

BROKER

THE ALBERTA

INSURANCE BROKERS ASSOCIATION OF ALBERTA

SOME WITH
THE BPPER

page 6

Why Did I
Become an
Insurance Broker?

The Renewal Trap

What's the **Value** of
Your IBAA Membership?

Pembridge, A Strategic Partner for Independent Brokers

Canada's increasingly consolidated insurance market underscores the need for **options and choice**, both for consumers and brokers. We respect and value Canada's strong independent broker channel by offering brokers an advantage and ensuring consumers are provided products which meet their precise needs.

Our financially strong and stable market offers:

- Semi-exclusive contracts
- Best-in-Class personal lines
- Top-notch claims service that enhances your reputation
- A partnership that truly listens to our brokers
- An award-winning Broker Connectivity technology solution

If you feel our unique broker value proposition is a fit for your office, contact me today.
btisdale@pembridge.com
or 1.855.491.2653



PEM BRIDGE[®]
INSURANCE COMPANY

Bob Tisdale
President and Chief Operating
Officer Pembridge Insurance



Dean Bailey

Message from the President

▶ October and November are two of my favourite months of the year. The CFL is winding down with playoffs on the horizon, the NFL is in full swing and my Giants are still in contention. The NHL is up and running and the Flames and Oilers are battling for first overall. (Please note that this article was written a while back and the previous sentence may not be entirely accurate.) Major League Baseball's fall classic is upon us with hopefully my Yankees destroying whoever the National League pennant winner might be. The leaves are changing and the fall colours and crispness in the air can only mean one thing: soon the ski hills will be opening as the first flakes of a new winter appear. You may be wondering why I am so focused on all things non-insurance related?

I can because I planned ahead and have already secured my educational hour credits before the October crush. It seems that every year, as October 31st approaches, brokers through-

out the province suddenly realize that licence renewal is upon us and hours must be secured. As a result, there is a mad dash by some to meet the requirement without much thought about the quality of the education they are receiving.

What if we all took the time to plan our education for the upcoming year ahead of time? We would be able to take courses that are of interest and relevant to our job rather than focus on how many hours each course will provide so we can meet the licence requirement. The strength of the broker distribution channel is the people working within it. Our professionalism is what sets us apart from other distributors and why the majority of consumers choose our channel for their insurance needs. In order to maintain our dominant position, each of us must obtain the best education available to further develop our skills.

What if we all took the time to plan our education for the upcoming year ahead of time?

The IBAA professional development (PD) department offers courses that meet the needs of all brokers in the province, delivered in the manner of your choice. My brokerage is located 120 kilometres from Calgary, and we use a combination of webinars, online courses and attendance at seminars to meet the training needs of our staff. Each staff member determines what courses and seminars he or she wishes to attend, and we map out an action plan for each staff member

continued on page 4

BROKER

October - November 2011

The Alberta Broker is the official publication of the



3010 Calgary Trail,
Edmonton, AB T6J 6V4
T: 780.424.3320 • 1.800.318.0197
F: 780.424.7418 • www.ibaa.ca

President Dean Bailey
Chief Executive Officer George Hodgson

Published six times annually by:



9249-48 Street Edmonton, Alberta T6B 2R9
T: 780.448.0936 • F: 780.465.6201
E: albertabroker@linkpr.ca

Publisher and Editor Annette Hubick
Printing McCallum Printing Group
Design and Layout Ron Leckelt
Advertising Michele Schuldhuis 780.448.2890 michele@linkpr.ca

The Alberta Broker welcomes 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 association and its members.

Material in The Alberta Broker may be reproduced with the credit to the author and the following: "Reprinted from the Insurance Brokers Association of Alberta's magazine - The Alberta Broker (date)." Please send a copy to the publisher.

