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**ALBERTA**BROKER

December 2023-January 2024

The *Alberta Broker* is the official publication of the



103, 9830 - 42 Avenue NW  
Edmonton, AB T6E 5V5  
T: 780.424.3320 • 1.800.318.0197  
F: 780.424.7418 • www.ibaa.ca

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Published six times annually by:



3 Deacon Lane, Sherwood Park, Alberta T8H 1M7  
T: 780.945.1934 • E: AlbertaBroker@LinkPR.ca

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*The Alberta Broker* accepts articles about the insurance industry and its people. Letters to the editor are welcome. The opinions and viewpoints expressed in *The Alberta Broker* may not necessarily be those of the publisher, the association or its members.

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# PRESIDENT'S MESSAGE

JONATHAN BROWN

This past fall, I had the opportunity to represent IBAA at several broker association events across the country. My stops included Lake Louise for the IBAC annual general meeting, Saskatoon for the IBAS convention and Toronto for the IBAOCon23.

Aside from my hectic travel schedule and spending far too many nights in hotels, one thing I am finding in common at all these events is the impact of brokers working together toward common goals. I am once again struck by the impact that our united voices can have—that even though we disagree sometimes, we really are all on the same team when it comes to our industry. I know from personal experience that we work in one of the most dedicated industries and that those who choose a career as a broker are some of the best people that I have ever had the honour to work alongside.

With that being said, I still cannot help but wonder how we could do *more*. *More* to collaborate on issues both provincially and nationally, *more* to make sure that all broker voices are heard by the stakeholders that affect them and *more* to help each other grow as individuals and as businesses.

One of the pressing issues facing brokerages today is the need for talent. I had the pleasure of having breakfast with one of our sponsor partners recently, and the conversation came around to recruiting new brokers and what needs to happen to make our industry more attractive to those entering the workforce or looking for a career opportunity. One of the areas that came up, and that keeps coming up in these conversations, is the subject of intangibles. What I have been hearing from numerous voices is that attracting and retaining staff is about more than just how much you pay

or how good your benefit package is. Not to discount these things, as they are also a vital part of finding and retaining staff, but it has to go beyond that into being somewhere that people want to work. This may look different in each office and may require a paradigm shift in thinking in some cases, but employees are least likely to leave when they enjoy coming to work each day.

What this looks like for you may be offering more

flexibility in working hours. I encountered a few brokers in Ontario that are now giving each employee a four-day work week and staggering them so that all hours are still covered. This may not be feasible in all offices, but there are few staff that would be unhappy with having a long weekend every weekend.

Other things that could be done might be encouraging staff to go for lunch together or nurturing dialogue and discussion. Maybe it is bringing in nap pods like Google does or taking all staff on volunteer opportunities within the community. I know that for me, some of the highlights of my year are the opportunities to go and cook for a Ronald McDonald House somewhere in Alberta. Another great way to support staff is to encourage them to attend IBAA and PYIB events. Things like golf tournaments, bonspiels, annual convention, PYIB Stampede party and our educational opportunities are excellent ways to give brokers a chance to meet with their markets, network with other brokers, learn more about their industry and renew their commitment to their career.

Regardless of what tact we take, fostering a connected culture within our offices is a great way to retain talent.

“Regardless of what tact we take, fostering a connected culture within our offices is a great way to retain talent. But what about attracting it in the first place?”

But what about attracting it in the first place? One of the sessions that I was able to attend in Ontario was with their young brokers bringing in college students for a day. This presentation to the students included a job fair with hiring brokerages, an opportunity to attend the trade show and panels of brokers talking about what our career path entails, as well as open Q&A with the students. This was a great way of presenting brokering as a career opportunity, and I know we will be exploring more of this sort of thing with IBAA in the future as well.

As I listened to the panel of brokers answer questions, I got to thinking about what makes being a broker so great. For me, it's that beyond having opportunities to make excellent salaries and have interesting jobs, brokers are difference makers. Brokers make a difference in the lives of all those they serve, although often in unseen ways. While

a doctor who performs an open-heart surgery is lauded as a life-saving hero, the broker that places proper coverage for someone's home or business, allowing them to rebuild their lives after a disaster, is no less of a lifesaver. Most may not think of it in this way but imagine losing all that you had worked your entire life for in a fire or flood. If you did not have proper insurance coverage, this could mean that you are now homeless and faced with starting again from nothing. For many, this could lead to mental health issues, family problems, substance abuses and more, and their broker is an integral part of preventing these things from happening.

Brokers should never see themselves as having just another job or as having no impact on the world around them. You are all difference makers in your own way and you should all be very proud of the work that each of you continue to do. I know that I am proud to be your colleague in this industry and that I work in the company of greatness everyday.



# Awards for DISTINCTION

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Join us in celebrating the IBAA members who build positive change within the culture, direction, and best practices of Alberta's network of brokers and the communities they serve. Nominate your brokerage for one of the following four award categories: **Best Large Brokerage, Best Small Brokerage, Outstanding Community Service, Outstanding Diversity, Equity, and Inclusion.** Awards will be presented during the reformatted President's Gala at Convention 2024. **Nominations close January 19th.**

**VISIT [IBAA.CA](http://IBAA.CA) FOR MORE INFORMATION**





# DEFENDING YOUR (INSURABLE) INTEREST

## Confirming Subcontractor Coverage Under Builders Risk Policies

By Sara Hart &  
David S. Cowley-Salegio

In the August 2022 issue of the Alberta Broker magazine, we discussed the Alberta Court of King's Bench decision in *Duri Homes Ltd v Quest Coatings Ltd*. Recently, in September 2023, the Alberta Court of Appeal published its decision on the appeal, raising important points for further discussion.

### The Initial Case

In this case, lot owners contracted with Duri Homes Ltd. ("Duri") to build a custom home. Their contract gave Duri control of the work. Nevertheless, the owners directly retained Quest Coatings Ltd. ("Quest") to complete painting and staining on the home. Quest hired Nora Painting Ltd. ("Nora") as a subcontractor. Nora painted and stained the home, and that evening, a fire destroyed the home.

Duri's builders risk insurance policy responded and remediated the damages. Their insurer then brought a subrogated claim against Quest and Nora, alleging that Nora's improper disposal of staining rags caused the fire.

Quest applied for summary dismissal of the claim, arguing that Quest and Nora were unnamed insureds under the policy and benefitted from the policy's waiver of subrogation against its insureds. Duri disagreed on the basis that it neither knew about nor consented to the retention of Quest and Nora and that they were not insureds.

