simple tip of how to accommodate both introverts and extroverts would be to provide agendas ahead of time and allow for brainstorming during the meeting. I also suggest allowing 24-48 hours for feedback after the meeting before making final decisions to accommodate introverted team members. Extroverts tend to think out loud and often like to make a final decision during the meeting and tend to move on very quickly, but this approach may not be effective for those that need more time to process the information provided.

Sensors really love details and facts, so when introducing change to them do your research and focus on the present. They often focus on what is as opposed to what could be. For those who prefer intuition, focus on the future, the vision and strategy; they often get motivated by change and love variety!

People who prefer feeling want to know how people are going to be impacted when an important decision is made; they connect easily with others and appreciate a win-win outcome when possible. If you are constantly correcting or debating them, this can be exhausting and can lead to conflict in the workplace. Thinkers, on the other hand tend to debate naturally and are brilliant at finding fault in procedures. Allow them to critique changes for flaws as they can truly save a company a lot of time and money.

Lastly, those who prefer judging really get motivated when you present them with a plan and follow the schedule set out; if you constantly

change things or pressure them to do tasks at the last minute, they tend to disconnect and become scattered. Perceivers gain energy under pressure and find too many plans confining and sometimes suffocating. Allow them flexibility in plans presented and know that they will probably meet the deadline just in time! Remember though that they gain energy that way, so allow them to be creative in their own way. As long as the deadline is met, leave them alone.

Connecting to Your Clients

Understanding personality types can also help you in understanding your clients and therefore serving them better.

Introverted clients often need time to process information, so giving them 24 hours' notice is a great way to allow them to collect their thoughts and articulate what they need. In terms of the sales process, how you explain new



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policies and/or services matter! For example, I am an intuitive feeler (NF) and as such I tend to focus on values and explaining the big picture, often using metaphors and switching topics frequently. When I am talking to someone of the sensing and thinking preferences (ST), I give facts, details and statistics, and talk in a linear pattern. I stick to one topic and expect the person in front of me to debate my ideas. It shows a great amount of respect to be flexible in your approach, and it has huge impact in the workplace. A detail-oriented client may question a slight adjustment in premium rates, so be prepared with facts that explain changes; they also generally prefer to be contacted on a consistent basis.

Intuitive clients base their decisions on a gut feeling or trust that has been developed over time with their insurance advisor; they often agree with your referral without question. Until that trust has been built, appeal to intuitives by providing metaphors, analogies and actual stories of clients in similar situations. Do not provide them with too many details as, generally,



“Relax, this is just a word association test to see how well you might work with others. Now, when I say ‘cat’, you say ...?”

they will not read anything you give them if it is too long. Summarize the main points and focus on the future.

You do not need to be an expert to be able to adapt to others, you just need to avoid the Golden Rule of treating others the way you want to be treated! Instead, use the Platinum Rule: Treat others the way THEY want to be treated. The easiest way to determine this is simply by asking them how they like to receive information and by listening to the types of questions they ask you.

The Value of Insight

I’ve focused on MBTI® as it is my area of expertise, but there are several fantastic personality assessment tools available. In fact, I recommend doing as many as you can in your lifetime, as they each provide valuable insights into your intrinsic strengths and preferences. Whether you use Myers-Briggs®, DISC, Colors, etc., it’s important to know that although some websites offer “free” online assessments, those are often not authentic. You must use a certified practitioner to get verified reports (each tool’s website will have a directory). No matter which tool you use, understanding your personality and of those you work and deal with can propel a more rewarding career and promote positive connections.

JOLENE WATSON is an award-winning professional speaker and trainer and has notable expertise in the areas of networking etiquette, Myers-Briggs® personality types, presentation skills and stress management. She recently spoke at the 2022 IBAA convention. For more information, please visit: www.JoleneWatson.com.