IN THIS ISSUE

- 3 Message from the President
- 4 Message from the Editor
- 6 Score with the Bipper
- 12 Legal-Ease
Court Rules Replacement of Defective Concrete Not Covered
- 14 WICC Alberta
Fanning the Flame
- 16 The Tax Man
- 20 The Anatomy of a Complaint
- 22 The Advocate
What Does Your Membership Do For You?
- 24 PYIB Perspective
Why Did I Become an Insurance Broker?
- 26 Know E&O
The Renewal Trap
- 28 Commercial Break
An Event to Remember
- 30 Chinook Country Report
- 32 Education Update
Working Hard to Earn Your Business
- 34 Who's Next?
IBAC to Focus on Broker Perpetuation

6 Cover Story:
Score with the Bipper

in November for the upcoming year. This allows the office to manage staffing levels throughout the year while enabling all employees to arrange quality education that is relevant and interesting to them.

Lori Bartlett and the IBAA PD department can assist brokers with mapping out their own plan, either individually or at a brokerage level. I encourage all members to take a look at the IBAA courses that are available. You will find them to be exceptional in quality and competitive in price.

Member Input

In late August, IBAA conducted a series of focus groups with leading brokers in Alberta. We wanted their advice on what changes they saw for the industry in the next five years,

what brokers would look like in the future and most importantly, what IBAA needed to do to meet the changing needs of brokers. I want to thank all who attended the focus groups for their participation in this important project. Your board of directors and the IBAA staff are currently reviewing the focus group's findings and drafting strategies to help adapt the association to the changing needs of our members.

Throughout the remainder of this year, I will be traveling around the province to meet with the local councils to update our members on what the focus groups revealed and to validate that these findings are what our members want the association to focus on over the next few years. I encourage all members of IBAA to take an active role in these discussions, and I look forward to meeting all of you during my travels.



Annette Hubick

Message from the Editor

It's October and hockey season is upon us – an exciting time for fans of hockey action. (Personally, I'll be spending more time watching my five-year-old Timbit-er than the Oilers as I've recently joined the hockey mom ranks.) How many times have you heard, "He scored the insurance goal," and doesn't a tie-in with the insurance brokerage industry seem like such a natural, "I can't believe no-one has done this before!" no-brainer idea? That's what I thought when I heard about the Insurance Goal of the Game, a program that originated in Manitoba and is being replicated by IBAC, IBAA and possibly, by you. Find out how you can "Score with the Bipper" with this program and more in our cover story (page 6).

October is the time of year when we take time to reflect on all we have to be grateful for. Even just in my role as the publisher and editor of *The Alberta Broker*, my gratitude list is plentiful. I'm thankful for ...

- Experts like Terry Williams and Shelley Miller, Bob McColl, Karen

MacWilliam, John Knotek and the people at Swiss Re who dispense invaluable advice and share their knowledge about the law, taxes/accounting, commercial insurance, banking/finance and E & O risk management respectively.

- An organization like WICC that is championing the cause of finding a cure for cancer. Find out what they've been up to on "our" behalf (page 14).
- George Hodgson, who shares our passion to create a valuable reading experience for you – an extension of the IBAA's goal to deliver value to its members as George outlines in his column (page 22).
- Young brokers like Chad Hudson who take the time to offer their unique perspective about their industry. This issue Chad answers the question of "Why did I become an insurance broker?" (page 24)
- Darrell Verbonac and Chris Lewis who keep us all in tune with what the people in this people industry are up to. Darrell's "Chinook Country Report" is on page 30 and Chris's

"Northern Exposure" will be back next issue.

- Lori Bartlett who has added "write magazine column" to her task list as the IBAA's new professional development manager. She updates you on what IBAA has been up to in its effort to serve your education needs (page 32). These fine people regularly deliver the magazine's editorial content and I hope you'll join me in thank them for their time, effort and energy.

I'd be remiss if I did not thank the others on the *The Alberta Broker* production team: our graphic designer, Ron Leckelt, and the fine folks at McCallum printing who, year in, year out do their best to deliver a great product, usually with me rushing them along.