At the Court of King's Bench, the chambers judge had to consider whether Quest was an unnamed insured and whether Quest had an insurable interest. Dealing with these two questions jointly, he determined that Quest was an unnamed insured and that the subrogation waiver applied. He found that the contract between Duri and the owners was not relevant to the interpretation of the insurance policy. He also found that Quest and Nora fell within the policy's stated scope of coverage.

Duri appealed.

The Court of Appeal clarified that a party claiming the benefit of an insurance policy needed to be both an insured within the language of the policy and to have an insurable interest in the insured subject matter—each requirement is analytically distinct and the two cannot be addressed jointly. Although the chambers judge at the Court of King’s Bench was incorrect in conflating the two requirements and only effectively considering whether Quest was an insured, the Court of Appeal found it clear on the record that Quest was both an unnamed insured under the policy and that Quest had the necessary insurable interest. As such, the Court of Appeal dismissed Duri’s appeal.

### The Court of Appeal’s Analysis

The Court of Appeal found no errors with the chambers judge’s analysis of whether Quest was an unnamed insured. The court did not interfere with the finding that the contract between the owners and Duri was not relevant in determining the scope of coverage under the policy. Likewise, the Court found no error in holding that Quest’s work formed part of the “completed project” and was “necessary to complete” the home, which put Quest within the policy’s defined scope of coverage.

However, as noted, the Court of Appeal took a different view on the issue of an insurable interest. The court affirmed that the existence of an insurable interest depends on the “factual expectancy test,” a case-by-case test that looks at the actual relationship between a particular individual and the item or risk insured:

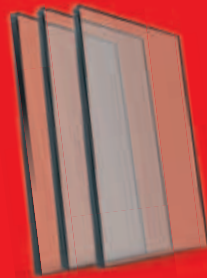
*The ‘factual expectancy test’ is applied to determine whether an insured can demonstrate “some relation to, or concern in the subject of the insurance, which relation or concern by the happening of the perils insured against may be so affected as to produce a damage, detriment or prejudice to the” insured. If they can, then they have an insurable interest. “To ‘have a moral certainty of advantage or benefit, but for those risks or dangers,’ or ‘to be so*

*circumstanced with respect to [the subject matter of the insurance] as to have benefit from its existence, prejudice from its destruction’ is to have an insurable interest in it.”*

The Supreme Court of Canada had earlier dealt with the question of a subcontractor’s insurable interest in a construction project. In *Commonwealth Construction Co Ltd v Imperial Oil Ltd et al*, the Supreme Court was asked whether a subcontractor has an adequate relationship with the entire works such that its potential liability

therefore constituted an insurable interest in the project as a whole. The Court found that it did:

*[T]he factual expectancy test may be met in the construction context as a result of the “special relationship” between a “tradesperson” and the “construction as a whole” based on the potential liability that arises when tradespeople work jointly to achieve the common goal of completed construction, being liability for the “very real” and “ever present” possibility of damage to the work of others and the broader construction.*



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“... the potential impact of a merger or acquisition on a firm’s errors and omissions risk should not be an afterthought.”

On this basis, Quest argued that the very fact of Duri’s lawsuit against it demonstrated its insurable interest, and the Court of Appeal agreed. The court found that it did not matter that Quest was not Duri’s direct subcontractor and that the factual expectancy test had been satisfied in this case.


Therefore, since Quest was both an unnamed insured and had an insurable interest in the subject matter of the policy, the insurer had no rights of subrogation against it.

**The Take-Away**

Although Quest was successful at both the Court of King’s Bench and Court of Appeal, the decision at the higher level offers valuable commentary absent from the initial decision. In particular, the Court of Appeal clarified that being an insured (named or unnamed) is not enough; beyond that, an insurable interest is required to receive coverage. As the court discussed, requiring the insurable interest supports various important common law policies, such as:


- a. The policy against wagering (“obtaining insurance to gain the possibility of an enrichment from the occurrence of an event that is of no concern to the insured”);
- b. The policy favoring the limitation of indemnity (“that an insured be restricted to recovering full indemnity for their own loss”); and
- c. The policy to prevent the temptation to destroy insured property (“the

concern that if the insured has no interest in the subject matter of the insurance, they are more likely to destroy it to obtain the insurance money”).

Further, the Court of Appeal affirmed that, generally, a subcontractor on a construction project will have an insured interest based on their special relationship to the project as a whole. 


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A photograph of two women sitting at a long wooden table in a modern office setting. They are engaged in a conversation, with one woman pointing at a laptop screen. The background shows large windows overlooking a city skyline.

# STAYING POWER

## Using Stay Interviews to Keep Your Best Employees

BY JULIANNA CANTWELL

**M**any companies conduct exit interviews when their employees leave the organization. However, by then it is too late. This is why strategic and proactive organizations conduct “stay interviews” with their staff instead. Stay interviews are especially critical right now, post-pandemic, as the landscape of working environments has changed dramatically, especially the insurance industry.

### What is a stay interview?

Stay interviews are conducted with your current employees to assess their job satisfaction and why they choose to remain with your company, as well as assess barriers to their success and potential reasons why they might leave if you do not make changes to their working environment. The questions you ask help your organization learn what makes your company a good place to work and what you can do to increase employee retention and engagement.

### Why conduct stay interviews?

These retention interviews give your employees a voice and provide valuable information about the employee experience, such as:

- Patterns (and causes) related to your employee turnover rates.
- Changes that should be made within the workplace.
- Things your company does well (and shouldn't change).
- Employees who aren't happy and may be “flight risks” (thinking about leaving your company).
- Additional support required for growth (e.g., training and development).

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By asking staff for their input, you demonstrate you care about your employees' thoughts and feelings regarding their work and work environment. It builds trust with staff and improves employee motivation and engagement.

### How do you conduct stay interviews?

1. **SCHEDULE.** Choose key people you wish to interview and schedule private one-on-one meetings with each employee separately. (You do not need to interview every staff member.)
2. **EXPLAIN.** Tell them why they're being interviewed and what to expect from the process, including how long the meeting will be, your purpose for asking the questions and what you plan to do with the information you gather.