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HELPING ALBERTANS UNDERSTAND DCPD

By Mark Brisson
Superintendent of Insurance

Albertans rely on their insurance broker to educate them about their auto insurance policy, how it works, what is covered, what is not covered, how deductibles work and many other topics. Since Direct Compensation for Property Damage (DCPD) came into effect on January 1, 2022, and now forms part of mandatory auto insurance coverage in Alberta, it is critically important that all insurance brokers complete DCPD training. This will help brokers fully understand the new landscape and impart that knowledge onto consumers as a trusted source.

For example, the training covers the required fault chart in the DCPD regulation, which provides highly transparent fault determination rules for virtually all accident scenarios that can result in property damage. It also addresses a few other issues such as DCPD deductibles and limited rights of subrogation.

Alberta is the seventh province to adopt DCPD, so we were able to build upon the

experience of other provinces in developing the DCPD regulation. Albertans should know how DCPD works and why it makes vehicle damage claims more efficient. Specifically, how DCPD is a more streamlined process for consumers, who now deal with a representative from their own insurance company to process their vehicle damage claim.

As the Insurance Bureau of Canada (IBC) reported at the IBAA convention in May, overall, the transition to DCPD has been relatively smooth in Alberta. However, when IBC canvassed the brokers in attendance to find how many had taken DCPD training, the response was quite low. This is also reflected in correspondence sent to the Office of the Superintendent of Insurance by Albertans. Some Albertans have claimed that they were told their rates have gone up because government adopted “no-fault” insurance or solely because of DCPD, neither of which is accurate.

This is why I strongly encourage you to take DCPD training as soon as possible, if you have not already done so. You are also encouraged to visit the websites of the Superintendent of Insurance and the Automobile Insurance Rate Board for additional resources available to you and your clients.

DCPD at IBAA

To date, IBAA has delivered DCPD education sessions to over 2000 broker members! Members can access a recording of IBAA's *Deciphering Direct Compensation Property Damage* webinar for only \$25 (no CE credits are issued for viewing the recording). Go to www.ibaa.ca/page/Webinars and select “Recordings”.



Driven To Distraction

Survey Reveals One in Five Canadians Admit to a Crash, Collision or Near Miss Due to Their Own Distraction Behind the Wheel

Source: Travelers Canada

The 2022 Travelers Canada Distracted Driving Risk Survey revealed that most Canadians engage in dangerous behaviours behind the wheel despite knowing the associated risks. While 77 per cent of Canadians say that distracted driving is very risky and they take every step possible to avoid being distracted, half of respondents admit to talking or using a phone while driving. Notably, one in five drivers admit they have had a crash, collision or near miss because they were distracted.

Work-related pressures may also be contributing to distracted driving. According to the survey, 29 per cent of Canadians say they respond to work-related calls, texts or emails while driving. Reasons cited include concern that it might be a work emergency

(44%), feeling the need to always be available (30%) and worrying that they will miss something important (28%).

When asked about expectations within the workplace, 19 per cent of employed Canadians say their employer has an official policy about sending or receiving work-related phone calls, texts or emails while driving. When an employer has a policy in place, the majority (87%) of employees report that they always or usually comply with it. This suggests that having a policy in place is an effective way to mitigate dangerous driving behaviours when it comes to work-related distractions.

Drivers are more likely to correct their dangerous behaviours when passengers speak up, according to the survey, with 86 per cent of respondents who use a phone while driving saying

they would be less likely to do so if a passenger mentioned it. However, the likelihood of passengers saying something depends on who is behind the wheel. For instance:

- 35 per cent of Canadians would speak up to a spouse or partner.
- 23 per cent would speak up to a friend.
- 7 per cent would speak up to a co-worker.
- 2 per cent would say something to a boss or manager.

For more information about the Travelers Canada Distracted Driving Risk Survey and ways to reduce distracted driving, please visit TravelersCanada.ca.

SALT SHAKER

Q&A with PYIB 2022-23 President Dan Salt



BY ANNETTE HUBICK

How did you get into insurance brokering?

Insurance is a family affair here. As a third-generation insurance broker I never stood a chance and was learning about deductibles at the same time I was learning to ride a bike.