Last, but not least, the magazine could not exist without the support and investment of our advertisers — and the tenacity of our advertising sales guru, Michele Schuldhuis, who makes sure we have them.

Happy Thanksgiving to you and yours!



Win \$500 for Charity

Enter the "Making a Difference" contest by October 31, 2011 and you could win \$500 for your charity and be featured in the February/March 2012 issue of *The Alberta Broker*. Go to www.ibaa.ca under Community Relations for information and the entry form.

WE'RE BIG ON A BRIGHTER FUTURE



Worldwide energy consumption is expected to increase by 50% over the next 20 years. Today, renewable energy is a fast growing industry and constantly evolving to meet the demand. At RSA, we provide leading insurance and risk management solutions for our wind, bioenergy, solar and small hydro clients. As a global leader with over 30 years experience in renewable energy, we are committed to a sustainable future.

By combining our specific industry knowledge with local expertise and understanding, we deliver robust commercial insurance solutions across RSA's Global Network. As one of the largest general insurers in Canada, RSA offers leading propositions and a strong commitment to our customer and broker partners.

With over 300 years of experience, RSA is an established 'A' rated insurer offering a complete suite of insurance solutions from small businesses to multi-national organizations through a network of independent brokers.

IF YOU'RE BIG ON A BRIGHTER FUTURE, PARTNER WITH RSA INSURANCE.

SCORE WITH THE BIPPER

By Annette Hubick

The Insurance Goal of the Game (IGG), a new Bipper-branded program takes aim at Canadians where they live: the hockey arena. The concept leverages the well-known sports term “insurance goal” — the goal scored after the game winner, insuring a team’s win — into a promotional campaign that resonates with hockey audiences from Timbits parents to NHL fans and everything in between.

IGG is the brainchild of Peter Tessier, the current president of the Insurance Brokers Association of Manitoba (IBAM). The concept is simple: at the end of a game, “the Insurance Goal of the Game, brought to you by your local insurance broker, was scored by Joe hockey player at 3:53 of the third period,” is announced.

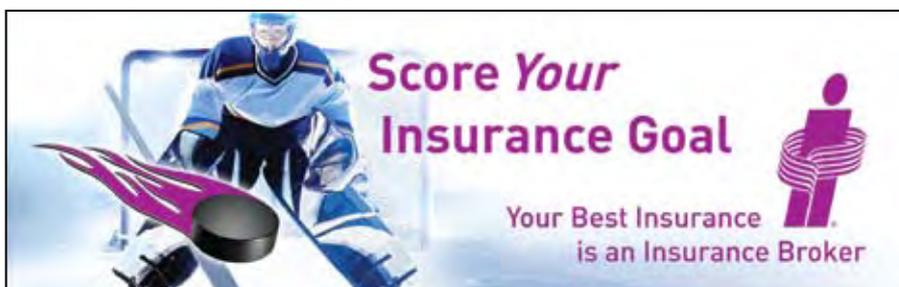
“We further extend the program with rink board and program advertising with the headline “Score your insurance goal,” explains Dave Schioler, IBAM CEO. IBAM supported the program by providing its ad agency’s creative services for the ads, which are now available to other provincial associations and member brokers across the country (shown on this page). “With the reach of hockey, it’s a great medium to attach your message to,” says Schioler, point-

ing out that, “Thirty million Canadians watched the last Olympic gold medal game out of total population of 37 million. That’s significant.”

Into its second year of sponsorship with Manitoba Junior Hockey, the IGG will be announced at 300 games and advertising will be on the league teams’ rink boards and in programs across the province. IBAM’s package includes game tickets that brokers can donate to minor hockey teams so they can watch the big boys play.