3. **SAFETY.** Interview key employees in a comfortable, neutral environment. The more comfortable your staff feel during this meeting, the more likely they will share openly and honestly with you, which will make the data you gather more useful.
4. **GOOD QUESTIONS.** Ask targeted questions—typically about three categories: their specific job, their team and the company policies and processes. Use mostly open-ended questions, not closed questions that only receive a yes, no or one-word answer—the idea is to gather qualitative information and insights.
5. **MAKE CHANGES.** Take notes and summarize suggestions recommended by your key employees. Use the information shared to make meaningful improvements

### What are some examples of questions to ask?

Here are common stay interview questions:

#### Specific Job

- What is your favourite part of your job?
- What aspects of your job would you change if you could? (Why?)
- How could your work-life balance be better?
- Are there talents or interests you have that you don't get to use in your role?
- What additional resources or training would be useful to you?

#### Team

- Describe what you like most about working with your team?
- Are there any challenges getting in the way of team success?

#### Company

- What do you appreciate about how your direct manager supports you?
- Is there any support you are not receiving from your manager or any concerns you have about the way you are managed?
- What policies or procedures should we consider reviewing to make working here better? (Why?)
- Have there been any situations that have made you consider resigning?
- Is there anything we haven't asked about that is important for us to know so we can create the best working environment for you?

You should tailor your questions to gather the information you want to know. For example, if you are wondering why employee turnover rates are higher in a certain department, you would want ask questions to uncover the causes of people leaving. Conversely, if a

department is performing really well, questions that probe into what works well (and why) could reveal success

### Tips and Best Practices for Conducting Employee Stay Interviews

- **Do NOT combine stay interviews with performance reviews.**
- Have an unbiased individual (i.e., neutral human resources representative) conduct the interviews. Direct managers may not be able to elicit honest responses, especially if there are team dynamics at play.
- Choose a good cross-section of employees (e.g., full-time, part-time, newer staff, longer-tenured

**"Do NOT combine stay interviews with performance reviews."**

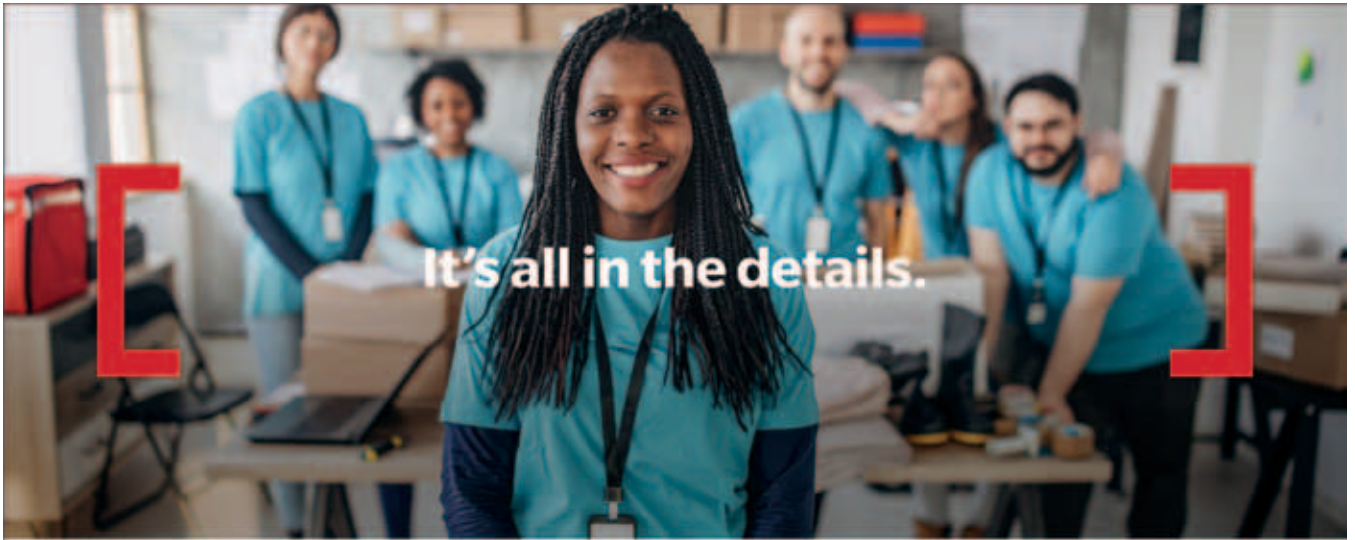
staff, people from different parts of the business).

- Don't rush the meeting. Spend approximately 30 minutes with each employee (some meetings might only last 15 to 20 minutes, while others could take more than an hour).
- Ask questions about both positives and negatives of the employees' experiences.
- Acknowledge ideas and thank employees for their input, even if you do not agree with their feedback.
- Communicate any changes you are making because of recommendations gathered in the stay interviews to the employees. Connecting the dots between their participation and any subsequent change reinforces the value of their participation—both in terms of their time and candor.

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# C CONST@NT

N Using Email to  
N Fulfill Your Role of  
E “Trusted Advisor”

*By Annette Hubick*

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**T**he trusted advisor—it's the role that every insurance broker aspires to be seen as by their clients. Achieving this distinction takes time and opportunities to prove the title is deserving. However, when we consider that most consumer interaction with an insurance broker is limited to the time of the sale and at renewal, the opportunities for brokers to deliver advice that demonstrates expertise and builds trust are limited. It doesn't have to be that way.

Implementing a strategic client email communications plan dramatically increases the frequency of client connections necessary to nurture and entrench relationships. There are two types of client emails:

## 1. TRANSACTIONAL/INDIVIDUALIZED

These are pre-written messages sent to individual clients triggered by predefined events during the client cycle such as:

### WELCOME/ONBOARDING

- Express gratitude for the business.
- Offer key contact information of what to do if they need to make policy changes, report a claim, etc.
- Advise them on changes they need to advise you about so you can ensure proper coverage (e.g., change in commute distance, basement development, etc.)
- Offer a tip or resources on how to minimize risk relevant to the type of insurance purchased.

### PRE-RENEWAL

- Ask questions that may reveal changes in required coverage.
- Highlight any changes to policy wording.
- Suggest changes, providing explanations (even better if the calculated increase or decrease in premium can be included).

### POST-RENEWAL

- Extend thanks for the vote of confidence.
- Ask for referrals or testimonials.

### CLAIM

- Let them know you've been notified of the claim and what information you can, and can't, provide them to help in the process.
- Offer any relevant information about their rights and responsibilities and/or loss mitigation tips.

## 2. BULK

These are emails sent to a large group of recipients at once. This group could include your entire client base or a segment of it, depending on the message content (e.g., clients with homeowners' policies residing in a specific area.)

