



ALBERTA **BROKER**
INSURANCE BROKERS ASSOCIATION OF ALBERTA

CLIMATE EXCHANGE

Insurance Company Executives
Answer Questions from Brokers

2023 IBAA Convention
Guide—page 24

 APRIL-MAY 2023

+

Politicizing Auto Insurance
IBAA Delivers Bottom-Line Value
Managing E&O Risk Emanating From Others
and more—



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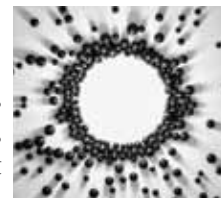
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PRESIDENT'S MESSAGE

BARRY HAGGIS

Ah convention time. I look forward to this every year, and those of you who have the pleasure to attend this convention, or conventions in the past, know what I am talking about.

This year's convention will mark the wrap up of my term as IBAA president, and I don't have enough room in this article to speak about the things I have learned, what we have accomplished and how excited I am for the future of the association. The year has definitely flown by. For a detailed recap of our activities and achievements this past year, be sure to read through IBAA's annual general meeting (AGM) package and my president's report.

The first convention I attended was back when I was just getting started in my insurance career and before our convention got so large that the only space that can accommodate us is the Banff Springs. Jasper was the setting, and a young, bright-eyed insurance broker arrived with high hopes. I was not sure what to expect, but kept an open mind while attending the AGM, education sessions and all of the general mingling and shop talk. It was at one of the insurer hospitality suites that I really decided that this industry is not for the faint of heart.

While in a busy cabin, a smoke detector started beeping. Being involved in insurance, we all acted accordingly and put our risk-management skills into action, realizing quickly that there was no actual fire, but that the fireplace was pushing a bit of smoke into the space. There was a simple solution: get a towel and wave the smoke away from the detector to stop the beeping. The issue was that the smoke detector was about 15 feet in the air on the wall. The infamous

Mitch Holst and I had a brilliant idea. I could stand on his shoulders and possibly get close enough to wave a bath towel to stop the beeping. Up I went and I waved that towel with all my might, ignoring the shocked faces of those around us. Magically, the smoke detector stopped beeping, and we celebrated thinking we were the heroes of the night. I found out later that someone from the hotel had come and hit the breaker, which was the real reason the beeping stopped. In my mind, Mitch and I still played a major role somehow.

Since then, we have had the golf tournament snowed out, Paul Brandt concerts, walking bushes, magicians, hypnotists, Mike Holmes passing out safety glasses and countless other entertainers and charades, all while keeping the focus on the insurance industry in Alberta and how we can continue the success of the broker channel.

You cannot put a value on the candid conversations that occur broker to broker, broker to insurer, broker to vendor, and so on. Relationships are solidified, and there is a real human factor that is present that we sometimes forget about in the day-to-day operations of our work as insurance brokers, especially lately.

Above all, we have reason to celebrate brokers every year, and I am glad we do it. As the landscape changes, and we see mergers and acquisitions activity ramp up and partnerships form, we are all still brokers. We are all fighting the same battles and doing what is best for our clients, day in and day out. I will circle back to something I wrote in one of my first articles for this magazine: insurance brokers are an integral part of the economy and society as a whole. Be proud of that. Show it off. And don't apologize for it.

"I don't have enough room in this article to speak about the things I have learned, what we have accomplished and how excited I am for the future of the association."



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FOUR POINTS INSURANCE



POLITICIZING AUTO INSURANCE IS NOTHING NEW

By Aaron Sutherland

Mandating price controls on auto insurance rates as a legislative tool to maintain affordability has been attempted in several jurisdictions, including Alberta from 2017–2019. It has never worked.

The government’s decision to impose a “pause” on any new insurer rate filings with the Alberta Insurance Rate Board feels like the movie *Groundhog Day*. We have seen these actions before and experienced the negative impact they have for consumers. But with a provincial election just a few months away, it’s clear that the political calculations of the government leaned toward needing to be seen doing something.

All the more troubling, however, is the extent to which the government has limited the industry to take action to preserve its viability under the rate freeze and respond to the financial pressures that the policy will create. This includes prohibiting insurers from changing their underwriting rules

regarding Section C (collision and comprehensive) coverage for private passenger vehicle customers and requiring them to give all customers the ability to pay premiums through payment plans except in a limited set of circumstances.

In taking this action, the government is acknowledging that the rate freeze is a bad decision that will negatively impact consumer outcomes, and is trying to limit those. A better path would have been to work with industry—and brokers—to identify cost-saving reforms that could have avoided the rate freeze entirely.

In announcing the freeze, the government was clear in its desire to work with the industry to develop short- and long-term solutions to steady and lower auto insurance rates. The Minister of Finance went further in his commentary, appearing to suggest that such solutions may be a precondition for the freeze’s removal. The reality is that no matter which party wins the election, unless work on reforms is underway between now and

the end of 2023, there is a very real risk that the rate freeze will continue past its intended expiration date.

In light of this, it is important for our industry to speak openly and with a united voice in articulating the problems inherent in a rate freeze, the consumer harms it will bring and how it is a poor substitute for what can actually improve affordability for consumers; namely, reforms that pull costs out of the system.

For our part, IBC will continue to position the “Enhancing Care and Expanding Choice” proposal as the best path toward improving affordability of auto insurance for drivers, while creating a sense of urgency with both the UCP and NDP on the need to undertake reforms as soon as the new government is elected.

IBC’s proposal is a made-in-Alberta solution that will give drivers the freedom to choose to pay a lower premium by waiving the ability to receive financial compensation if they sustain a minor injury. Instead, the injuries suffered in a collision would be eligible for twice the amount of the

preapproved treatment received today, including specific programs of care based on the most up-to-date medical literature. If an injury is serious, everyone would continue to have access to legal recourse after a collision, just as they have today.

The current rate freeze offers no short-term relief for drivers, and IBC believes more can be done right now to improve affordability for consumers. We will continue to push the government to consider removing the 4% insurance premium tax collected by the province, which could save drivers an average of \$60 annually.

IBC will also continue to push for additional regulatory improvements

that combat fraud, provide insurers greater underwriting flexibility and reduce costs (such as the modernization of the Adverse Contractual Action and reforms to the provincial Grid framework).

If adopted, all of these measures combined could save drivers up to \$325 annually.

In the coming days and months, IBC will continue to leverage the voices of external stakeholders and validators (as well as our own voice) in support of our advocacy, as we seek to educate decision-makers on the true drivers of rising auto insurance premiums—namely, the growing cost of lawsuits and vehicle repairs.

As brokers, your voice is instrumental in ensuring that the public—and public policymakers—understand the true consequences of the government’s rate freeze and what can be done to truly improve the auto insurance system. We all agree that in these challenging economic times, Albertans need affordable auto insurance they can count on. We look forward to working closely with you and IBAA to make sure drivers receive it.

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Vice President, Western & Pacific
Insurance Bureau of Canada
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ibaa Insurance Brokers' Association of Alberta

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Watch your step!

How to help your hospitality clients prevent slip, trip, and fall incidents at their businesses

The hospitality industry is one that touches everyone across Canada. Whether it's the fine-dining restaurant you go to for special occasions, the waterfront hotel you vacation to each August, or the mom-and-pop shop you swing by for a quick bite on busy weeknights – we all have our favourite hospitality businesses that are filled with fond memories. And while on the surface, all a customer might see is a well-run operation that provides a pleasant visitor experience, what's happening behind the scenes is quite a bit more complex than that.

Hospitality businesses face a myriad of risks daily, from fires and water damage, to premise security and food safety. Risk lurks behind each corner of a hospitality business, and it's crucial that business owners understand these risks and do what they can to mitigate them.

One of the most prominent risks facing hospitality businesses is slip, trip, and fall liability. No matter what kind of hospitality business your client runs, customers, vendors, passersby, and more are coming and going on a daily basis. Keeping visitors safe on their premises is a key component of any risk mitigation strategy.

Many slip, trip, and fall incidents are preventable and often related to deficient housekeeping and improper maintenance. There are several steps business owners can take to help prevent these incidents from occurring. Keep in mind, visitors who are especially prone to injuries include the elderly and those who have consumed alcoholic beverages.

Interior Best Practices

- Floor surfaces should be clean, dry, and free of clutter and debris.
- "Caution - Wet Floor" signs should be provided during and immediately following any cleaning activities.
- Worn, torn, or loose flooring coverings should be repaired or replaced immediately.
- Public restrooms should be inspected frequently and maintained in a safe, dry, and sanitary condition.
- Electrical and communication cords should not be positioned across walkways. If this is unavoidable, a combination of rubber mats and/or electrical tape should cover them and adequately secure them to the floor.
- Stairways and landings should be well-maintained and provided with sturdy handrails and non-slip treads.
- Adequate lighting should be provided throughout all common areas, including stairwells.
- All major cleaning activities should be conducted during dormant hours.