IGG Print Ad



IGG Rink Board Ad

IBAM intends to develop and refine the program. “We’re working on the plan to provide more opportunities for individual brokers to leverage the program,” says Schioler. “I see it expanding to minor league hockey tournaments all the way to big leagues and even into other sports such as soccer and baseball.”

continued on page 8

CONTEST

Making a Difference

Win
\$500
for your charity

How have you been making a difference? Tell us about it and you could win

\$500 for the charity or non-profit of your choice

One \$500 prize will be awarded in each of the five categories below (total prize pool is \$2500)

PLUS a profile in the February/March 2012 issue of *The Alberta Broker*

CORPORATE CATEGORIES (4)

A brokerage's efforts and activities, which can take the form of financial support, providing volunteers, organizing drives/fundraisers, raising awareness, etc.

Youth - e.g., school lunch programs, Junior Achievement, SADD, Boys & Girls Clubs, scholarships, etc.

Sport - any age, any sport or sporting event.

Social - e.g., food banks, environmental causes, safe driving, water wells in Africa, homeless shelters, arts & culture, animal shelters, etc.

Health - organizations that seek to find a cure for a disease and/or provide support for those afflicted by it.

INDIVIDUAL CATEGORY

The Power of One

An individual person's efforts in one or more charitable/community endeavours, for example: achievements while serving on a board or service club, volunteer service such as coaching a team, fundraising initiative such as raising pledges and running in a marathon, etc.

ELIGIBILITY

- Must be an IBAA member in good standing.
- Initiatives/activities must have taken place between September 1, 2010, and August 31, 2011.

ENTER TO WIN

Complete the official entry form emailed to you by IBAA or download it from www.ibaa.ca/About Us/Community Relations.

Entry deadline is October 31, 2011.

Sponsored by



BROKER
THE ALBERTA



continued from page 6

IBAC has already taken the ball, or puck, and run with it by securing airtime in Sportsnet's Monday-Sunday coverage of NHL action and sponsorship of a special "Insurance Goal of the Week" segment in Hockeycentral Saturday, "brought to you by your local insurance broker."

For its part, IBAA has already received the pass and (at time of writing) is in negotiations with the Alberta

BIP Campaign Goals Public

- Awareness of brokers and their unique role
- Enhance the reputation of brokers as insurance professionals
- Promote trust in the insurance broker because of the service a broker provides

Politicians & Regulators

- Make presence known as a national, community-based organization
- Impart knowledge and information about the brokers' national role
- Win their support for our cause on behalf of consumers
- Give our cause priority

Junior Hockey League, which has 16 teams located across the province. IBAA CEO envisions a program whereby a donation is made in the name of the IGG player to the local Alberta Victims Services program, forging a synergy between two significant provincial BIPPER community relations efforts (more on that later).

Individual broker members can also take advantage of this opportunity by negotiating IGG programs with local hockey teams or leagues. For those who do, IBAC is there to assist by funding the customization of the artwork.

This coordinated, layered marketing approach — brokers, provincial associations and IBAC capitalizing on each other's marketing efforts through unified messaging — mirrors the whole strategy of the BIP (Broker Identity Program) itself.

The BIP was born out of IBAC's advocacy efforts as a means of harnessing the people power of the brokerage network of 33,000 members. Two decades ago, IBAC was in the throws of its battle to prevent banks from retailing general insurance from their branches and quickly realized that many politicians didn't understand the role of insurance brokers with consumers and their communities. So it was decided that the profession itself needed to be

branded in order to differentiate the brokerage channel and communicate its unique value proposition: brokers work for their customers, not the insurance companies, so Canadians can rest assured that their interests are paramount. As a recently produced IBAC video explains, "A brand represents what you can expect from the product or service that is presented to you." The BIP icon (the Bipper), the individual wrapped in the magenta blanket, was created to convey the security brokers provide.

There was another factor at work in the BIP's genesis: the simple reality that the banks' marketing budgets dwarfed that of any individual broker or provincial association. The only way that these Davids could mount an offensive against Goliath was to pool their resources — a fact that remains true today.

Since inception, \$30 million has been invested in the BIP brand at a national level through advertising and sponsorships. The goal of the campaign is to promote the trust that brokers want people to have in the brand and is aimed at two primary audiences: the public, and politicians and regulators.

