

HAS YOUR INSURANCE BROKER WARNED YOU YET?



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If you haven't heard already, in many parts of Canada the wood products related industry is in the midst of an insurance "hard market" which could lead to some serious surprises at your next insurance renewal.

What is a hard market: A hard market is reflected by several factors including;

- Significantly increased rates, this means well in excess of 10% can be expected. This can be even much higher depending on various factors such as little or no public water/protection services available, your facilities construction type, the lack of sprinklers, how large your insured values are, and of course your loss history.
- More onerous terms and conditions such as higher deductibles.
- Multiple insurers no longer willing to write new business within the wood products class.
- Multiple insures no longer renewing a portion of, if not all their wood products related clients.

(All of these criteria are currently occurring).

What causes a hard market: Insurance companies make money two ways: (1) through underwriting (when premiums exceed losses and expenses), and (2) through investment income. Over the last several years the Canadian insurance industry as a whole has performed poorly on the underwriting component due to natural disasters, rising automobile claims, and fierce competition which has prohibited rates from moving upward to address poor underwriting results. Just like a rubber band, a competitive and unprofitable underwriting market tends to snap back quickly which is what exists today.

How does this impact members of the CKCA?

In this market, don't assume you will receive stable renewal terms from your current insurer. Best practice would be to **not wait until the last minute** to find out you are facing problems.

Be proactive and reach out to your current Broker to see if there is any sign that the insurer will not be offering renewal terms, and if they are what you can expect to see.

CKCA/WOODSURE Insurance Program

As a CKCA member you have access to preferential rates offered by the endorsed CKCA/WOODSURE Program. WOODSURE is Canada's only program for secondary wood products related companies like yours, and offers Commercial Package, Umbrella, and fleet-based Automobile coverage. Whether or not you are able to obtain renewal terms or are seeing significant premium increases; WOODSURE can assist by providing a quote either directly or via our select group of regional brokers, because **WOOD IS ALL WE DO.**

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