Exterior Best Practices

- Walkways, ramps, and stairs should be free of clutter and debris.
- Walkways, driveways, and parking areas should be maintained in a smooth and continuous state.
- Stairways and landings should be well-maintained and provided with sturdy handrails and non-slip treads.
- Speed bumps, drains, maintenance covers, ramps, curbs, and any other walking surface transitions should be highlighted with a non-slip, fluorescent paint to alert customers, employees, and passersby of their presence.
- Snow and ice build-up should be cleared immediately following snowfalls. All areas subject to foot traffic should be diligently sanded and/or salted. A written log should be maintained to track all snow and ice removal activities performed on the property.
- Adequate lighting should be provided throughout the exterior of the premises, including parking lots, entrances, loading docks, and delivery areas.
- Temporary structures (such as tents) should be set up in accordance with manufacturer instructions.



Many slip, trip, and fall incidents are preventable

Taking precautions to prevent slips, trips, or falls at a hospitality operation can not only reduce costly losses for your client, but also limit any damage to their business' reputation. Unfortunately, some accidents are inevitable despite taking the necessary precautions.

Should an incident occur at your client's hospitality business, it's important that they're prepared to handle it accordingly. Having a comprehensive and clear incident management and reporting program in place can help them identify and understand the primary cause of incidents, allowing them to take the steps necessary to prevent reoccurrences. Incidents can be the result of a multitude of factors, including human behaviours, equipment, processes, and environmental conditions.

An effective incident management program should include the following steps:

- Safeguarding the incident scene.
- Conducting an investigation, including a comprehensive inspection and witness interviews.
- When appropriate, photos should be obtained.
- Analyzing the information gathered as well as records of past incidents to determine if any trends are emerging.
- Developing and implementing corrective actions to prevent any reoccurrences.
- Monitoring the effectiveness of the corrective actions implemented and adjusting where necessary.

Hospitality business owners face a unique set of challenges and exposures. The only way to ensure they're prepared for them is through the development and implementation of a comprehensive risk management program. The right program will not only help reduce the frequency and severity of losses but also preserve the life of the facility and provide a safe environment for their customers.

Everett McCallum UL-CRP, CFPS, CFI-II, FLSE, CIP, CRM, BA

Senior Loss Prevention Specialist

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® Registered trademark of Echelon Insurance. Copyright © 2023 Echelon Insurance. All rights reserved. This article is provided by Echelon Insurance ("we") for general information purposes to help hospitality business owners understand the property and liability risks they may be exposed to and how they may enhance their protection and loss prevention. While we endeavour to be accurate and up to date, this information is provided "as is" and we cannot guarantee it is complete or that implementing the recommended loss prevention measures will have the desired results.

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A person wearing a brown jacket is partially visible on the right side of the frame, standing on what appears to be a boat. The background is a body of water with a greenish tint and some light reflections. The overall mood is calm and natural.

CLIMATE EXCHANGE

Insurance Company Executives
Answer Questions from Brokers

By Annette Hubick



The seeds of this article were planted at the 2022 IBAA convention when more than one CEO panelist spoke about the insurance industry's role in helping resource-based businesses and economies adapt and transition as the nation responds to the realities of climate change. There's a story here, I thought and in anticipation of this year's convention panel, decided to kick-start the "question period" by inviting insurance company executives to participate in a Q & A exercise focused specifically on climate-change related issues. All questions were provided by IBAA member brokers, and I thank the individuals below for taking the time to respond.

— Annette Hubick
+++



JASON STORAH
CEO, Aviva Canada



LOUIS GAGNON
CEO, Canada, Intact Financial Corporation



KIM PALATNICK
VP, Strategy & Sustainability
Wawanesa Mutual Insurance Company

Considering your deep understanding of risk in general, how can your company use your risk management expertise to help organizations mitigate and adapt to climate change risks?

AVIVA

We have an Aviva risk management team that can help address the industry-specific risks that companies face and provide tailored preventative solutions to help reduce losses. As well, we believe that the relationship that a broker develops and maintains with their customers is invaluable. Brokers are a trusted source of information who can help a customer navigate the complexities and get the right coverage based on their unique situation. This puts them in a unique position to have proactive, ongoing conversations about potential gaps in a customer's coverage due to a changing climate or to recommend products and solutions that make it easy and affordable to make climate-friendly choices.

INTACT

Our climate strategy includes five big intentions which aim to leverage our strengths to de-risk the transition.

1. Commit to Net Zero by 2050 and halve our operations emissions by 2030.
2. Double down on helping people adapt to climate change.
3. Leverage our platform to help shape customer behaviour.
4. Enable the transition by supporting both new and existing industries that are key to the transition.

5. Collaborate governments and industry to accelerate climate action.

We've developed concrete action plans that will make each big intention a reality. For example, through the Intact Centre for Climate Adaptation at the University of Waterloo, extensive research has been published on effective ways to make our communities more resilient, and through our Intact Municipal Action Grants, we have given over \$1 million to municipalities so that they can bring adaptation measures to life in our communities.

WAWANESA

As risk management experts, we want to help people be more resilient to the increasing impacts of extreme weather. As a 100 per cent broker-distributed insurer, this also means supporting our broker partners as they work to meet the evolving insurance needs of people and businesses. We're advancing our focus on prevention to reduce disaster risk and give people and communities new tools to better protect themselves and their families. We are going to be doing this through a multi-faceted approach by embedding prevention into our products and services, increasing risk management education and literacy, partnering with organizations such as the Institute for Catastrophic Loss Reduction (ICLR) to further their research and reach, and look at ways we can use our investments to fund resilient infrastructure. In the short term, we are working towards using our expertise to build the knowledge, skills and awareness of our employees, members, brokers and communities.

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To Jeff's clients,
he's always the
calm in the storm.

So when a tornado
tore through the local
optometrist's office,

Jeff knew that
preserving what was
left mattered most.

So he called an engineer
that morning and had
safety clearance to enter
the office by that night,

which meant valuable
equipment was secured,
invaluable customer
records were saved,

and Jeff was added
to their speed-dial for
another rainy day.

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economical
INSURANCE

sonnet
INSURANCE

petline
INSURANCE

family
INSURANCE

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What new opportunities do you see resulting from the impacts of climate change for insurance consumers?

AVIVA

It's about selling the right products to the right people. Brokers play a valuable role in helping customers understand the potential impact of climate change, while ensuring that they are being provided with the best solutions and products to protect them against the risks they may face.

It's important brokers have that dialogue with their customers, whether it is new business or at renewal, to ensure that their customers are getting the right level of coverage that's appropriate for their needs and their businesses' resilience to the impacts of climate change. Example: Have they considered their vulnerability to floods, hail or wind? What mitigation actions can they take to manage those risks? Having business continuity plans help too. Don't let that renewal pass by without having a meaningful touchpoint.

INTACT

Climate change and transition will create new risks, and since risk is our business, this creates opportunity for the insurance industry. At Intact, we will evolve our products and services to capture this new growth. For example, we now write utility scale solar and wind energy and intend to further expand our renewable energy offerings.

There is a unique opportunity for brokers because customers are increasingly concerned about changing weather patterns and need

advice for how to prevent and transfer those risks. Brokers play a key role in educating customers, helping them choose the right protection, and ensuring they are prepared. Intact's risk engineers can help clients manage the physical risks associated with technologies which are critical to the transition, such as solar panels, wind turbines and battery energy storage systems. This is a great opportunity for brokers to showcase their expertise, strengthen relationships, close insurance gaps and help customers become more resilient.

WAWANESA

We are focused on furthering the research efforts of our industry into building resilient homes and communities, including improved building codes and the use of stronger building materials. We are also working to increase the education and awareness of how people can better protect their homes and assets from extreme weather, through prevention practices and prevention devices, including our Wildfire Prevention Grant program, which will help local communities better protect themselves from the threat of wildfires.

There is significant reluctance in the commercial insurance market to take in risk of any kind. As new and emerging markets start presenting themselves to create new companies and new ventures into uncharted types of work, what will you do to take a chance on this risk takers and help mitigate their risk

exposure as they implement their new green tech and other supporting businesses?

AVIVA

We expect to see more and more investments in many sectors of the economy as transition happens. As part of our overall strategy Aviva is looking to support the transition to net zero, which may need new products and services. For example, last year, we wrote our first six renewable energy accounts. Earlier this year, we launched a pilot on parametric insurance.

It's about understanding the technologies and the businesses that are developing them, and then looking at where Aviva can support. It's the same thinking we'll apply, when we look at any sort of risk/exposure.

INTACT

We intend to enable the transformation of both new and existing industries that are key to the transition. At Intact, we will leverage our strengths to de-risk the transition by doing things like:

- Creating and adapting specialty lines and commercial lines products and services.
- Leveraging our existing weather specialists, geomaticians, data scientists and actuaries to enhance predictive models that will anticipate evolving climate-related impacts.
- Engaging with customers and investees about their transition plans and helping where we can.

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Facing the storm with you

**Our door is open
for business.**

**Hope to see
you at the IBAA
Convention!**



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But we cannot do it alone. There is a very important role for governments to play in setting the priorities and creating the incentives that will maximize outcomes and unlock capital. This is true when it comes to de-risking the transition also. It's why collaborating with government is part of our climate strategy.