For the purposes of this article, I'm going to focus on bulk emails that deliver valuable, relevant information to clients. By implementing a bulk email strategy, you can:

**Reinforce that your role in the insurance equation is advice.** Between inflation (not only of insurance but of the value of the items being insured), regulatory changes, increased frequency of catastrophic events, etc., consumers can use all the help they can get. In fact, a recent Bain & Company report on customer behaviour and loyalty in insurance stated, "Customers increasingly are looking for help from insurers to reduce and even prevent the risks that pervade their lives ... We foresee a collective shift in the industry's central purpose from loss reimbursement to risk solutions over the next decade."<sup>1</sup>

Another important consideration is that although what you're "selling" is advice, most clients won't ever (hopefully) realize the value of that advice unless they incur a loss, but at that stage, they're neck-deep in a

process of which you don't control the experience.

**Connect with your clients cost effectively.** It simply isn't feasible for brokers to have frequent, personal and proactive dialogue with their entire book of clients. Bulk emails allow you to create a touchpoint with multiple clients at once.

"... it's never been more important for brokers to promote and deliver on their advisor role. That takes contact—constant and consistent contact ..."

**Put your brand in front of your clients' eyes more than once a year.** Frequency builds familiarity and connection. How can you build a relationship without fostering it beyond the purchase?

**Share critical information in bite-sized pieces.** Given the complexity and importance of insurance, the amount of time a consumer invests in the process of purchasing insurance is woefully out of sync. An email program that disseminates and explains information in smaller chunks is much more likely

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“... the opportunities for brokers to deliver advice that demonstrates expertise and builds trust are limited. It doesn’t have to be that way.”

to be digested and understood by the clients—otherwise it can be too overwhelming, and they tune out.

**Escalate important conversations.** Emails are an opportunity to educate consumers about situations that change their risk profile, necessitating a policy review prior to the usual renewal cycle.

**Gather valuable information from your clients.** If you want to learn how to better serve your clients, go straight to the source and send clients surveys and polls that collect input and feedback. To nurture trust, be sure to close the loop by sharing results and how the insights you’ve gained will impact your operations going forward.

**Generate referrals** both indirectly by providing standout service and by directly asking for referrals, possibly supported by a reward or contest program.

**Create updated content for your website**, which is a key strategy to improve search engine optimization (SEO) rankings. According to SEO consultant Jason Roy, “If you update your content often with reliable and valuable information, then you have a better chance of Google ranking your site higher with each update.”<sup>2</sup> The content you develop for your bulk emails can easily be repurposed for your website’s “client education” section or blog page.

**Provide evidence that you serve your clients’ best interests**, which is critical to building the trust aspect of that trusted advisor role. As quoted in an article on defining the trusted advisor relationship, Russell Reynolds states, “A trusted advisor is somebody who you believe will give you good advice without consideration for commercial gain.”<sup>3</sup>

For instance, most people understand that insurance brokerages get paid a commission on the policies it sells—the higher the premium, the higher the commission, right? It stands to reason then that sharing information that will help clients reduce premiums, whether at time of purchase or by avoiding claims, is one way to add credence to the “serving the clients’ best interests” messaging.

Just like every other “work on the business, not in the business” aspect of managing your brokerage, developing and executing an effective bulk email strategy will demand an investment of time and money, the latter being dependent on the answers to two key questions:

1. Do you have the data?
2. Will you develop your plan internally or with external expertise?

## GETTING STARTED

### 1. GATHER DATA

Obviously, a good email strategy is a non-starter without an accurate client email address list. If you have that information, is it up to date? If you don’t, how will you get it? To get started on the right foot, you may need to assign staff or hire temporary staff to conduct a client call blitz to gather the information you need.

### 2. SELECT PLATFORM

There are a variety of email marketing campaign platforms available to suit your needs and budget, some even specialize in insurance. Some of the top email marketing services are Mail Chimp, Constant Contact, HubSpot, Campaign Monitor and there are resources online that

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## Know the Rules

Familiarize yourself with the requirements under Canadian anti-spam legislation. Commercial electronic messages (whether email or SMS) must have three things:

1. Consent (express or implied)
2. Sender identification
3. Unsubscribe mechanism

For more information, *Frequently Asked Questions about Canada’s Anti-Spam Legislation* on the Government of Canada’s website is a great place to start. <https://crtc.gc.ca/eng/com500/faq500.htm>





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“The best designed email means nothing if the recipient doesn’t find the information relevant, useful and understandable.”

offer guidance on how to choose the right one for you. Almost all will offer various pricing levels that depend on the size of your database, whether you pay monthly or annually, and the features you need such as:

- Templates (and whether they are customizable)
- Mobile optimization (a must)
- AI content developer tool
- Automation
- A/B testing (e.g., compare the open rates of the same email but with different message headers)
- Improved delivery (actually making it into the inbox instead of the spam folder)
- Analytics

### 3. PLAN CONTENT

Create your campaign calendar and map out your content plan for the year. It’s much a more efficient use of your time that will result in a well-thought-out campaign, and you’ll avoid the last-minute content scramble that often leads to abandoning the plan altogether. I suggest that a good plan would include:

- a. **Monthly email** – this could be an e-newsletter covering a few items or a singular topic “bulletin.”
- b. **Event/issue-specific responses**— while we can’t envision every occurrence that could impact insureds as a group, sometimes industry is aware of developments with enough lead time to craft communication in advance (e.g., the introduction of DCPD). Unfortunately, in the case of weather-related disasters, there is a certain predictability that allows you to create pre-developed messages. The fact that terms like “wildfire season” are now part of the media/public lexicon means that pre-writing tips related to loss prevention, risk mitigation and claims navigation is a safe bet and will allow you to get the information into your clients’ hands in a timely way when the latest disaster hits the news.
- c. **Client surveys and polls.** These should dovetail with your other business and marketing planning cycle. What client feedback can inform your decisions and when do you need it?

### 4. ASSIGN RESPONSIBILITY

Whether it’s internal or external, if someone isn’t responsible for the job, no one will get the job done. Tasks can be divided depending on expertise, interest and capacity. Database management, plan development, content creation and curation, and using the email marketing software

can be done by one or more people, internally or externally. While external support will cost money, adding this responsibility to staff comes with an opportunity cost to consider, i.e., “If they’re spending time on this, what can they no longer spend time on?” It’s not that it’s a bad idea to hand some or all of the aspects internally, especially if there’s interest and ability, it’s just important to manage expectations realistically.