Advertising

Buoyed by results of 12 focus groups conducted in spring 2011, the 2011-12 plan includes the continuation of the national television "Sleep Easy" campaign that began in 2009. "Overall, participants clearly understood the value-added offered by insurance brokers and that they work for you, not the insurance companies," reports Janine Cavin, IBAC manager of marketing and advertising. "The phrase 'you can sleep easy' resonated well with the participants. They liked the feeling of security, comfort and trust they get knowing their insurance broker is taking care of their insurance for them." The IBAC media buy includes commercials on news (CBC, CTV and Global national news), sports (figure skating,



Ottawa Airport Billboard

continued on page 10

When it comes to protecting your reputation, you may find us surprisingly fierce.

With over 30 years of serving the Canadian broker market, we're the most experienced provider of professional liability coverage. Yet it's not just our longevity in the market that may surprise you; it's our commitment. As more than 20,000 insurance brokerage firms across North America have discovered, we're fiercely committed to protecting what matters most – your business, your financial assets and your reputation. As in everything we do at Swiss Re, risk is our raw material; what we create for you is opportunity.

See for yourself at www.swissre.com/eo

Corporate Solutions

Swiss Re



©2011 Swiss Re

Swiss Re Corporate Solutions is proud to be the endorsed E&O provider for the Insurance Brokers Association of Alberta. For more information or to access our Insurance Brokers professional liability programme, please contact:



592556 Alberta Ltd., a subsidiary of IBAA
P: 800 318 0197, E: ibaa@ibaa.ca, www.ibaa.ca
3010 Calgary Trail NW, Edmonton, AB,
T6J-6V4

Insurance products underwritten by Westport Insurance Corporation, Overland Park, Kansas, United States, a member of Swiss Re Corporate Solutions.

continued from page 8

hockey, CFL football, The Memorial Cup) and high-rated dramas such as *The Good Wife*, as well as the Weather Channel. It should be noted that IBAC has produced commercials where the final five seconds can be customized to individual brokerages (contact IBAA for more information). Cavin adds that in order to reach politicians, “We also advertise on political shows such as *The Power of Politics*, *Question Period*, etc., and have two billboards at the Ottawa airport (shown on page 8).

The program is showing signs of success. IBAC representatives are often referred to by those on Parliament Hill as “the blanket guys” and the logo scored well in an October 2010 consumer survey. In the survey, 1355 consumers were shown a few logos or symbols such as the Intel logo, CSA symbol, the Better Business Bureau logo, etc., and the Bipper. Key findings included:

- 83% had some familiarity with the Bipper.
- 37% of those who were aware of the Bipper associated it with insurance. “This is a pretty good number considering that the slogan was not included at that time,” says Janine Cavin, IBAC manager of marketing and advertising.
- 76% thought the blanket was most highly appropriate as a marketing device.

Sponsorships

The blanket’s use as a symbol of the insurance broker has been extended beyond advertising creative and has been incorporated into IBAC’s sponsorships.

Canadian Ski Patrol (CSP)

“This is a great sponsorship,” says Cavin. “We are entering into year four of a five-year commitment with the Ski Patrol.” The first year, IBAC donated 4000 blankets to CSP and has replaced about 2000 per year since. “We also



Members of the IBAA executive team took time out from its strategic planning meetings in Rocky Mountain House to meet with the local Victims Services unit. L to R.: Gord Enders, IBAA VP; Nicole Laut, Victim Services Response Team Co-ordinator, Constable Todd Depaigie, Rocky Mountain House RCMP; Dean Bailey, IBAA president; Mardene Watson, IBAA past president; Marsie Tyson, Victim Services Director.

supplied the Ski Patrol with various posters and banners for their ski chalets,” adds Cavin.