WAWANESA

At Wawanesa, we encourage conversations with our underwriters to fully understand the risk to ensure the right products and coverage is being provided, and we are always happy to have those discussions with our broker partners. Underwriting often looks to the past to understand exposures and performance of any commercial enterprise. This principle makes new ventures in uncharted territory difficult to assess. Emerging technologies for greener energy production requires specialized expertise and unique underwriting capability. When a business is implementing greener technology, a recommended approach for these operations is to have a detailed business scope identifying anticipated areas of risks and explain the risk management practices that will help control the exposures. This will help underwriters understand how potential exposures are being managed. With respect to green technology, it's always helpful to understand what is being implemented and why, and how it benefits the operations in terms of environmental impacts.

ESG (Environmental, Social and corporate Governance) is becoming a more aggressive request from the consumer, we see many companies not writing oil and gas businesses but still writing auxiliary companies such as pipe manufacturers, consultants and even gas-powered cars. How do you explain the disconnect?

AVIVA

Our approach is focused on engaging not excluding, and we have a clearly defined risk appetite that means we will not insure companies with more than 5% of their revenues directly generated from extracting fossil fuels. But we'll consider companies that are committed to their transition out of high carbon fuels and that have committed to clear science-based targets aligned to the Paris Agreement target of limiting temperature rises to 1.5 degrees.

It will take years to transition to a low-carbon economy, and in the meantime, there are obviously lots of people who still need traditional auto insurance, but we're proactively helping drivers with the transition. Last year, we launched a new electric vehicle (EV) insurance solution that offers customers up to 10 per cent off their premium when they insure an EV with Aviva. Also, in partnership with Earth Day Canada, we're investing \$3M to install public electric chargers in under-served communities across Canada.

INTACT

ESG factors have always been embedded in our strategy. Our vision

of success includes customers who are advocates, employees who are engaged, and being one of the most respected companies. In addition, our strategic objectives include both financial and non-financial metrics.

When it comes to underwriting appetite, there are many factors to consider: profitability, ability to service claims, and capital requirements to name just a few. This is why competition is great for customers. Different insurers are likely to have different appetites because they will experience and weigh the factors differently.

At Intact, we developed three principles to help marry our underwriting appetite with our climate strategy. We will...

1. De-risk the transition towards a sustainable future, by leveraging our strengths.
2. Take an inclusionary approach to supporting our stakeholders in the transition.
3. Focus our actions on the areas that maximize the overlap between helping and winning.

WAWANESA

Our ESG work is in its early phases and it is being guided by our values as a Canadian owned and operated mutual insurer. Our purpose as a mutual company is to be there to look after one another, and we are going to continue to be there to underwrite the people and businesses who help to power our economy.

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





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IBAA DELIVERS **BOTTOM-LINE** **VALUE**

We are coming up on IBAA's membership renewal period and, as many businesses are apt to do when receiving an invoice, some may ask, "Is it worth it?" Now more than ever, IBAA value is apparent in the government and industry advocacy we have engaged in during this election cycle. When a new rate pause was proposed by NDP candidates and enacted by the current government, our advocacy team was and continues to be the voice of brokers--advocating for consumer- and broker-focused changes to the auto insurance system. But we have kept you as up to date as possible on our advocacy efforts via *Brokerworks*, the *Alberta Broker* and on our website, so that's not news to you.

IBAA also has a second pillar of value: our professional development (PD) department. We provide broker-centric and topical continuing education credit-earning courses along with career and designation training to help you obtain and maintain your professional license.

What you may not know is that we have an additional source of

value for IBAA members called our Member Perks Program. Our perks program was designed to offer IBAA members products and services, often at discounted rates and/or enhanced offerings. We partner with companies that can help you build your business, improve client relationships, manage your offices and so much more.

Members have exclusive access to discounts and offers from almost 20 vendors that can be separated roughly into five categories: technology, banking, personal benefits, broking and office management. Keep reading or visit ibaa.ca/page/memberperks for a full breakdown of our amazing partners and their IBAA-exclusive deals and discounts.

TECHNOLOGY

Our technology perks help brokerages adapt and keep up to the fast-paced tech demands of the business landscape.

ePay Policy

Seamless client to broker electronic payment via credit card. IBAA members receive their first two months free.

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Manage your cashflow and finance your E&O premium with First Insurance Funding. IBAA members receive preferred rates.

NeuShield

NeuShield Data Sentinel is the only anti-ransomware that recovers damaged data after attacks. IBAA members get a 10% discount.

NIRIX

Nirix is a one-stop cloud and hardware service that keeps your business up and running from anywhere. IBAA members receive a 15% discount.

Trufla

Trufla Technology offers a suite of customer-centric digital solutions for the modern insurance brokerage.

BANKING

Our banking perks provide solutions designed to make banking, supporting your employees and earning passive income easier.

ATB

ATB helps you invest in your employees' financial wellness with Group Wealth Services. IBAA

members don't pay fees for set-up, maintenance or onboarding.

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BMO offers reduced bank fees, interest rates, payment and transaction fees. IBAA members enjoy reduced personal mortgage and loan rates.

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Bell Exclusive Partner Program gets IBAA members Unlimited Data* plans, 5G speeds in 5G areas, and discounts on popular phones.

Perkopolis

Perkopolis provides IBAA members with savings on entertainment, air travel, car rentals, restaurants, and more.

BROKING

Our broking perks ensure your brokerage has a leg up on the competition by providing access to

the latest in broker technology and services.

Brokercore

Brokercore is a commercial insurance solution that helps your brokerage be more efficient, while reducing your operating costs.

CSIO

Stay up to date on the latest insurance industry technology standards and solutions. IBAA members have complimentary access to CSIO membership.

Finevo

Finevo gives you access to discount mortgage and real estate products, gain referral payments, and attend education sessions and in-house training.

IBAC

Alongside their national association work, IBAC is engaged in connecting insurers and brokers via online services that streamline the insurer-broker channel and improve client experience. Brokers also have access via IBAC to the latest marketing tools created for the national broker advertising campaigns.

Opta

Opta offers loss control services through the iClarify residential, farm and commercial property evaluations calculator.

Sage

Sage provides IBAA members with sage advice as well as exclusive E&O and D&O insurance provided by Swiss RE, and Cyber insurance provided by April Canada.

OFFICE MANAGEMENT

Our office management perks help maintain one of the most important aspects of your business: your team and office environment.

Silverberg Group

The Silverberg Group work with organizations of all sizes, taking care of your employees group benefits and pension. IBAA members get a complimentary analysis and strategy.

ProNavigator

ProNavigator's AI-powered knowledge management system gives brokers instant access to the information they need.

IBAA's core value lies within our advocacy efforts, broker-centric PD offerings and connection opportunities, but our member perks program offers our broker network additional and more tangible benefits in the form of savings and industry specific tools. Maximize your IBAA membership by visiting our website or by contacting our membership team at membership@ibaa.ca.



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Is insured entitled to SEF No. 44 benefits if he lied on Section B benefit application?

by SaraHart, K.C. & David Cowley-Salegio

Imagine an insured in Alberta is covered by a standard SPF No. 1 automobile policy as well as an SEF No. 44 endorsement. The standard policy provides Section B benefits for injuries that the insured suffers as a result of an accident, and the SEF No. 44 requires the insurer to step into the shoes of an unidentified or inadequately insured driver in order to provide coverage to the insured. Imagine that the insured is injured in an accident with an unidentified driver and claims both Section B benefits and SEF No. 44 benefits based on that accident. If the insured lies in his application for Section B benefits and thereby forfeits his right to those benefits, is he still entitled to SEF No. 44 benefits? Can the insured preserve his entitlement to SEF No. 44 benefits, or does he get nothing?

These were the facts and questions before the Alberta Court of Appeal in *Abbas vs. Esurance Insurance Company of Canada*.¹

A Fraud or Wilfully False Statement Invalidates a Claim for Section B Benefits

Section 554(1) of Alberta's Insurance Act² states:

If...

- (b) the insured contravenes a term of the contract or commits a fraud, or*
- (c) the insured wilfully makes a false statement in respect of a claim under the contract,*

a claim by the insured is invalid and the right of the insured to recover indemnity is forfeited.

Although "fraud" and "false statement" were not legislatively defined, the Court of Appeal relied on their accepted common law definitions: a "fraud" is a "knowing misrepresentation or knowing concealment of a material fact made to induce another to act to his or her detriment," a "false statement" is an

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“untrue statement knowingly made with the intent to mislead.”⁴

In this case, the insured, Mr. Abbas, admitted that he committed a “fraud” and a “false statement” under s 554 of the Insurance Act when he lied about his employment history, lied to the adjuster and provided a false employer’s certificate and hiring letter in order to obtain Section B benefits.⁵

But What About the SEF No. 44 Benefits?

The Court of Appeal was unequivocal: by committing the fraud and making the false statement with respect to the Section B benefits, Mr. Abbas lost his entitlement to SEF No. 44 benefits as well.