## CONTENT IS KING

The best designed email means nothing if the recipient doesn’t find the information relevant, useful and understandable. This means that all content should answer one key question through the lens of the client: “So what?” Why should the client care? How will knowing this help them? Connect the dots as to how the information you’re sharing matters (will it save them money, reduce stress, preserve belongings?) and explain it in language they’ll understand. Basically, think of the “insider info” you offer to your family and friends—that’s what your clients want to know, too. Some other factors that make for good email copy:

- Short and simple. For anything that requires more space, write a compelling intro and include a link to a longer post on your website.
- Use plain language that reflects your brand. Write like you’re talking to a person in your authentic voice. As Oscar Wilde said, “Be yourself; everybody else is taken.”
- Share a story that underscores the point you’re making. It makes it relatable and can help make abstract topics concrete.

## OPEN SESAME

All your great advice will be useless if your clients never open the email, and that demands a well-written subject line. Customer relations



management software provider InsuredMine advises, “Your subject line is the gateway to your email. Craft concise, attention-grabbing subject lines that accurately represent the content inside. Avoid clickbait, as it can erode trust and lead to unsubscribes.”<sup>24</sup>

## CREATING CONTENT

There are two aspects to the content development: the topic and the copy. For topic ideas:

### GO INTERNAL

You and your team are a great source of topic ideas. What concepts do you repeatedly explain to clients? What information is commonly met with, “I wish I would have known that sooner!”? What tips do they share with friends and family?

### GO EXTERNAL

Your insurer partners, industry associations, government and law enforcement agencies also offer an abundance of consumer-related material that you can repurpose, share or at the very least use for thought starters (note: be mindful of copyright and content owners’ reprint or link sharing permission rules).

### CONSULT THE CALENDAR

From the change of seasons to special designations such as March being “Fire Prevention Month,” the calendar itself provides great springboards on which to build your content plan. (For more examples, see “A Calendar of Content” on this page.)

### RESPOND TO THE NEWS

While these are not topics that can be pre-planned, building on awareness of an issue receiving media attention can be great “conversation starters,” and the relevance factor is built in. Here are a few examples of recent news stories that would make for good client email topics.

# A Calendar of Content

Topic ideas that naturally tie into each month in the calendar.

<b>JANUARY</b>	Top 10 stolen vehicles (announced annually by Equite Association) Note: Alberta’s list differs significantly from the national one. Be sure to share the most relevant information. Include theft prevention tips.
<b>FEBRUARY</b>	Distracted driving awareness month. Share information regarding infraction and collision stats, the impact of a conviction on insurance premiums and tips on avoiding temptation.
<b>MARCH</b>	Fire prevention month. Share general prevention tips, advice on safeguarding important documents and irreplaceable items and the importance of a digital home inventory document/video/photo album.
<b>APRIL</b>	Preparing for upcoming wildfire and/or flood season. Share loss mitigation strategies, importance of sewer backup valve maintenance and digital home inventory. Also, April is National Volunteer Week and many of your clients likely volunteer on boards and could use some guidance on D&O insurance.
<b>MAY</b>	National emergency preparedness week. Share information on what should be in emergency plans and kits.
<b>JUNE</b>	Preparing for upcoming hail season (loss prevention on home and auto), camping season (FAQ about RV insurance)
<b>JULY</b>	Road trip tips (travel insurance, someone checking on their home, renting vehicles)
<b>AUGUST</b>	New drivers (July-September are highest birth months = highest potential new drivers): tips on keeping down insurance costs for new drivers
<b>SEPTEMBER</b>	Back to school can be tied to insurance knowledge/insurance 101. E.g., share the top five ways to save money on home and auto insurance or top five things most customers don’t know about their insurance.
<b>OCTOBER</b>	The reduction in daylight hours lends itself to a discussion about home security (and which measures could result in premium reductions). There are also seasonal property topics: winterization; B&E prevention, insurance considerations, etc.
<b>NOVEMBER</b>	Financial Literacy Month, which is a natural lead into <i>Insurance 101</i> , <i>Top 5 Things People Don’t Know About Insurance</i> , and <i>Common Insurance Myths</i> type of articles.
<b>DECEMBER</b>	Holiday shopping: Protecting against porch pirates (increased deliveries during holiday shopping season). Planning a winter getaway—whether in pursuit of snow or sand, people leave their homes and could use reminders on loss prevention (prevent damage caused by freezing pipes) or obligations to ensure coverage (e.g., how often they must have someone check on their home and how they should log it).

- **Wildfires.** In addition to reaching out to clients being impacted by the threat or devastation of wildfires, messages about risk mitigation, emergency preparedness and the importance of a home contents inventory can resonate with all clients.
- **Insurance Affordability.** Rising insurance costs has become a hot-button political and media issue and it doesn't look that's going to change anytime soon. How refreshing would it be for your clients to receive an email from you empathizing with their challenges and then offering suggestions on how to reduce their premiums and avoid claims. Even something as simple as asking "Are you working from home virtually? Did you know that eliminating your workplace commute could result in lower premiums for your auto insurance?"
- **Auto theft.** When the Canadian Finance and Leasing Association released its report on the auto theft crisis in June 2023, it received national media coverage. Brokers could have leveraged the public consciousness of the issue with an email to clients that shared a link to the news stories and offer theft-prevention tips.

As for writing the actual email copy, you can either hire a professional or write it in-house. The good news is that generative AI tools now exist to make your job so much easier (e.g., ChatGPT). Whether you enter a question, provide key bullet points of information or your entire draft copy for a polish, your email message can be written in a matter of seconds. Some email marketing platforms also include generative AI tools in their plans and some insurance-specific ones even offer pre-written templates. Whichever method you choose, it's important to keep a consistent style and tone in all your communications as well as to vet any generated copy for accuracy.

You don't need to reinvent the wheel. There is a plethora of insurance-related content on the internet. For example, if you're reminding people about the importance of having an up-to-date home contents inventory, you don't need to create an actual inventory list. Instead, write about how you understand how after a theft or fire, one's emotions are running high, making it difficult to remember everything. Share how having a pre-done inventory can alleviate stress and ensure they get reimbursed properly for losses. Then, simply provide a link to an online resource. It keeps your email shorter and stays focused on the point

you're making: you care about your clients' best interests.