Skate Canada

In addition to commercials running during the Canadian and International Championships broadcasts, the IBAC partnership includes:

- 30-second commercials in the venue
- PA announcements
- Rink boards and program ads
- “Volunteer Break of the Day,” where a couple volunteers are given a co-branded blanket and allowed to sit in the venue to watch the competition, which they never have a chance to do.

For 2012, IBAC is also investigating the development of web-based videos that brokers could incorporate into their social marketing strategies.

Adding Layers

Playing off the profile of national branding efforts, provincial associations develop programs to meet regional needs.

In addition to implementing an Insurance Goal of the Game program with Alberta Junior Hockey (AJHL), IBAA has chosen to support Alberta Victims Services (AVS). The organization was chosen for several reasons. “It is community-based and province-wide, like our membership,” says IBAA CEO George Hodgson. “Its mandate of ‘Working together helping victims of crime and tragedy’ is closely aligned with what the insurance brokerage profession does,” he adds. The IBAA’s support of Alberta Victims Services includes:

- Donating blankets to AVS’s 121 units, which operate out of local RCMP detachments,
- Producing Bipper and AVS co-branded *My Mom Says* child safety booklets,
- Monetary donations – as noted earlier, IBAA is hoping to incorporate a donation to AVS as part of the Insurance Goal of the Game program with the AJHL.

The third layer in the BIP marketing strategy is comprised of individual

brokerages themselves. Each and every broker has a part to play, simply because each and every broker is a piece of the brand. Brokers are encouraged to display the BIP logo on their letterhead, business cards, signage and website. The BIP logo usage guide is available on the IBAA website (under member services/customer relations toolkit). "In an ideal world, every office across the country would be using the BIP brand in all their marketing materials," says IBAC's Cavin. "Imagine the impact of 33,000 brokers displaying the BIP — the impressions would be in the millions," she says.

Other opportunities for brokers to make the most of the BIP brand power include:

- Calendars (go to www.ibaa.ca and look under Member Benefits/Teldon Marketing Products)
- Blankets (include them in picnic baskets for event prizes, donate them to organizations in need, present to a client to thank them for business or referrals – use as part of a winter emergency kit)
- Other merchandise: window shades, air fresheners, pins
- "Sleep Easy" TV commercials that can be branded for individual brokerages (25 seconds of national version + 5 seconds for the broker). **Note:** Brokerages can use these commercials with paid TV airtime and/or put them on their websites.
- Insurance Goal of the Game

To find out more about these programs, go to www.ibaa.ca and click on Member Services or contact the IBAA by phone or email.

As IBAC's Dan Danyluk says, "Just like you build your business client by client, you build your brand impression by impression." And, as hockey coaches will tell you, you miss 100% of the shots you don't take. So the question is: Will you score with the Bipper?

- Property
- CGL (Incl. Truckers)
- Cargo • COC
- Umbrella/Excess
- Fine Arts
- Product Recall
- Cross Border



- Auto Physical Damage (Incl. Logging)
- Special Events
- CEF • Aviation
- High Value Homes
- E&O • D&O

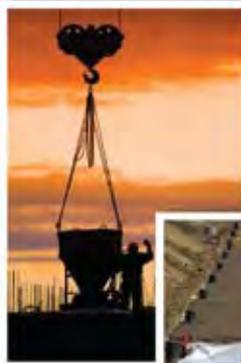
WHOLESALE BROKER FOR BROKERS

Tel: 780.442.2240 • Toll Free: 1.866.328.1314

E: nmccreedy@auroraunderwriting.com

auroraunderwriting.com

Canada's Leading "SPECIALTY" Insurance Company



CONTRACT SURETY

Our experience in Contract Surety Bonding continues to build solid and long-term relationships between brokers and contractors.