The court affirmed the well-established principle that “an insurer is relieved of the obligation to pay any claim made by an insured who makes a wilfully false statement in a proof of loss that is material, including any claims untainted by the fraud.”⁶ In the court’s opinion, the principle had evolved into a hard and necessarily severe point:

[This rule of law] sends an unequivocal message to would-be-insured fraudsters—any false statement in a proof of loss will deprive an insured of all benefits linked to the same loss-causing events claimed under the same insurance policy, including those benefits not tainted by the false statement. This is a draconian doctrine, but it needs to be. Nothing less will have the desired effect. A bright-line rule is undoubtedly essential.⁷

The court reasoned that, without this broad effect, there would be no deterrent. A fraudster would likely only pursue eligibility through fraud where they could not get it honestly

with a valid claim, so disqualifying only the claim that was directly tainted by the fraud would attach no risk to perpetrating the fraud, since nothing was lost and nothing was gained.⁸ Under the broader principle, the fraudster is forced to put more on the line.

False Statement vs Collateral Lie

Despite being broad, the principle does not cover all manner of false statements. The court distinguished

“... he lied about his employment history, lied to the adjuster and provided a false employer’s certificate and hiring letter in order to obtain Section B benefits.”

between a false statement that bears upon the insured’s claim, which will trigger their loss of coverage, and a “collateral lie,” which will not.

The Court of Appeal offered the following illustration:

[Not just] any false statement an insured makes in support of a claim will deprive the insured of the benefit of insurance coverage. Suppose an insured files a proof of loss claiming that a thief broke into his Cadillac Escalade while the insured was having dinner with his wife and stole his golf clubs and his computer. He was not having dinner with his wife—he was having dinner with his mistress. Not only must an insurer prove on a balance of probabilities that the insured knew the information the insured provided the

insurer was false or was reckless, it must also prove that it was material to one of the claims. It must be more than a “collateral lie” designed to bolster an otherwise valid claim that, while false, has no impact on the claim.⁹

The Take-Away

For the Court of Appeal, the ends justified the means. The court recognized the disparity of information available to insurers as opposed to insureds, who were in the best position to provide accurate proofs of loss.¹⁰ In light of this disparity, an admittedly “severe” measure was necessary to deter the making of false claims and, more broadly, to reduce the cost of insurance for the collective.

In case there was any doubt, the Court of Appeal in *Abbas* has provided strong authority that would-be-insured fraudsters will be putting a lot on the line when they make false claims for coverage beyond what they are already entitled to. Reaching for more can land them with nothing at all. 🚫



SARA HART, K.C. & DAVID COWLEY-SALEGIO are lawyers with Dentons Canada LLP and practice in the professional liability insurance area. Sara.Hart@Dentons.com David.Cowley-Salegio@Dentons.com

1 2023 ABCA 36 [*Abbas*].⁷ *Abbas* at para 91.
2 RSA 2000, c I-3 [*LA*].⁸ *Abbas* at para 93.
3 *LA*, s 554(1).⁹ *Abbas* at para 91.
4 *Abbas* at para 21.¹⁰ *Abbas* at para 85.
5 *Abbas* at paras 5 and 22.¹¹ *Abbas* at paras 34
6 *Abbas* at para 34. and 85.

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THE TWENTIES

A NEW ERA OF INNOVATION

IBAA CONVENTION GUIDE

MAY 7-9 | FAIRMONT BANFF SPRINGS HOTEL

Brokers and their industry partners come together to learn and collaborate on a shared vision for the future of our industry. Learn new strategies, earn 13 CE credits, make lasting connections with industry stakeholders and vendors, and develop a new direction for your business.

IBAA's 2023 convention offers three key elements of innovation: inspiration, connection and collaboration.

INSPIRATION

(SPEAKERS & SESSIONS) 25-28

Gain valuable information and insight into insurance industry issues and business improvement opportunities (not to mention your annual 13 mandatory education credits)

CONNECTION

(DIALOGUE, NETWORKING & ENTERTAINMENT) 29-30

Get to know your fellow brokers as they gather exchange information and celebrate achievements while enjoying fantastic food and having fun.

COLLABORATION

(TRADESHOW EXHIBITORS) 31

“IDEAS ARE LIKE RABBITS. YOU GET A COUPLE AND LEARN HOW TO HANDLE THEM, AND PRETTY SOON YOU HAVE A DOZEN.”

— John Steinbeck (1902-1968), Nobel awarded author

INSPIRATION SPEAKERS & SESSIONS



CULTURE IS THE NEW STRATEGY: WHY A RETURN TO HUMAN CONNECTION IS NO LONGER AN OPTION!

EDUCATION | SUNDAY 12:00–1:00 PM

“Culture” has been a buzz word within organizations for years, so what is different now? The answer is EVERYTHING. Between the new generations entering the workforce and the lingering shift Covid brought, we are seeing unprecedented changes in the workplace. Employees are increasingly seeking value and purpose in their jobs and doing things the way you have always done them will no longer work. Culture is a company’s DNA. It is the most important because it can dictate how we handle change, has a direct effect on engagement and motivation and can determine the long-term viability of an organization. Join **Oliver Baezner**, founder of Sonic Breakthrough Coaching, as he shares his insights on establishing a culture that inspires and propels success.



AI APPLICATIONS AND BUSINESS IMPACT IN INSURANCE OPERATIONS

EDUCATION | SUNDAY 1:00–2:00 PM

As the lead data scientist for Trufla Technology, an insurtech operating out of Calgary, **Philip Ciunkiewicz** has contributed to the digitization of the Canadian insurance industry and the start of widespread adoption of AI tools in insurance operations. In this session, learn how to use AI technology to improve almost every aspect of your business—from enabling more efficient customer service delivery to streamlining workflow processes.



NAVIGATING THE RATE FREEZE: WHY AUTO INSURANCE SHOULD NEVER BE USED AS A POLITICAL TOOLS

EDUCATION | SUNDAY 2:15–3:15 PM

Celyeste Power, president & CEO, Insurance Bureau of Canada, will discuss the impacts of the government’s rate freeze, why politicizing auto insurance doesn’t work and what brokers can do to help their customers navigate this period. A rate freeze doesn’t make auto insurance more affordable for consumers—it pushes the problem down the road as the industry—and consumers—experienced just a few short years ago. IBAA president **Barry Haggis** will join Celyeste to discuss the challenges the industry and consumers are facing and how reforms can make auto insurance more affordable for Albertans.

“FINDING OPPORTUNITY IS A MATTER OF BELIEVING IT’S THERE.”

— Barbara Corcoran (born 1949), Businesswoman, investor, and consultant

INSPIRATION SPEAKERS & SESSIONS

INTELLIGENCE AND THE LATEST IN VIDEO-BASED TELEMATICS CAN HELP AVERT FURTHER CRISIS WITHIN THE COMMERCIAL FLEET INSURANCE MARKET

EDUCATION | SUNDAY 3:15–3:45 PM



The Facility Association (our insurer of last resort) has amassed far too much market share of the commercial fleet insurance market, resulting from a lack of risk appetite from voluntary carriers. Former president & COO of Pafco and Pembridge insurance companies **Bob Tisdale** and the Facility Association's vice president, government relations & communications **Derek Tupling** will explore how partnering with industry stakeholders—actuaries, brokers and commercial underwriters—will elevate the problem and solution set, so that standard market carriers take notice and re-enter the market leveraging the new technology solutions available.

KEYNOTE INNOVATIVE THINKING FOR INSURANCE BROKERS

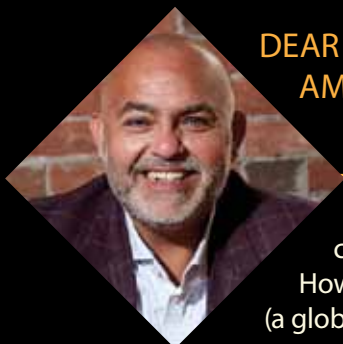
EDUCATION | MONDAY 9:00–10:00 AM



Get ready to re-imagine your innovative potential with this energetic and entertaining keynote program by 29-time Emmy award winner and member of the National Speakers Association's Hall of Fame **Bill Stainton**. The insurance business faces unique challenges, and these challenges require innovative solutions. This keynote dispels many of the misconceptions about innovation that keep some brokers from even trying and introduces some easy and effective ways to start innovating—immediately!

DEAR BROKERS, YOU'RE MORE LIKE AMAZON THAN YOU THINK

EDUCATION | MONDAY 11:30 AM–12:00 PM



Amazon does not sell a product, it gives online shoppers optimized choice for their perspective needs, and it does it better than anyone. How? It uses big data and automation. **Sherif Gemayel**, CEO of Trufla (a global software provider for insurance brokers), will deep dive into how you can use unprecedented amounts of data to inform and transform your strategies so you can sell not just choice, convenience and optimization, but also create an experience that direct writers simply cannot. Not only that, he will show you how you can use data and AI to help make targeted and informed decisions about your brokerage while also cutting down operational expenses by automating day-to-day tasks.

“THE CREATION OF A THOUSAND FORESTS IS IN ONE ACORN.”

— Ralph Waldo Emerson (1803–1882), Essayist, lecturer, and philosopher

INSPIRATION SPEAKERS & SESSIONS



INFLATION, RATES & TURBULENCE: HOW DO WE NAVIGATE 2023?

EDUCATION | MONDAY 9:00–10:00 AM

Maureen Tomlinson, senior vice president, sales & professional services at Opta Information Intelligence, will discuss latest trends in material costs and share insights on the effects on reconstruction costs caused by economic turbulence.