What are three things you love about your job and why?

I love that it's different every day, that we have an opportunity to help people with a pain point in their lives and, most of all, I love interacting with all different types of amazing people and businesses—it's truly rewarding.

What do you like to do when you have free time?

I love to be outside, especially on my mountain bike or around a campfire.

What is one thing about your job you'd happily ditch tomorrow if you could?

I still do a lot of the maintenance for our office building, and let's just say I'm a better broker than plumber.

Why did you join the PYIB board?

There were some people I looked up to that asked me to join and, funny enough, I actually listened to them. I also wanted to expand my professional skills and network.

How have you benefited from your involvement with PYIB?

Being a part of PYIB has given me the opportunity to interact with so many brilliant professionals and leaders in our industry. I've learned a lot simply through proximity and osmosis during this journey.

What's your advice to young brokers who want to do more with PYIB but are a bit hesitant because they "won't know anybody"?

Everyone is a little nervous, that's ok! But I promise if you take a small leap of faith and come to one of our events, you will be welcomed with open arms by your colleagues and have a ton of fun.

What are your goals as president?

Events! We are back and have lost time to make up for with our social events. As an extension of that, I also want to create lots of opportunities for young brokers to interact and share knowledge with each other; we can learn so much from our peers, and I want to facilitate that as much as possible.

How do you plan to achieve these goals?

By creating diverse opportunities to meet and socialize. This year, our board is focused on having events spread across the province, and also



still some online events, so we can engage as much of the membership as possible.

Why should employers encourage their young brokers to get involved in PYIB?

I love this question. Employers should want their brokers to be a part of the PYIB because it will help them reach their maximum potential. I really believe you are a product of your environment, and when your environment is full of engaged and motivated professionals, you can't help but want to improve your own practice. 🙌

ANNETTE HUBICK operates Link PR Incorporated—a marketing and communications consulting firm—and has been the publisher/editor of Alberta Broker since 1996. Annette@LinkPR.ca



Dan (second from left) making friends at the PYIB annual golf tournament.



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Visit ibaa.ca to register for the next exciting PYIB event

IBAA AT WORK

WHAT'S GOING ON BEHIND THE SCENES AT IBAA?

The IBAA team has been working assiduously to ensure that we are fully serving the needs of our membership. As the year progresses into its third quarter, we are seeing that there are greater demands on brokers, especially on the commercial-lines front. We continue to leverage our voice in advocating for brokers and their clients.

While that has been happening, we have been diligently making improvements to our internal systems and will be sharing updates with you through this medium as well as our emails and on social. Keep your eyes peeled for more information as time progresses. With that being said, here is a snapshot of what we have been doing and what is in the works for the near future.

GOVERNMENT RELATIONS

Coming out of our Legislature Day and Ottawa Hill Day meetings, our CEO, George Hodgson, has been working on a white paper to address several topical issues, including commercial trucking. The paper will still include pieces of the last white paper on automotive insurance reform, plus new additions. We are hoping

it can get in the hands of the various parties before the fall. We intend to keep broker concerns front of mind so that they can form part of their election platforms.

PROFESSIONAL DEVELOPMENT (PD)

Earlier in the spring, we reviewed our education policies to better regulate the running of our professional development program. The updated policies took effect on July 1, 2022, and cover things such as withdrawals, refunds and transfers. Please be sure to review them on our website (www.ibaa.ca).

As fall approaches, we're pleased to announce that our brand new Commercial Boot Camp certificate program hosted by the team at MRD Training & Consulting officially launches on September 6. The course has something for every level of commercial-lines broker and is available at a reasonable cost. You can also study at your own pace. If you haven't yet seen the course details in our PD emails, go to our website to learn more and sign up.

STRATEGIC PLANNING

The IBAA management team and executive committee met in July to review year one of our strategic plan and to determine our direction for year two. Our general consensus was that we met our goals in most of the focus areas. By the looks of things, we are moving in a very positive direction, and the management team is already charting the course for year two of the plan.