There's a common notion amongst insureds that, if they're lucky, they'll pay for something for years that they'll never use; it's a notion that can breed resentment and distrust. Combine that with the fact that, recently, the rising cost of insurance has become a poster child for inflation and a political football, it's never been more important for brokers to promote and deliver on their advisor role. That takes contact—constant and consistent contact—and a well-executed email communications plan is one of the most cost-effective and time-efficient ways to accomplish that goal.

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



<sup>1</sup> Naujoks, Henrik/Schwedel, Andrew/Brettel, Tanja; "Customer Behavior and Loyalty in Insurance: Global Edition 2023"; Bain & Company, Inc.; Bain.com; February 16, 2023; <https://www.bain.com/insights/customer-behavior-and-loyalty-in-insurance-global-edition-2023/#:~:text=Consumers%20value%20purpose%2C%20not%20just%20coverage%20for%20losses&text=Customers%20increasingly%20are%20looking%20for,%2C%20and%20financial%20well%2Dbeing>.

<sup>2</sup> Roy, Jason; "5 Reasons Why Fresh Content is Critical for Your Website and SEO"; SEO Site Checkup; [seositecheckup.com](https://seositecheckup.com); June 27, 2021; <https://seositecheckup.com/articles/5-reasons-why-fresh-content-is-critical-for-your-website-and-seo>

<sup>3</sup> "The Trusted Advisor Relationship"; Executive Talent; [aesc.org](https://www.aesc.org/insights/magazine/article/trusted-advisor-relationship); Association of Executive Search and Leadership Consultants; <https://www.aesc.org/insights/magazine/article/trusted-advisor-relationship>

<sup>4</sup> "Insurance Email Marketing: How to Guide for Agents"; [insuredmine.com](https://www.insuredmine.com); September 5, 2021; <https://www.insuredmine.com/email-marketing-for-insurance-agents-the-starter-guide/>



## Share the Wealth

Encourage your clients to forward your emails to friends and family who could benefit from the information. Your brand will be associated with expertise and caring—you never know who may be looking for a new insurance provider.



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In a recent webinar, *What's Next in Canadian Commercial Lines Quoting*, held by Applied Systems Canada Inc., with CSIO as a guest speaker, brokers were asked to name their greatest pain points for small business commercial insurance transactions. The majority (70 per cent) said, "Waiting days for a quote," followed closely by, "Entering data into multiple portals" (64 per cent). When asked how long it takes to receive a small business quote via traditional ways, most reported two to four days. These answers demonstrate that brokers are unified in their need for fast and accurate quoting. With CSIO's commercial lines (CL) data standards, quotes will arrive in seconds rather than two to four days.

CSIO was pleased to present the story about the evolution of CL data standards. Below is a summary of this discussion, outlining the benefits of CL data standards and how important milestones enhanced broker efficiency.

### The Value of CL Data Standards for Improving Workflows

A CSIO member survey revealed that 91 per cent of brokers prefer to work with insurers who have implemented CL data standards. When implemented, brokers benefit from real-time quoting and enhanced data quality without the need for

portals. In return, their customers enjoy the ease of doing business and more robust data security. CL data standards are codes that are programmed into insurers' systems and broker management systems (BMS) to exchange data in a structured format with brokers. These standards allow all parties to work synchronously with each other on a daily basis.

Broad industry consensus about CL data standards' positive impact on insurance operations made evolving them a top priority for CSIO. From this, we created the Commercial Lines Working Group in 2018, consisting of brokers, insurers and BMS vendors. Over the last five years, the group accomplished a great deal in advancing CL data standards, and today they continue to find opportunities for innovation

### The CL Working Group's Milestones

#### Phase 1: Define the Minimum CL Data Set

First, the CL working group defined a minimum data set (MDS), which consists of common data elements for insurers to underwrite commercial risks. Overall, 43 data risk attributes make up the MDS for nine sections such as coverage, client information, policy period, risk details and more.

#### Phase 2: Quoting Small Commercial Business

The working group then incorporated Insurance Bureau of Canada (IBC) codes into the MDS to achieve quoting for small commercial businesses for the following industries: business and professional services, contractors, hospitality, real estate, retail, health services and warehousing services.

#### Phase 3: Quoting Multi-Operations Small Business

Following this, the working group extended quoting capabilities to multi-operations small businesses. This allows brokers to pass multiple IBC codes under different IBC industries under one quote request. They can also capture eligibility questions pertaining to each industry code on the same request. This makes a traditionally complex process less daunting for brokers who will receive instant quotes.



# ROADMAP TO AN OPTIMIZED BROKER CHANNEL

By Kathryn Sinclair

## Phase 4: Bind Business Requirements

In this phase, the working group defined the business requirements for binding commercial quotes. During the binding process, CL data standards facilitate real-time information exchange between a BMS and insurers' systems.

## Tools to Promote the Adoption of CL Data Standards

To help insurers and vendors successfully program the CL data standards, the CL working group implemented the following resources.

### **Commercial Lines Certification Program**

To promote adherence to CL data standards, CSIO implemented a commercial lines certification program. Through this program, insurers and BMS vendors demonstrate their commitment to the standards by achieving three levels of certification:

foundation, verified and certified. Certification guarantees that an insurer or vendor has successfully adopted CL data standards to enable real-time quoting functionality. For a full list of CL certified members, visit [csio.com](http://csio.com).

### **Commercial Lines Time Quote Savings Calculator**

CSIO's member survey revealed that 85 per cent of brokers expect CL data standards will mean faster and more accurate quotes. To show exactly how much time and money brokers can save by working with insurers and vendors who programmed the CL MDS into their systems, the working group created a CL time quote savings calculator. After answering the calculator's questions, brokers receive an estimated time savings for getting a quote processed for a small commercial business client. Brokers can access the calculator at [csio.com](http://csio.com).

The dedication, knowledge, and collaboration of the eDocs working group made this achievement possible. Thank you to all of the brokers, vendor partners, and insurers for your contribution to this important industry initiative.


## What To Expect in the Future

These milestones are the results of the working group's dedication to

enhancing CL data standards, but the work doesn't stop there. CSIO aims to finalize quoting small commercial businesses and publish IBC codes for the farming, fishing and hunting, and logging services industries by early 2024. We will keep developing and publishing real-time quotes for small commercial lines segments and promoting CL data standards to insurers and BMS vendors.

## Enjoy the Benefits of CL Data Standards

To learn more about how CL data standards can benefit your brokerage, visit the commercial lines standards page on CSIO's website. This includes information on the MDS, CL business segments and IBC codes, the time quote savings calculator and details on the certification process.