INNOVATE YOU: THE POWER OF YOUR “OPTIMAL PERFORMANCE STATE”

EDUCATION | MONDAY 1:00–2:00 PM

What if you could get into (and stay in) your optimal performance state (OPS) more of the time? Well, then you would be unstoppable! Unfortunately, we’ve NOT been taught how to do this—until now! In this fun, interactive session, registered psychologist **Dr. Ganz Ferrance** shares a sustainable way to be effective in your career and be a high performer, while also enjoying the ride.



TRANSFORMING YOUR RELATIONSHIP THROUGH DIFFICULT CONVERSATIONS

EDUCATION | TUESDAY 8:00 –9:30 AM

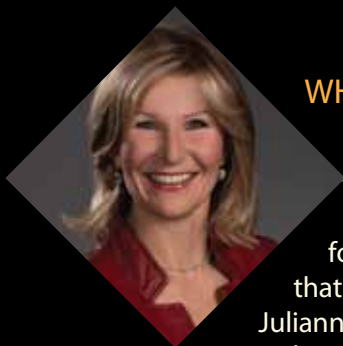
This is not just a seminar on conflict resolution or leadership or employee engagement. **Vik Maraj** will share concepts that will make a lasting difference in how you see yourself in relationships with people. This approach draws from the fields of ontology, transactional analysis, emotional intelligence, conflict resolution, neuro-science and hostage negotiation.

“THE VALUE OF AN IDEA LIES IN THE USING OF IT.”

— Thomas Edison (1847–1931), Inventor

INSPIRATION

SPEAKERS & SESSIONS



WHAT ARE YOU DOING WITH YOUR EMPLOYEES?

EDUCATION | TUESDAY 9:45–11:15 AM

Build your HR knowledge and skill to find the right employees for your organization and learn how to connect with them in ways that motivate them to stay and give you their very best. In this session, Julianna Cantwell (Chartered Professional in Human Resources and president of JUNA Consulting Inc.) will give you tangible take-aways, as well as many new, practical ideas you can implement right away to save you money, time, energy and brand reputation.



M&A LANDSCAPE: LESSONS FROM 2022 AND PREDICTIONS FOR THE FUTURE

EDUCATION | TUESDAY 11:30 AM–12:30 PM

In this session, Michael Morrow and Brendan le Nobel from BDO's mergers & acquisitions (M&A) and capital markets team will give an overview of the insurance brokerage M&A market. Discussion topics will include a review of M&A activity

in recent years, notable transactions in 2022, key trends by insurance carriers that will impact the market in the near-term, and predictions for M&A activity over the next couple years including expectations for transaction multiples. They will also discuss the growing role of private equity in the Canadian brokerage space, provide an overview of what consolidators are prioritizing as they evaluate opportunities, and dissect the challenges facing smaller and regional brokerages as they look to compete with an increasingly consolidated market.



“IF THE ONLY TOOL YOU HAVE IS A HAMMER,
YOU TEND TO SEE EVERY PROBLEM AS A NAIL.”

— Abraham Maslow (1908 – 1970), Psychologist

CONNECTION

DIALOGUE & EVENTS



GOLF TOURNAMENT

EVENT | SUNDAY 10:00 AM SHOTGUN START

Connect with industry colleagues and enjoy a round of golf at the majestic Banff Springs Golf Course. Registration opens at 9:00 a.m.; shotgun start at 10:00 a.m. Rain or shine, golfers of all skill levels and abilities are welcome. Play your own ball format.

EXECUTIVE PANELS

EDUCATION | SUNDAY 4:00–5:00 PM
MONDAY 10:15–11:15 AM

Sharing insights. Answering questions. So much to talk about. Join high-level industry leaders for a moderated discussion around key industry topics and current events.



KICK OFF PARTY

EVENT | SUNDAY 7:00 PM–MIDNIGHT

Ahoy, maties! Join us for a pirate-themed evening of food, drink and fun with your fellow swashbucklers. Hosted by Peace Hills.

BROKER EXCHANGE

EDUCATION | MONDAY 2:15–3:15 PM

In this broker-only session, share your concerns and perspectives about the industry with your peers. Come prepared to ask questions and use industry colleagues as a sounding board.



“A SHIP IS SAFE IN HARBOUR, BUT THAT’S NOT WHAT SHIPS ARE FOR.”

— William Shedd (1820–1894), Presbyterian theologian

CONNECTION

DIALOGUE
& EVENTS



PRESIDENT'S CHAMPAGNE RECEPTION & GALA

EVENT | MONDAY 6:00 PM

THE ROARING 20s! Turn back the clock to a century ago and join us for an elegant night full of amazing food, entertainment and company. Don your Gatsby attire (optional) and help us welcome our new IBAA president, Jonathan Brown.

GALA AFTER PARTY

EVENT | MONDAY 10:00 PM–1:00 AM

Visit the Prohibition Lounge for music, cocktails and bubbly delights. Hosted by Wawanesa Insurance.



TRADE SHOW

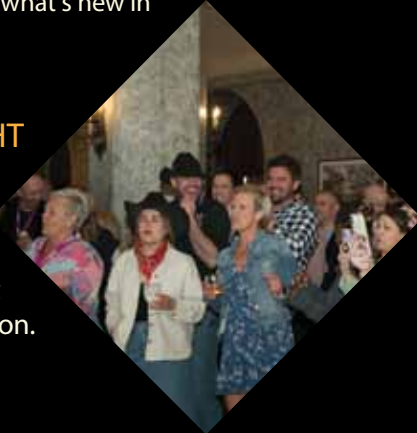
EVENT | TUESDAY 12:30–4:30 PM

The IBAA convention trade show is an opportunity for brokers and industry partners to connect, network and explore what's new in the industry.

HOSPITALITY NIGHT

EVENT | TUESDAY 6:00–9:00 PM

Enjoy food, drink and connection with your fellow delegates as you close out the convention.



AFTER PARTY

EVENT | TUESDAY 9:00–...

For those who want to ride that hospitality wave even longer, make your way to the after party and cap off the convention with more cocktails and fun! Hosted by SGI Canada.

COLLABORATION TRADESHOW EXHIBITORS

BOOTH # COMPANY

86	Accusome
13	Acturis Canada Inc.
17	Agile Underwriting Solutions
2	Allianz Global Assistance
22	AMI
57	Applied Systems Canada
52	April Canada
27	ARAG Legal Solutions Inc.
74	Aurora Underwriting Solutions
34	Aviva Canada
68	Ballad Consulting Group
38	BDO Canada LLP
50	Beazley Canada
75	Beck Glass Insurance
8	Belfor Property Restoration
20	BioSweep
35	BMO Commercial Banking
90	Broker Canada Insurance Group
31	Brokercore Inc.
78	Burns & Wilcox Canada
89	CAFO Inc.
55	Chubb Insurance Company of Canada
56	ClaimsPro
88	Coalition Inc.
85	CRU GROUP
65	CSSI
69	DKI Canada
71	DocuSketch
46	Echelon Insurance
79	ECL Group of Companies
61	FIRST Insurance Funding of Canada
14	First Onsite Restoration
7	Fortress Insurance Company
23	Forward Insurance Managers
29	Four Points Insurance
81	Great American Insurance Group
11	GUS & PC Group
33	IBAA
41	Ideal Ag & Marine
72	IFS Insurance Premium Financing
45	Imperial PFS Canada
24	Insurance Institute of Southern Alberta
54	Intact Public Entities
19	Iterro Inc / Pathway

BOOTH # COMPANY

42	K&K Insurance Canada
58	Lydale Construction
30	Milnco Insurance Broker Solution Centre
83	Modern Specialty Insurance
51	National Bank of Canada
59	NIRIX Inc.
28	Opta Information Intelligence
26	Optiom Inc.
60	PAL Insurance Brokers Canada
37	Paul Davis Restoration
25	Peace Hills General Insurance Company
36	Pembridge Insurance Company
18	PMR Insurance Services Ltd
5	Premier Marine Insurance Managers Group
21	Primaco
6	ProNavigator
40	Puroclean Canada
84	PYIB
15	Quandri
80	QuickFacts
64	Rainbow Restoration
76	Revau
4	RMA Inc.
43	Sandbox Mutual Insurance
70	ServiceMaster Restore of Calgary
47	SERVPRO
39	SGI Canada
82	Simplicity Car Care
32	Sonic Coaching
9	Specialty Wholesale Services
73	SPG Canada
77	Stonemark Inc.
12	SUM Insurance (Strategic Underwriting Managers Inc.)
53	Swift Underwriting Solutions
67	The Mutual Fire Insurance Company of BC
3	Totten Insurance Group
62 & 63	Travelers Canada
10	Trinity Underwriting
48 & 49	Trufla Technology
87	TuGo
44	Vertafore Canada
16	Victor Canada
1	WINMAR Property Restoration Specialists
66	Wynward Insurance Group

CELEBRATING THE IBAC BIPPER

by Linda Dolan

Brokers from across the country knew that they had to mobilize and fight back. Letting banks sell insurance at the point of granting credit would not only harm consumers, it would erode Canada's competitive insurance marketplace, putting all Canadian insurance brokers in jeopardy.