OUTREACH AND LOCAL EVENTS

A big part of our push at the office is to be more active in our community and getting you to join us on the journey. I want to take time to thank every single one of you for donating to our Ukraine fundraiser to help those citizens who have been affected by the war. We were so grateful to see you step up and give whatever you had to help in the effort. I want to specially thank Peace Hills for matching our donations. With everyone's contributions, we were able to send off over forty-thousand dollars through the Canada-Ukraine Foundation. This is a testament to what we can achieve as a broker community.

I also want to thank you for participating in our “Dive Into Summer” 50/50 for the Ronald McDonald House Charities Alberta (RMHC). The RMHC is a charity that is near and dear to us, and we applaud the stellar work they are doing all across the province. Your support of this 50/50 will go a long way to help many Albertan families.

As the year progresses, we want to remind you to go out and support the upcoming PYIB activities. The PYIB is known for their wonderful events, and as long as you’re an IBAA member in good standing, feel free to participate in them or spread the word to young brokers (39 and under). You can look out for their curling bonspiels this fall and next spring, as well as their golf tourneys every summer. Attending these events is a great way for young brokers to network and rub shoulders with other stakeholders

in the industry. As well, many of the proceeds from their events go to charity.

NEW TEAM MEMBERS

As we continue to fill out our complement at the office, we are pleased to welcome Herman Acevedo as our new Broker Relations Representative. Herman comes with over 10 years of experience in the industry and will be looking forward to meeting you in person or virtually in the next few months. Welcome Herman! We are very happy to have him on board and know that he will do very well here.

As well, I will be away for a year on leave. In the interim, Jhnel Weller-Hannaway will be taking on my responsibilities.

SPEAK UP. WE’RE LISTENING.

As I wrap up this article, I want to reiterate that we want to see and hear more from you. It means much to us when you follow us or like our posts on social media. However, we are hoping you take it a step further and share your thoughts with us. We will always welcome your call, email or comment so don’t be shy in sharing ideas that you think will benefit the whole membership. I mean it when I say we are here to serve the interests of the broker community, and that starts with your input.

Enjoy the last of summer!

ROCHELLE MIGHTY
Member Engagement &
Marketing Manager
IBAA
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The image features the IBAA logo (Insurance Brokers Association of Alberta) in the top left corner. The background shows a blurred office scene with several people working at computers. Overlaid on the image are three large, colorful arrows pointing upwards and to the right, and the year '2023' in a large, stylized font. At the bottom, the text reads: 'NEW MEMBERSHIP YEAR', 'NEW OPPORTUNITIES', and 'EMAIL IBAA.CA TO RENEW YOUR MEMBERSHIP'.

So, you did everything right but now you got hit with ransomware?!



BY ELISHA RIEDLINGER

It is estimated that an organization suffered a ransomware attack every 11 seconds in 2021, according to Cybersecurity Ventures, and it is expected there will be a new attack on a consumer or business every two seconds by 2031¹. With the proliferation of ransomware comes an increase in the sophistication of these attacks. It is easy to believe that if you do everything right then you will not get hit. But this is a common misconception. Even individuals and corporations that do everything right can still get breached.

But how can this be? How can a company get hit with ransomware when they do everything right? The simple answer is that there is always a way for an advanced attacker to get into any network if they are persistent enough. The attacker can send thousands or millions of attacks and only need to be successful once.

Whereas a corporation must be successful every time without fail. One failed detection or missed attack is enough to let an attacker in. What is needed for enterprises is instant recovery.

Layered Defenses

There are many different layers of defense that an organization needs to have in place to help secure their assets. These things include secure authentication and access controls, endpoint security, endpoint detection and response, forensic tools, security operations center, system hardening, network monitoring and alerting, network filtering, email filtering tools, system backup and recovery tools, physical access controls, employee training, just to name a few things.