Brokers can only truly enjoy the benefits of CL data standards with an industry-wide uptake. Speak to your insurer or BMS vendor partner if they have not yet implemented the CL data standards to help them get started. 

ked to name their greatest  
all business commercial  
ons. The majority (70%) said,  
a quote," followed closely by,  
o multiple portals" (64%)."

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# THE TELECOMMUTING INSURANCE BROKER

*By Jamie Johnston*



In a post-pandemic world, many companies across all industries have made a shift to telecommuting. Whether a hybrid option or completely remote, this has been made possible by the constant advances in technology and cyber security. Here are five ways I, as a young broker, have made this enticing option work for me.

## Set up a quality workspace

There is a lot to consider when creating your workspace, and it impacts

how effective you are during the day-to-day. Firstly, I needed a space that was going to be quiet. Despite how determined I am to get through piles of work, if I'm in a loud workspace I'll inevitably end up distracted. If by some miracle, I'm not distracted, then I'll be frustrated because of some disturbance that is interrupting a call, a meeting, or a training session. If you don't have the option to set up in a separate room, consider investing in some temporary dividers, or using bookshelves to create

a secluded section for your office.

I've also found I need to be in a workspace that is free of distractions. Even if the space is quiet, if the TV is flickering on in the background or softball games are happening out the window, it is going to be distracting and break my focus. The same goes for clutter around the workspace. It's easy to divert your attention to the mail sitting on your desk or to the dirty dishes piling up across the way



in the kitchen. Wherever you set your workspace up, do your best to isolate it from distracting areas.

### Be comfortable with your technology and systems

Secondly, I've found that being comfortable and knowledgeable about the technology and programs that I am required to use has been extremely important. It's challenging and unproductive when you are unable to get your system to work while you're at home. To avoid this, I became familiar with the system on the days I was in the office and went through the process of what would be required to set the equipment up at home. As well, I asked about common issues. It's also helpful if you can get a contact for IT support who you can contact from a personal number should you run into technical difficulties.

### Treat work hours with respect

Another decision that helped me with successful telecommuting was treating working hours with the same regard as when I was in the office. Sometimes the work-from-home environment can feel more casual, and, in this atmosphere, I feel reasonable behaving a certain way, even though this is not what I deem appropriate in an office setting. For example, if a family member comes

by to chat about upcoming weekend plans; while it may feel appropriate to welcome a guest into your home, you can end up wasting away the afternoon with things unrelated to work. It's important to set and maintain boundaries with your friends and family during work hours.

"It's important to set and maintain boundaries with your friends and family during work hours."

### Realize the importance of collaboration

I believe a significant amount of my success with telecommuting can be attributed to my understanding of the importance of collaboration. I rely heavily on my team for training, mentorship, brainstorming and

support. Working from home can isolate you and cut off these channels of abundant knowledge. It is beneficial to keep fostering mentorship and finding opportunities to offer guidance. Feeling comfortable enough to reach out and continue communicating and collaborating is key to finding success with telecommuting.

### Recognize moments where it is impactful to be in person

Lastly, a skill that helped me find success with telecommuting is identifying the moments when in-person interaction is appropriate and optimal. I find it's important to have connection, and making the additional effort to attend certain events or meetings face-to-face is worthwhile. While many roles can be done virtually, some aspects benefit from being delivered in person. The impact of an in-person conversation can be powerful. Don't let telecommuting make you meek or let you shy away from important opportunities and don't let convenience become complacency.

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# Managing E&O Risk of Mergers & Acquisitions



BY ROBERT MOHAMMED

In recent years, we have seen a wave of consolidation in the brokerage industry. Whether driven by a desire or need for size, access to markets, clients, talent and/or territory, the potential impact of a merger or acquisition (M&A) on a firm's errors and omissions (E&O) risk should not be an afterthought.

Bringing on new business and staff can shift the buyer's risk profile. For example, will M&A result in a material change in the business mix? Could there be compatibility issues between systems, culture, business models, management style and risk management attitudes? How will/should exposures to acts associated with the incoming or merging business, but occurring before the M&A transaction date (i.e., prior acts or "tail" risk), be handled? On this

last point, it is important to note that property and casualty business (where policies tend to be reviewed annually) will typically have a shorter risk tail than life business (where, for example, a life insurance policy will be placed once but an error discovered only upon the insured's death years in the future).

Engaging with one's E&O insurance advisor and/or insurer early in the M&A process (particularly for relatively larger transactions) can provide useful insight by helping identify factors to consider or questions to ask that could influence the negotiation strategy and the structuring/pricing of the deal. Also, this will help ensure that any reporting obligation under the buyer's E&O policy imposed in connection with M&A is respected. Finally, as the terms and obligations under an M&A

deal will typically be set out in contract, this will assist with recommended alignment from an E&O insurance treatment perspective.

NOTE: The purchase or sale of a brokerage or book of business is a complicated legal transaction, and this article is not meant to present an exhaustive list of risks accompanying such a transaction. Brokerages should consult their qualified legal advisor(s) so that all risks are identified and addressed.

## Entity Purchase

When purchasing an entity, the buyer becomes exposed to its liabilities including for claims that might be made post-acquisition but related to acts performed on behalf of the target business occurring prior to its

continued on page 12





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continued from page 10

acquisition. Therefore, E&O deal due diligence should include (not exhaustive) examination of:

- Seller's risk management and quality control practices
- If staff is being retained:
  - Their level of training and experience
  - Prior regulatory or disciplinary action against any staff individual
- A currently dated loss run from the seller's E&O insurer
- Any historical regulatory or disciplinary action(s) against the target entity

**"... the potential impact of a merger or acquisition (M&A) on a firm's errors and omissions (E&O) risk should not be an afterthought."**

## Book Purchase

When purchasing only a book of business (i.e., no purchase of the entity), examining the seller's risk management practices or any prior loss history associated with the book is still useful but may not always be possible or realistic. The buyer's exposure to risk on an account will usually begin from the moment of transacting on that account (mid-term adjustment/endorsement or renewal). While liability for errors made prior to account transfer would generally stay with the seller, the buyer could become potentially exposed if they are deemed to have had reasonable opportunity to correct any past errors. For this reason, it is good practice to perform a review of the incoming business as soon as possible and with respect to any specific account, no later than at its next renewal or first mid-term interaction, whichever comes first.

## M&A SCENARIO: Entity Acquisition

A brokerage is looking to acquire another brokerage (i.e., entity purchase).