IBAC met with Minister MacDougall in Ottawa, where it became very apparent that politicians did not know what P&C insurance brokers did and often mistook them for life insurance agents.

IBAC decided to create a national image-building campaign to educate politicians and consumers on the important role of the insurance broker. The mission statement of the campaign was to promote the value of the insurance broker distribution system to consumers, insurers and governments.

In 1988, the Broker Identity Program (BIP) was introduced, featuring the Bipper logo. A national advertising campaign aimed to raise the profile of the profession, and the IBAC lapel pin became a visible symbol that unified insurance brokers across Canada and continues to do so today.

The original Bipper depicts a "human being wrapped in a symbolic blanket indicative of comfort, care, security and warmth." The magenta color was chosen to make sure it stood out.

Successive brand awareness studies showed that the impact of the BIP campaign grew steadily over the years, and our brand has become well recognized by politicians, consumers, insurance stakeholders and community leaders as a symbol of trust and integrity.

The branding is particularly powerful in supporting IBAC's federal advocacy. Each year brokers go to Ottawa for our annual *Hill Day* in a wave of magenta that is well recognized and respected by parliamentarians who welcome broker constituents from their local communities.

In 2018, the 30th anniversary of the Bipper, IBAC updated the logo to what it is today, simplifying and modernizing the design for today's digital environment and refreshing the brand to keep it top of mind.

The national BIP advertising strategy continues to elevate and promote the broker profession across Canada. Our newest campaign with tv and digital ads will have launched by the time you are reading this. It is based on the idea that nothing works without insurance, and insurance works best with an insurance broker.

You need insurance for almost everything—driving to the store, owning a home, opening a business, traveling—all the daily things that we might take for granted. And insurance works best when you have a broker providing choice, advice and advocacy.

The campaign is also elevating the profession and portraying it as a great career, helping to attract and retain new people to the industry. A series of videos will show real brokers across Canada in short vignettes that illustrate what brokers do for their customers and their communities.

Our member associations and their members will have access to all the creative assets, which they can leverage in their own advertising strategies.

With the support of all brokers

2023 marks the 35th anniversary of the Bipper—IBAC's iconic logo—and that's something to celebrate!

When I travel across the country as IBAC's president, I am always proud to notice the brokerage offices that display the magenta logo on their storefront signage. These brokers obviously understand the value of this time-honoured symbol and what it represents.

I would like to provide some history and context and hopefully encourage even more brokers to embrace the Bipper and benefit from the positive image and brand recognition it provides.

In 1986, Canada's minister of state for finance, Barbara MacDougall, tabled a whitepaper in the House of Commons announcing that the government was about to allow banks to sell insurance.

across Canada united under the Bipper logo, we are a force to be reckoned with as we continue to strengthen and protect the broker channel and advocate for insurance brokers and consumers.

Without the vision of our IBAC predecessors in creating the Bipper logo in 1988, and the hard work that IBAC has done to continually promote it for 35 years, I often wonder how different our industry would look.

For myself, I am grateful for this powerful symbol of our profession, and I encourage all brokers to carry the torch to ensure it remains strong for years to come.

Thank you and please reach out. I would be happy to answer any questions you may have.



LINDA DOLAN
President
IBAC
ibac@ibac.ca



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IMPORTANT NOTE TO MEMBERS:

Our Website, Portal, & Payment Process is Changing!

Exciting changes are coming to our website and member portal this year. We are moving to a new member management system to provide a better user experience. Due to limitations within our old system, your CE history will not be saved during the transition. Please make sure you download and save the last four years of your CE history for your records.

We will also be adopting a faster and easier way to process payments for courses, events, and merchandise. After the change, **the 'Bill Me' option will no longer be available.** Members will be required to pay for courses upfront with a credit card. Please coordinate with your finance team to review and update your internal processes.

Questions? Email communications@ibaa.ca

CLARIFYING

GOVERNMENT ACTION ON

AUTO INSURANCE PREMIUMS



Albertans are concerned about the affordability and accessibility of auto insurance. That's why, effective January 25, 2023, the Government of Alberta directed the Automobile Insurance Rate Board (AIRB) to pause new rate approvals that increase auto insurance premiums for Albertans. From that date until December 31, 2023, insurers cannot apply for new increases to Albertans' private passenger automobile insurance premiums.

Even with this change, some Alberta drivers may still see rate increases on their renewals in 2023. This may be due to previously approved rate changes (e.g., increases that were approved before January 25, 2023), changes to driving records including at-fault claims and tickets, or changes to insurance profiles (e.g., a new address or a different vehicle being insured).

Superintendent of Insurance Bulletins

The following two Superintendent interpretation bulletins, effective January 25, 2023, were introduced in conjunction with the rate pause to address concerns raised by Albertans regarding insurers restricting access to premium payment plans and additional auto insurance (collision and comprehensive) coverage:

Interpretation Bulletin 01-2023: Premium Payment Plans for Private Passenger Vehicle Insurance

Insurers are prohibited from denying an applicant or insured the option to pay their annual premium in 12 or fewer installments, except under limited circumstances. (See Q&As re Interpretation Bulletin 01-2023, for more details on the Bulletin's application).

Premium payment plans are a convenient way for customers to pay their premium, as auto insurance is mandated by law and is often a major expense. It is an important tool to improve access and availability

continued on page 36



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of insurance to a broad range of consumers.

Premium payment plans are particularly important to drivers with low incomes or high premiums, who could find it difficult to pay for their full year of insurance in advance. There is concern that if these drivers cannot access premium payment plans, they may drive uninsured.

Interpretation Bulletin 02-2023: Underwriting Rules Pertaining to Section C Coverage

Insurers are also prohibited from changing their underwriting rules that would deny or no longer provide additional (or “Section C”) coverage to Albertans. Government heard concerns from Albertans regarding the challenges they face when insurers deny them the option to maintain their additional coverage when renewing their private passenger vehicle insurance policy or deny them the ability to obtain additional coverage when purchasing a new policy. While additional coverage is not required by law, this coverage is usually contractually required by lenders and lessors.

Consumer Education

It is important for insurance brokers to help consumers understand how the rate pause and the interpretation bulletins apply to them, as some Alberta drivers may be confused about why they are still seeing rate increases on their renewals or are being denied access to premium payment plans and additional coverage.

Next Steps on Auto Insurance

These immediate affordability measures were taken to help Albertans struggling with higher costs due to inflation. They provide meaningful relief to Albertans in the short term, while providing the time necessary for government to work with industry to examine longer term options that will address both affordability and sustainability.

The Alberta government is working to strike a balance between affordable insurance premiums for Albertans and industry sustainability. Ensuring that the industry is sustainable is the best way to ensure that Alberta’s insurance market remains healthy and competitive, providing Albertans with choice.

Q&As re Superintendent of Insurance Bulletin 01-2023: Premium Payment Plans for Private Passenger Vehicle Insurance

The following questions were received from the insurance industry by the Superintendent following the January 25, 2023, publication of Bulletin 01-2023. These questions and answers are shared with the insurance industry in an effort to provide clarity of regulatory perspective and expectations about this bulletin. Questions about these Q&As may be emailed to the Superintendent’s Office at tbf.insurance@gov.ab.ca.

Is it acceptable to limit an applicant/insured to a three-payment plan option or is the intention that a 12-payment plan option is always available?

The Bulletin does not specifically require insurers to offer a 12-installment plan. The Bulletin states that a premium payment plan must be offered, except in the circumstances outlined therein, and that the plan must allow payment in 12 or fewer installments. At this time, insurers do have some flexibility in that regard, but it is also our expectation that they respect the spirit and purpose of the bulletin. We also understand that most insurers offering installment plans are generally on a 12-installment basis, so fewer than 12 will be the exception rather than the rule.

Is an insurer permitted to continue applying payment plan restrictions as per its current filed underwriting rules?

Regardless of an insurer’s filed underwriting rules, effective January 25, 2023, access to a premium payment plan for private passenger

vehicle (PPV) insurance customers can only be refused/prohibited for the reasons set out in the bulletin.

Is it acceptable to not offer payment plan options when an applicant does not provide consent to check their credit score?

No. Credit check consent is not a reason listed in the bulletin for an insurer to refuse or prohibit a payment plan.

If an insurer’s current messaging generated in its online quoting system indicates that it does not provide payment plan options when coverage restrictions are applied as per its underwriting rules, is the insurer required to discontinue this messaging, or can it retain the existing messaging and only provide payment plan options on request?

No, the messaging must align with the bulletin.

Can insurers request an extension to the effective date of January 25, 2023, in order to allow time for insurers to implement required changes in their systems?

We recognize that implementation was immediate, and some insurers will need time to adjust; however, insurers are expected to make best efforts to ensure that, even for renewals that have already been sent out, but are not yet in force, customers are given the option of a premium payment plan if they want or need one. Implementation extensions will not be granted.

Once an insurer has updated its underwriting rules to be compliant with any bulletins, do they need to be filed anywhere?

Insurers are not required to file underwriting rules or their changes with the Superintendent except when specifically requested by the Superintendent.

It is incumbent upon the insurer to ensure its rules are compliant with the bulletins. If any of the changes to the underwriting rules are specific to premiums and rating programs, they should be submitted to the AIRB.