This list of things that need to be done to fully protect an environment can be daunting. Furthermore, not

all companies have the expertise or the ability to fully enable all these layers. For instance, a corporation could have policies around system hardening but need to loosen the rules for some systems because they conflict with their finance software, thus leaving the corporation at risk. Other corporations may not have time or money to enable all these layers of security.

However, what is painful is that even corporations that have all these layers of protection enabled are still getting hit with ransomware. But why is that?

Understanding An Attack

Adversaries understand how security products work and build attacks that these products cannot detect, called Fully UnDetectable (FUD). These adversaries use several different techniques to ensure their



malicious programs are FUD. They use cryptors to encrypt their malware, they scan their malware with antivirus programs using hidden services that work like VirusTotal, they use fileless techniques, zero-day exploits, social engineering, and other methods to increase the chance of a successful attack.

Attackers have also increased the number of attacks. The sheer volume of malware makes this problem worse. Some experts estimate that there are more than 1 million new unique malware files released each day, which breaks down to around 12 per second. With the increase in malware also comes an increase in virus definition size and makes it harder to create products to detect all these threats.

However, most high-profile attacks are targeted. A targeted threat is where an attacker designs a threat specifically for a victim. Typically, this requires the attacker to research all they can about the intended victim before launching

the attack. These attacks can be quite difficult to defend against because the attacker has gone to a lot of effort to build the attack. The attacker tries to ensure the attack will be successful before carrying it out. Thus, these groups also tend to be highly funded. The motivation of these attackers may not always be for monetary gain. Their goal could also be to steal data or just to cause damage by disrupting operations or destroying infrastructure.

There isn't a single silver bullet to properly protect an organization from ransomware and other attacks. Businesses need to have a recovery strategy in place for the eventuality of an attack. So, what can be done to protect your corporation from ransomware?

Backup & Restore

Data backup is an important protective layer, enabling companies to recover data in the event of a lost computer or hardware failure. However, data backup doesn't offer a quick result and, depending upon when the backup was last completed, it may not have the latest version of a file. Also, we see that hackers can and do target backups.

If your target is a round hole and your solution is a square peg, you aren't going to be successful. Data backup was never designed to protect against cyberattacks like ransomware. It was created to restore data when a computer is lost or stolen, data is corrupted, or a hard drive fails. Backup is not the place to put your sole confidence in. What is needed is technology that will directly protect your data and enable rapid recovery for business continuity.

Data Recovery

To get back up and running quickly and undo the damage, data must first be protected on all devices. To accomplish this requires enabling mechanisms like boot, disk, file and cloud drive protections, as well as file and operating system restore. There are data protection and recovery applications available that add this extra layer of defence. This technology works in conjunction with other security tools so that if a hacker gets through anti-malware defenses, the organization's data and systems can be recovered. However, not all protection and recovery solutions are created equal. When comparing, here are some considerations:

1. How quickly can the solution recover data if ALL the data on a computer has been encrypted?
2. How easily can the solution recover your data?
3. Can the solution remove threats that cannot be detected or does it require detection before removal?
4. Can it protect your data even in "safe mode"?

As ransomware attacks have become more sophisticated, so must an organization's defence and response mechanisms. Prevention, detection and decryption strategies are only part of the solution. With the old adage "time is money" in mind, it's essential to have a data recovery strategy that gets you and your team back in business as quickly as possible.

ELISHA RIEDLINGER is the COO at NeuShield, a provider of data recovery software and proud vendor partner of IBAA. Look for NeuShield on the Member Perks page on the IBAA website.



¹ cybersecurityventures.com/global-ransomware-damage-costs-predicted-to-reach-250-billion-usd-by-2031/

BROAD BRUSH COVERAGE

Did the Builders' Risk Policy Cover the Negligent Sub-Subcontracted Painter?

Introduction

Builders' risk policies are the subject of frequent judicial interpretation. In a recent decision, the Alberta Court of Queen's Bench in *Duri Homes Ltd v Quest Coatings Ltd* evaluated the bounds of coverage under a builders' risk policy on a home-building project and described key considerations when determining whether subcontractors qualify as unnamed insureds.