OTHER PRODUCTS:

- Contract Surety • Directors' and Officers' Liability
- Fidelity Bonds • Credit Insurance
- Commercial/Miscellaneous Surety
- Guarantee GOLD® (Executive Home and Automobile Insurance)

"We have time for you!"
since 1972



gcna.com

CONCRETE EXAMPLE

The Court of Queen's Bench of Alberta recently decided a lawsuit by Inland Concrete Ltd. (Inland) against Commonwealth Insurance Company (Commonwealth) under a Builders Risk Property Insurance Policy (the Policy). Inland claimed approximately \$1.4 million, representing its contribution to settle a lawsuit brought against Inland by PCL Maxum (PCL) alleging defective concrete.

In 2000, the Northern Alberta Institute of Technology (NAIT) began construction on a new building at its Edmonton campus. NAIT retained PCL as general contractor. PCL hired Central Caissons to do the foundation work. Central Caissons contracted Inland to supply concrete. EBA Engineering Ltd. (EBA) was hired to supervise the concrete placement and perform quality control assurance tests. The building design required 602 pilings as part of the foundation structure. EBA became concerned about the strength of the concrete in the pilings. NAIT eventually accepted a solution that involved the replacement of approximately 212 of the pilings.

Concrete is a recipe of sand, aggregate material (small stones and gravel), cement (a gray icing sugar-like powder) and water. Because of the type of piling on the project, an in-place dynamic piling, the concrete had to be supplied without any additives and with a minimum amount of water. This type of concrete is called "zero slump" concrete since if a sample of the concrete is put into a container, the concrete will retain the same shape and have no measurable slump if the container is tipped upside down and removed. "Zero slump" concrete is an unusual material and represents less

than 1% of the products marketed by Inland.

The trial judge observed that big construction means big risk. It is therefore not uncommon for large construction projects to be bid on the basis that the contractors and suppliers have some litigation safety nets to minimize those risks. One common safety net is for the owner, NAIT in this case, to purchase a builder's risk policy. The trial judge observed that a common feature of a builder's risk property insurance policy is that all of the subcontractors working on the project are automatically insured and entitled to the benefit of the policy. As stated by the Supreme Court of Canada in a previous case, the function of this type of policy is to provide to the owner the promise that the contractors will have the funds to rebuild in case of loss and to protect the contractors against the crippling cost of starting afresh in such an event. For the NAIT project, Commonwealth issued the Policy under which the named insureds were PCL and NAIT.

A builder's risk property insurance policy does not include warranty replacement. In this regard, Commonwealth asserted that Inland was seeking coverage for supplying a faulty product, i.e., defective concrete. The

Court Rules Replacement of Defective Concrete Not Covered

Commonwealth Policy specifically excluded "the cost of making good faulty workmanship, construction materials or design unless physical damage not otherwise excluded by this policy results, in which event this policy shall insure such resulting damage." However, Inland argued that its product, the unsolidified concrete, was incorporated by others into a design structure that did not, for a combination of not fully understood factors, measure up to the design requirements and as a result the customer lost confidence in the concrete pilings. Inland argued that this design failure was an accident (a fortuitous event) for which Commonwealth had issued insurance.

Commonwealth's Policy stated that it "... insures against ALL RISKS of direct physical loss of or damage to the property insured..." The term "property insured" was defined to include "the structure being constructed or demolished and its material sub-components," and "property, includ-

Your clients will fall for your service when they receive ...

On Your Side

Your client newsletter

Email & web friendly PDF and/or print

Info at ClientLink.ca

CONTACT T: 780.448.0936 E: clientlink@linkpr.ca

ing materials and supplies, that are intended for the construction project.” Among the items of loss claimed by Inland was a cash payment to settle with PCL, a credit given to PCL on future concrete purchases and its legal costs of defending the PCL lawsuit. However, the trial judge held that these losses were not recoverable under the policy because they did not involve a “direct physical loss.” The trial judge stated that coverage for that type of loss was the domain of liability insurance, not property insurance.