If an insurer did not offer any payment plan as of January 25, does it need to create one?

Most insurers already have established premium payment plan options as of the effective date of the bulletin; however, if an insurer, as of

January 25, 2023, required all of its PPV customers to pay their premium in full, then that insurer is not required to create one. The intent of the bulletin is to set out expectations for insurers that already have a premium payment plan option available to consumers.

If the applicant/insured owes money on another auto policy, do they have to pay the amount owed before getting a payment plan?

The bulletin does not address this issue. However, as set out under Adverse contractual action section 555(4) of the Insurance Act, an insurer may refuse to renew or issue a contract for basic coverage on private passenger vehicles until arrears are paid to the insurer to which the arrears are owing. If the new/current insurer chooses anyway to offer an insurance policy, a payment plan should also be offered—provided an exception set out in the bulletin does not apply. For example, if Insurer A receives a new application from a person who owes \$100 premium to Insurer B, and the applicant has only one cancellation for non-payment on their record, if

Insurer A chooses to offer the applicant insurance without confirming the \$100 owed is cleared, Insurer A is obliged to offer a payment plan.

Can an insurer add a new premium payment plan option for auto insurance policies that has a fee applied?

Yes; however, Bulletin 01-2023 sets out that when an insurer charges a fee for the premium payment plan, the insurer must charge all customers the same reasonable rate or fee for it. It is not permitted for an insurer to charge some customers a higher fee compared to other customers.

Is an insurer permitted to execute the terms of its payment plan, such as requiring the remaining premium be paid in full, in the case an insured misses one or more payments during the policy term?

Yes. When an insurer and an insured enter into a premium payment plan agreement, it is reasonable that the insured make the required payments on the plan, or face the consequences set out in the plan, such as full payment of the

remaining premium, or cancellation for non-payment of premium. Even in such a circumstance, providing the circumstances do not justify an exception as set out in Bulletin 01-2023, the insured will be eligible to have a plan reinstated at the policy anniversary.

Since the bulletin only applies to PPVs, must an insurer offer a premium payment plan when there is a mix of PPV and non-PPVs insured on a policy?

Not when the mix includes a commercial vehicle, nor when the vehicles qualify as a fleet. For example, if the policy insures two PPVs, a snowmobile and an ATV, the Bulletin applies; however, if the policy insures two vehicles, one of which is a PPV and one of which is used commercially as a transportation network vehicle, the Bulletin does not apply.

MARK BRISSON
Superintendent of Insurance
Government of Alberta



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ONE MEMBERSHIP MANY BENEFITS

CREATE A CSIO ACCOUNT!

BY STEPHANIE IACONO

The Centre for Study of Insurance Operations (CSIO) membership comes with a variety of benefits, and as an Insurance Broker Association of Alberta (IBAA) member, you're eligible to access helpful CSIO resources and solutions. CSIO is a Canadian association that collaborates with brokers, insurers and vendors to advance data standards and technology for the property and casualty (P&C) industry.

Accessing CSIO offerings is easy. Simply create an account at csio.com to get set up in a few minutes. Join the thousands of broker members (and counting) who are already leveraging the benefits below and deliver an even better insurance experience to your customers.

THE MAIN BENEFITS OF A CSIO MEMBERSHIP

While there are more advantages to having a CSIO account than the ones listed below, these are the ones our broker members rely on the most. If you have questions on the following services or any other inquiries, email

membership@csio.com. A CSIO team member will be happy to assist you.

Industry Forms

Over 100 standard insurance forms across all lines of business that save you time and money are easily downloadable from the CSIO website. All our forms are mapped to Electronic Data Interchange (EDI) and Extensible Markup Language (XML) data standards, facilitating smooth integration with your systems.

Professional Development

CSIO offers free, online educational courses so you can learn on your own time, as well as regularly scheduled webinars. All our offerings are accredited, certificates are available for download immediately after you complete a course and shortly after you've completed a webinar. CSIO has four education streams: Cybersecurity, Digital Marketing, Technology Innovation and we introduced Industry Trends and Initiatives this year based on member feedback. Our diverse catalogue of professional development content ensures you're receiving formal

training from industry experts on topics that align with your educational goals. Earn continuing education (CE) credits that contribute to maintaining your broker license, and build useful skills along the way, by starting your CSIO education today.

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After completing a minimum of six CSIO courses, you will be awarded CSIO's digital broker designation. It's a great way to demonstrate your commitment to professional development at your brokerage with an industry-recognized certificate and congratulatory logo that highlights your versatility and achievement in education. A growing list of digital brokers is displayed on the CSIO website and featured on our social media channels.

News and Insights

CSIO collaborates with insurance leaders via several industry working groups to drive emerging technologies and provide our members with innovative solutions. These talented teams regularly improve data

standards, solutions and processes the broker channel relies on, and when they do, we want to make sure you realize the benefits. We're committed to keeping you informed with articles, newsletters and social media updates.

SOLUTIONS THAT ADVANCE THE INDUSTRY

In addition to the member benefits above, CSIO offers the option to access the industry-leading solutions below. Lots of helpful information on CSIONet and My Proof of Insurance is available on the CSIO website.

CSIONet Industry Network

CSIONet is an established P&C industry platform on which data and documents are exchanged between insurers and brokers. The platform sends eDocs and uses EDI and XML to allow brokers to automatically download policy information. More than 38,000 brokers use the network on a daily basis. Last year, CSIONet was upgraded from physical servers to robust, state-of-the-art Amazon Web Services (AWS) cloud servers. Since the move to AWS, CSIONet has experienced significantly faster speeds, enhanced security, improved problem detection and resolution capabilities, as well as an increased capacity to accommodate the system's ever-growing volume of eDocs and EDI transactions. The platform also gained streamlined innovation capabilities which we will leverage in the future when enhancing CSIONet to meet evolving customer needs.

My Proof of Insurance (MPOI)

My Proof of Insurance is Canada's leading solution for fast, electronic delivery of personal and commercial policy documents (eDocs), billing statements and proof of auto insurance (eSlips) to customers directly from your broker management system (BMS.) Clients can store an eSlip in their smartphone's digital wallet and conveniently show it on their mobile device without downloading an app or setting up a password. MPOI is

regulatory-compliant and its bank-grade security ensures customer data is safe. Implementing the solution at your brokerage requires only minimal training and once you're set-up, the CSIO website has an in-depth video, marketing guide and accredited course to help you get the most out of MPOI. Over 1.7 million digital documents have been sent via MPOI since its launch in 2018. Consider enabling the solution for your customers.

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MANAGING E&O RISK EMANATING FROM OTHERS THROUGH — Contract Diligence —

by Robert Mahomed

Brokerages rely on a network of partners, suppliers and systems to provide services to clients. Unfortunately, the acts or failures of others can lead to claims against a brokerage who remains on the frontline vis-à-vis its clients when something goes wrong. How do you manage this risk?

Contracts can play a key risk-management role. A well-drafted contract will greatly assist in the event of a third-party error that leads to a claim against the brokerage.

Therefore, it is strongly recommended to seek qualified legal advice in line with the scope and value of services to be performed. That being said, from an **E&O perspective**, the following can serve as a basis of discussion with the brokerage's legal advisor(s):

Defining the scope of the contract:

- Services to be performed.
- Products to be offered.
- Results to be achieved.

Setting out the obligations of each party under the contract:

- Avoid taking on the legal obligations of another.
- Beware of contract silence that could open the door to interpretation that shifts obligation.

Setting out what happens in the event of a problem:

- Indemnity Clause—obligation to indemnify, hold harmless and/or defend; usually bi-lateral but should not just be in favor of the counterparty.
- Limitation of Liability Clause (LOL)—identifies a liability amount cap; may be present or desirable and should be commensurate with contract's value and scope of services.
- Beware of contractual shifting toward the brokerage of legal obligations of the counterparty.

Insurance:

- Counterparty should carry and evidence E&O with a limit reasonable and commensurate with the scope of services, contract value and potential impact of an error to the brokerage.
- Is the counterparty requiring to be added as an insured on the brokerage's policy (handle with care)?
- Consider the desirability of requesting that the brokerage be added as additional insured on the E&O policy of the counterparty for its vicarious liability exposure?

From the perspective of E&O insurance, a good rule of thumb is "my acts, my policy—your acts, your policy." Therefore, third-party provider requests to be added as an additional insured on the brokerage's policy

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should be considered carefully. Why should a brokerage assume the risk associated with actions over which they have little to no control? However, it is not necessarily unreasonable for the provider to request to be protected from claims arising out of the brokerage's acts. In this case, and assuming one's E&O insurer agrees, the provider might be added to the brokerage's E&O policy but only for the provider's vicarious liability exposure ("infection risk"). As noted above, the same consideration might also apply the other way around.

Claim Example 1

A brokerage, acting under a delegated authority contract (as coverholder), placed a property policy. The property was subject to a mortgage, and the policy premium was financed by a premium financing company. When the policyholder stopped making premium payments, the premium financing company cancelled the policy and sent notice to the policyholder as well as to the carrier on risk. Unfortunately, no notice was sent to the mortgagee. The property was subsequently destroyed by fire resulting in an estimated \$300,000 loss. As there was no longer any coverage in place, the mortgagee brought a claim against the brokerage alleging that, as coverholder, it owed a duty of notice of cancellation to the mortgagee.