Facts

Duri Homes Ltd ("Duri") is a custom home builder. Duri entered into a construction agreement with property owners (the "owners") to construct a custom-built residential home in Calgary. After construction on the home had started, Quest Coatings Ltd ("Quest"), was hired to perform painting and staining work on the home. Quest, in turn, hired a sub-subcontractor, Nora Painting Ltd. ("Nora") to perform that work.

On April 3, 2016, the home was destroyed in a fire while it was still under construction. The construction project was insured under a builder's risk policy (the "policy"), and the insurer paid the cost for Duri to

remediate the damage to the home. The insurer then notified Quest that it would be pursuing Quest to recover those damages. Duri, by its insurer, then sued Quest, Nora and the Nora employee that had been performing the work. Duri alleged, among other things, that the fire was caused by Quest's negligence, specifically that the Nora employee had improperly disposed of rags used for staining, which caused the rags to catch fire.

Duri was the only named insured under the policy. Clause 1 of the policy defined the property insured:

1. *This policy, except as herein provided, insures*
 - a) *property in course of construction, installation, reconstruction or repair*
 - i) *owned by the insured;*
 - ii) *owned by others, provided that the value of such property is included in the amount insured;*

- all to enter into and form part of the completed project including expendable materials and supplies not otherwise excluded, necessary to complete the project described in Clause 5*
- b) *temporary buildings, scaffolding, falsework, forms, hoardings excavation, site preparation, landscaping and similar work, provided that the value thereof is included in the amount insured and then only to the extent that replacement or restoration is made necessary to complete the project;*
- c) *expenses incurred in the removal from the construction site of debris of the property insured, occasioned by loss, destruction or damage to such property and in respect of which insurance is provided by this policy.*

The policy also contained a subrogation clause (clause 15) that waived the right of subrogation against "any corporation, firm, individual or other interest with respect to which insurance is provided by this policy."

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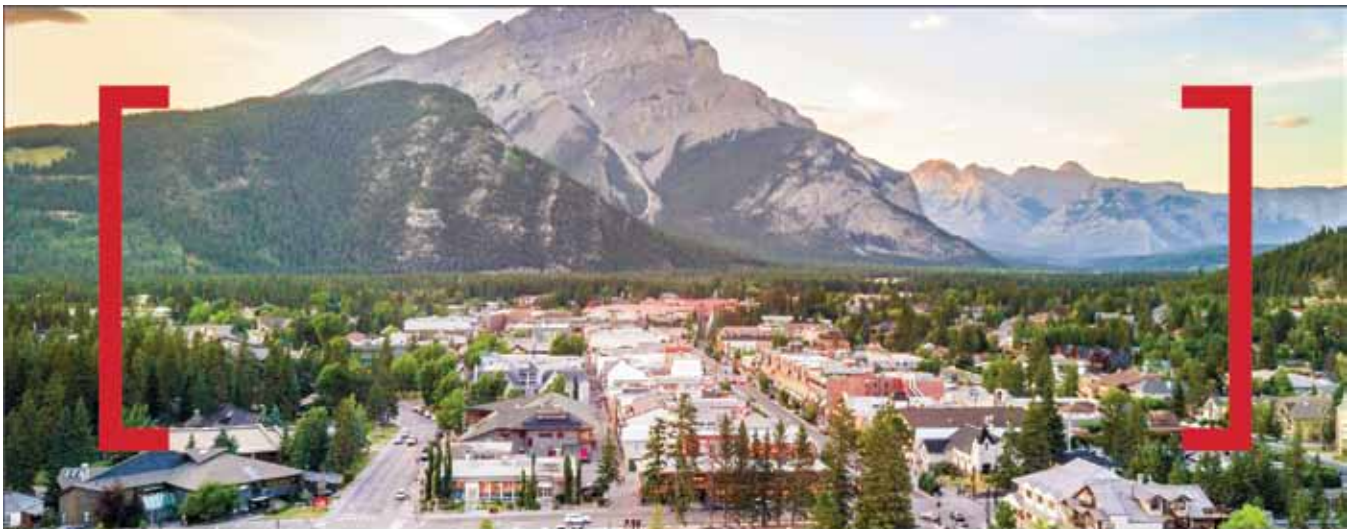
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continued from page 28