Deal due diligence reveals a poor loss history. While the buyer's E&O insurer is willing to accept the prior acts exposure of the target business on the buyer's policy, the risk will be heavily surcharged. And any eventual prior act claims could adversely impact the buyer's E&O loss experience.

In response, the buyer instead insists that the prior acts liability remain with the seller. This will be set out in the contract and, as added protection, the contract will require that the seller purchase coverage via the optional extended reporting period (ERP) grant typically available under E&O policies pursuant to M&A.

In this case the seller is resistant due to the additional premium cost. As a negotiation strategy, the buyer offers to assume part, or all, of the seller's additional premium charge in exchange for

an appropriate reduction in the deal purchase price.

## M&A SCENARIO: Book Purchase

A personal lines focused brokerage is looking to purchase a commercial lines book. This will include accounts with a level of complexity and touching classes where the buyer has limited experience. The buyer will have no real sight of the seller's risk management practices, and a book-specific loss run is not available.

In response, the buyer requires that the sales contract clearly sets out that liability for prior acts remains with the seller. In addition, the buyer sets out a schedule for review of the incoming accounts with clear guidelines that a full review must be performed at first interaction with the client (mid-term adjustment or renewal). Finally, the buyer ensures that it is staffed with properly licensed and experienced personnel to handle the new business and sets guidelines for peer review of larger more complex accounts.

## Claim Example

Brokerage A acquires Brokerage B in 2021. In 2023, there is an uncovered loss on a Brokerage B-related account due to an error made prior to acquisition. This results in a claim against Brokerage A.

At acquisition, without giving it much thought, Brokerage A decided to assume the prior acts liabilities of Brokerage B. As a result, the E&O insurer of Brokerage A had to pay a very significant amount to settle to matter. This negatively impacted Brokerage A's E&O loss experience and resulted in an increase in the premium rate and an imposed higher deductible at next renewal.

In contrast, let's assume that Brokerage A had not assumed liability for Brokerage B prior acts and instead required the purchase of an ERP by the seller. Then, in this example, the E&O claim made arising from Brokerage B's prior act would have been addressed under the seller's ERP coverage thereby protecting the loss experience profile of Brokerage A.

## Conclusion

There are many reasons why M&A makes sense. However, proper deal due diligence and specific attention given to managing the E&O risk will help avoid unexpected surprises and allow brokerages to come to informed decisions around the insurance handling of the residual risk.

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# IBAA AT WORK

## WHAT'S GOING ON BEHIND THE SCENES AT IBAA?

**A**nd just like that, 2023 is basically finished. The best word to describe this year has to be “change.” A lot has happened over the past year that has redefined the association and how we are serving our members. We take this time to pause and reflect on the major turning points in 2023 and share some thoughts on what this year has taught us.

### CHANGE IS NEVER EASY

Though the change in leadership happened smoothly this year, that did not mean that things were easy. As with any transition, there will be an adjustment period where one is trying to find one's own rhythm. However, we have come out of that process even stronger and have embraced change as necessary and vital in order for us to really grow.

Over the past year, we worked on our new website and member portal. This was a key component of our strategic plan as we aimed to create a more user-friendly platform. This project came with its challenges as we moved away from our old system. Despite the challenges, we recently launched the new system and are happy to see the completion of the project. We are still working on issues as they come up, so please be patient with us as we go through this next phase. If you have not yet logged into the new website and portal, be sure to go to [ibaa.ca](http://ibaa.ca) and log in today.

### CHANGE IS THE ONLY CONSTANT

No matter how hard we try to keep things the same, we cannot

avoid change. Just looking within our industry, we have seen so many changes this past year—the auto file, the struggle to find new talent and the M&As that are happening are just a few. IBAA has had to take a step back and look at how we can serve the various members of our broker community. We recognize that the needs of the small brokerage are so vastly different from those of the large brokerage. As a result, we are working assiduously to find new ways and solutions to help our community. One example is our recent initiative, in partnership with Alberta Counsel, to facilitate member access to the Canada/ Alberta Job Grant, which provides financial assistance with employee training costs. Once you submit your application to us, we can submit it on your behalf. If you would like to learn more, you can email our CEO at [jwellerhannaway@ibaa.ca](mailto:jwellerhannaway@ibaa.ca).

On the advocacy front, the CEO and board have been working on various committees and working groups to ensure the broker perspective is shared. We have continued to encourage you, our members, to get involved in committees that are being formed by industry stakeholders. Our intention for next year is to amplify the broker's voice through whatever good opportunities that arise.

### CHANGE IS EXCITING

Change brings us as much trepidation as excitement. Importantly, we can be assured that it brings newness and that can be such a good thing! The association is always

seeking ways to engage our members and we thought that a great way to do so is by highlighting you through an awards ceremony. The IBAA Awards for Distinction was launched on December 1st and will be held on Monday, May 6, 2024, during our annual convention's gala. We will award brokerages in four categories:

- Best Small Brokerage (staff less than 10 licensed brokers)
- Best Large Brokerage (staff of 10 or more licensed brokers)
- Outstanding Diversity, Equity and Inclusion
- Outstanding Community Service

We have never done this before but are so excited to showcase our exceptional brokers.

Speaking of the 2024 IBAA convention, its theme will be “Changing Landscapes: Tech, Talent, Talk.” We chose this theme to reflect the industry's challenges in adapting to changes in technology, hiring the right talent in this and future generations, and the need for dialogue. This year's convention will run from May 5-7 at the Fairmont Banff Springs Hotel. If you haven't already, please secure your accommodation and tickets for the event at [ibaa.ca](http://ibaa.ca). You don't want to miss this!

You can look out for more changes in 2024 as we roll out new and revised education as well as form new partnerships. Even this article will look very different in the new year. We can indeed say, “Exciting times are ahead!”

We wish you a very Merry Christmas and a prosperous 2024!





Insurance Brokers  
Association of Alberta

Convention 2024

# CHANGING LANDSCAPES

## Tech, Talent, Talk

**Fairmont Banff Springs | May 5-7**

Join us from May 5th to 7th at the Fairmont Banff Springs Hotel to explore the new and changing landscapes of the broker channel. IBAA's 2024 Convention will connect insurance leaders and vendors to discuss changing technology, communication best practices, and the challenges surrounding attracting and keeping new talent. Learn new strategies, make lasting connections, and discover what's on the horizon for brokers in 2024.

**VISIT [IBAA.CA](https://www.ibaa.ca) TO REGISTER**