Upon review of the coverholder agreement, the claim handler found no express obligation imposed on the brokerage to notify a lienholder in the event of policy cancellation, a fact favorable to the defense argument. Also, the contract stipulates that the carrier will indemnify and hold harmless the brokerage in the event of a claim be made against the brokerage arising out of the carrier's acts. This is favorable to the brokerage (recourse) and by extension the E&O carrier (subrogation).

In an ideal world, the coverholder agreement would have contained a clause expressly stating that the brokerage assumes no obligation of the insurer that is not specifically set out in the contract. This might have allowed for an early determination of no liability to the brokerage, avoided expenses incurred in rebutting the alleged failure to notify and reduced the risk of an alternate interpretation by the court if this matter needs to be litigated.

Claim Example 2

A brokerage, acting under delegated authority (as coverholder), placed a general liability policy for a plumbing company. The policy was meant to include a welding warranty endorsement, but a glitch in the third-party broker management system (BMS) would have suppressed printing of this form. A plumber caused a fire pursuant to welding work. The conditions of the welding warranty were not met, but in the absence of said endorsement, the carrier may not be able to deny coverage. The carrier is claiming against the brokerage should the carrier be held to provide coverage. Loss is in the order of \$600,000.

Upon review of the delegated authority agreement, the coverholder appears to allow discretion to the brokerage as to inclusion or not of the welding warranty. As a defense argument, if there is no obligation to include the endorsement, there should be no fault attributable to its absence. The indemnity and limitation liability provisions of the coverholder agreement could also be potentially relevant should there be a finding of liability against the brokerage arising out of this incident.

Claim Example 3

A brokerage based in province A is licensed and operates business in another province ("province B"). The province B book is serviced by a local province B broker. Per contractual requirements, the local province B broker needs to be added as a full additional insured onto the E&O

policy of province A broker. This goes against the general principle of: "my acts, my policy – your acts, your policy."

Province B broker placed an auto policy. There was an auto accident where the driver suffered permanent bodily injury. Due to alleged error of the local broker, there is insufficient coverage in place to address the life-long care needs of the injured insured. As a result of province B broker being an additional insured, it is province A broker's policy that must respond to the claim despite province A broker having had no involvement whatsoever in the placement of the auto policy. This is a large demand claim (seven figures).

Conclusion

As one can see, a well-drafted and clear contract is a powerful E&O risk management tool. It can help minimize misunderstandings and reduce subjective interpretations around obligations. And in the event of a claim, it will greatly assist the E&O carrier in its defense of the brokerage, negotiation of a reasonable settlement, and/or downstream recovery of any loss paid on behalf of the brokerage—all these factors being positive contributors to a brokerage's overall E&O risk profile and claims experience.

ROBERT (BOB) MAHOMED

is a Vice President and Senior Underwriter with Swiss Re Corporate Solutions. Prior to Bob joining the company in 2017, Bob spent 20+ years as a broker focused on addressing the Professional Liability exposures of international professional services and technology firms.



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PYIB SEASONAL CONNECTIONS

BY THE PYIB TEAM

Spring and summer offer more chances to get outside and to combine professional development with your social calendar. For young brokers, these in-person events can help grow your career, link to mentors and learn from industry pros. It's wise to look for opportunities to mix business and pleasure, whatever the weather outside. Professional growth and connections are built one keynote speech, trade show visit and golf swing at a time.

Convention Connections

Set your GPS for Banff and join insurance leaders from across the

province at the Fairmont Banff Springs hotel for IBAA's Convention 2023. From May 7-9, industry peers and partners gather to talk innovation and strategy. With a full schedule of education and entertainment, we're looking forward to being inspired by industry giants and innovators alike.

Meet the Members

PYIB is excited to have a booth at the convention's sold-out trade show. Come by the booth on May 9, to meet some of PYIB's members and learn more about how our goals tie into your success. We're looking forward to enjoying in-person conversations, welcoming new brokers and sharing

how PYIB can accelerate careers and build community. Or maybe just give you some free PYIB merch. Either way, the PYIB team will be excited to see you.

Take a Swing

A highlight of every spring is the annual PYIB golf tournament. We look forward to this longstanding tradition all year and are excited to announce that the 2023 edition is bigger and better. With more sponsors, more contests and more opportunities to connect on the course, you'll see why this is our marquee event.

Plan to be at the Alberta Springs Golf Course in Red Deer on Friday, May 26. Even better, join us first

for the pre-party Thursday evening. Registration is open now on the IBAA website.

Getting on Board

The change of season also brings a change to the PYIB board. We're pleased to welcome Connor Lea as our new board president and Rashmi Masih as our new vice president. We encourage you to look for our new board executive this summer to say your congratulations in person.

And keep an eye out at the lake, the golf course and the campsite--you never know when you'll spot a PYIB member enjoying our Alberta summer.

So, what does this mean for you as an Alberta insurance broker? It's a reminder to get involved and pay attention. Every election affects you and your business. Make the effort to be informed, understand the issues, talk to your candidates, and connect with your colleagues and neighbours.

In our opinion, your role is clear. The best kind of voter is an informed one. 🗳️



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IBAA AT WORK

WHAT'S GOING ON BEHIND THE SCENES AT IBAA?

Our team could give bees a run for their honey with the number of projects we've had on the go the past few months. We've mostly been focused on convention, AGM, election advocacy and our new member management system implementation, along with some exciting achievements within our Sage team.

AGM

Our annual general meeting (AGM) was held on April 25th. Thank you to those who took time out of their busy morning to participate. The AGM is a great way for our members to receive important updates and take an active role in association business.

CONVENTION

By the time this edition is published, we will be on our way, or nearly, to Banff for our 2023 convention. If you're able to join us this year, we look forward to seeing you there! If you weren't able to join us, we look forward to seeing you at convention 2024! Make sure you follow us on social media to keep up with event highlights and updates.

CONVENTION APP

If you are able to attend this year, please make sure to download our Convention 2023 mobile app. It houses the speaker and event schedule, maps, important live updates and much more. Information on how to download the app will be sent to all convention registrants a few days prior to the event.

PRESIDENTS

Convention, particularly the President's Gala, marks the succession of IBAA's president. This year we say goodbye to Barry Haggis and welcome incoming president Jonathan Brown.

As president, Barry put in an incredible amount of time and energy advocating on behalf of brokers and consumers. He worked tirelessly, connecting with candidates, elected officials and industry partners during the start of the 2023 election cycle and introduction of the rate pause. Thank you, Barry, for working so hard to keep industry and consumer concerns front of mind.

We are excited to welcome Jonathan Brown as president of the 2023-2024 board! We look forward to working with him as election season starts in earnest.

ASSOCIATION DNA

We are switching to a new member management system and website this July to provide a better user experience for our members. Due to a limitation with the old system, your CE history will not be moving to the new system. We encourage all members to download the last four years of your credit history. If you are having trouble accessing your account, please contact us at membership@ibaa.ca.

Alongside our new system, we will be adopting a new, more streamlined, payment process for courses, events and merchandise. The "bill me" option will no longer be available. In its place, members will be required to pay for course in advance with a credit card. We encourage you to coordinate with

your finance team to review and update your internal processes. If you have any questions about the change, please reach out to us at finance@ibaa.ca.

SAGE

Zara Heather, our Sage and professional development manager, fast tracked her way through the CAIB program and graduated CAIB 4 with honours at the beginning of this year. We're very proud of Zara for such a huge personal and professional accomplishment. As well, our amazing Sage advisor, Katy Lovegrove, is now the Sage designated representative. We're so lucky to have Katy as a member of our team. If you'd like to connect with Katy about Sage or her new role, email her at sage@ibaa.ca.

BROKER 101

The first half of our highly anticipated *Broker 101* course launched at the beginning of March. *Broker 101* is an on-demand online course designed by brokers to help those new to the industry develop vital skills that are covered during the licensing process. Whether you're new to the industry or just looking to explore a career change, this course will give you the confidence and tools you need to become an effective broker. Visit ibaa.ca for more information.

BE IN THE KNOW

Lots of exciting changes and opportunities are coming this year, so if you aren't signed up to receive our emails, or you haven't seen our name in your inbox in a while, reach out to us at communications@ibaa.ca.





A sustainable future for our communities

It's not always convenient for homeowners to make proactive upgrades, but they can take advantage of key windows of opportunity to build resilience into their homes.

Our two new climate coverages are designed to do just that.



Stronger Home coverage

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Learn more at [wawanesa.com/climatecoverage](https://www.wawanesa.com/climatecoverage)





Your Information Should Be **Exclusively Yours**

Your information is a vital part of your brokerage's success—don't share it unnecessarily with your competitors.

Sage's primary goal is to ensure IBAA member brokerages have a safe and confidential place to get expert advice and coverage. No need to share your sensitive business secrets with a competitor. Our only purpose is to provide E&O, D&O, and Cyber coverage to our members.

Contact us at sage@ibaa.ca for more information.