Quest brought an application to have Duri's lawsuit dismissed on the basis that Quest was an unnamed insured under the policy and, therefore, the insurer was prohibited from bringing a claim against it by virtue of clause 15 as well as the common law rule that an insurer cannot subrogate against its own insured. Duri disagreed, arguing that the policy did not state that contractors or subcontractors are additional or unnamed insured and that the court should consider the construction agreement between itself and the Owners, which it argued also demonstrated that Quest was not an unnamed insured. It argued that Quest was not retained by Duri and that Duri was not even aware of Quest or that it was attending the construction site. Duri argued that one of the owners had engaged Quest directly without Duri's knowledge or approval.

Analysis

The court found that only a single issue needed to be resolved in order to determine the application: was Quest an unnamed insured under the policy? Ultimately, the court found that Quest was an unnamed insured under the policy and that, therefore, Duri's lawsuit against Quest could be summarily dismissed.

The court focussed on the policy, not the construction agreement or who retained Quest. The court held that "an insurable interest can be found apart from any contract between a tradesperson and a contractor when the governing builders' risk policy is sufficiently broad"—these contractual arrangements were one but not the only source of a possible insurable interest. Accordingly, the court applied the principles of contractual interpretation set out by the Supreme Court of Canada in *Ledcor Construction Ltd v Northbridge Indemnity Insurance Co*, which prescribed the following interpretive process:

1. Where the language of the insurance policy is unambiguous, effect should be given to that clear language;
2. Where there is ambiguity, courts must focus on:
 - a. The reasonable expectations of the parties;
 - b. Commercial reality; and
 - c. How similar contracts have been interpreted;
3. If ambiguity remains, the contract must be construed against the drafter according to the rule of *contra proferentem*.

"The court also made it abundantly clear that coverage turns on the language of the builders' risk policy itself rather than on the contractual arrangements that have brought sub-contractors or tradespeople to the project."

The court found no ambiguity in the policy. The court held that Quest's scope of work fell within the scope of work that Duri intended to complete, and therefore, it was obvious that Quest's work fell within meaning of the scope of coverage in clause 1 of the policy as "part of the completed project ... necessary to complete" the home.

Although the court found that the policy was not ambiguous, it nevertheless considered the other Ledcor principles. It cited numerous authorities that described the unique purpose of builders' risk policies, which included providing broad coverage for construction projects in exchange for certainty, stability and peace of mind. The court emphasized that, while exclusions and limitations to coverage are possible, the policy did not

contain any clauses that limited coverage to the work of certain contractors or subcontractors: "The policy's focus was on insuring those contributing the project. To interpret the policy as precluding coverage for Quest would undermine the purpose behind builders' risk policies".

The court also emphasized that nothing in the policy limited coverage to people that Duri hired or was aware of. Moreover, the insurer must be taken to be aware of the breadth of contractors and tradespeople who would be working on the project; since it neglected to restrict the scope of coverage in the policy, it could not now avoid that assumption of risk.

Finally, the court found that its broad interpretation of coverage of the policy to include Quest as an unnamed insured was consistent with the existing authorities that interpreted similar builders' risk policies.

Take Away

There can be no question that the court's interpretation of coverage in Duri Homes is broad. The court also made it abundantly clear that coverage turns on the language of the builders' risk policy itself rather than on the contractual arrangements that have brought sub-contractors or tradespeople to the project. Given the realities of some large and complex projects, the extension of coverage down to sub- or sub-sub-contractors that are unknown to the general contractor may not surprise the contractor, but it does nevertheless remind insurers that the onus lies with them to stem that flow of coverage through policy language or else charge premiums accordingly. 📌



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