The only remaining claim was the cost of the actual concrete supplied by Inland. In this regard, an exclusion clause in the Policy stated, “This policy does not insure ... the cost of making good faulty workmanship, construction materials or design unless physical damage not otherwise excluded by this Policy results, in which event this Policy shall ensure such resulting damage.” The trial judge interpreted this clause to mean that if defective material was installed then the cost to directly repair that defective material would not be covered. However, if that repair or replacement had additional associated damages that were independent of the defective material, then those would be “resulting damages,” which would fall within the exception to the exclusion clause.

The trial judge stated that Inland could also have a claim if there was no fault with the concrete supplied, for example, if the weak pilings were caused by Central Caissons’ improper compaction of the concrete. On this point, the factual pattern that all of the failed pilings were created with concrete from one of three discrete concrete sources led the trial judge to conclude on a balance of probabilities that the problem was due to a defectively mixed product supplied by Inland. There was also expert opinion evidence that there was a mixing problem with the concrete. Commonwealth had therefore proven an exclusion to coverage, namely that the

losses occurred by Inland related to its faulty product. In addition, the losses claimed were not resulting damage

to other property but the value of the concrete supplied itself.



shelley.miller@fmc-law.com

SHELLEY L. MILLER, Q.C. and TERRY J. WILLIAMS
are lawyers with
Fraser Milner Casgrain LLP and practice in the
professional liability insurance area.



terry.williams@fmc-law.com



Get an Edge with GIMS General Insurance Management System

GIMS is a fully integrated modular enterprise solution with rich functionality. GIMS is set up and maintained by your business analysts through an extensive table driven support centre. GIMS supports all lines of business in all provinces and runs on modern hardware and software configurations with connectivity to leading Business Intelligence tools and Third Party Interfaces.

GIMS is available as an in-house installation and through our outsourcing world class five 9's data centre. Tritech fully engages itself in every implementation with our experienced teams, thereby ensuring GIMS goes live on-time and within budget. GIMS has been successfully installed in over 20 P&C insurers in Canada, USA and the Caribbean.

Tritech clients have:

- Slashed IT spending by up to 50%
- Significantly reduced the time it takes to implement business goals
- Strengthened Management and Operational Efficiencies

Visit us at www.trifin.com





Fanning the Flame

WICC fall events were fueled by the August news that cancer researchers were experiencing their first clear success using gene therapy to treat leukemia. “It worked great. We were surprised it worked as well as it did,” said Dr. Carl June, a gene therapy expert at the University of Pennsylvania. “We’re just a year out now. We need to find out how long these remissions last.”

Dr. June led the study, which was published in two medical journals. The study involved three men with very advanced cases of chronic lymphocytic leukemia. Their only hope for a cure is bone marrow or stem cell transplants, which don’t always work and carry a high risk of death. Scientists have been working for years to find ways to boost the immune system’s ability to fight cancer. Earlier attempts at genetically modifying bloodstream soldiers called T-cells have had limited success; the modified cells didn’t reproduce well and quickly disappeared.

WICC Alberta has been funding research into the efficacy of “Killer T-cells” in fighting cancer cell development. The success of this related research into what are dubbed “serial killer” cells inspires us to forge on. The research we are funding may just be the project that has the next breakthrough!

This brings us to celebrating our supporters. Two particularly active WICC supporters in Alberta are Boyd Autobody & Glass and the partnership of Silvercrest Insurance Group and Ding & Bradley Financial Services.

Boyd Autobody & Glass takes its social responsibility very seriously. WICC is an organization that Boyd supports in its efforts to raise funds for the fight against cancer.

Trista Anger, Recruitment and Training at Boyd, explains, “In an effort to

contribute to increased WICC exposure in Alberta, as well as contributions to cancer research, Boyd has embarked on a social media campaign. In the fall of 2011, Boyd has launched a Facebook page dedicated to WICC — a key initiative in the insurance industry and community at large. For every ‘like’ the Facebook page receives, Boyd will donate \$1 until 5000 ‘likes’ are reached. On reaching the milestone of 5000 ‘likes,’ Boyd will make a \$5000 donation to WICC. Boyd will be promoting this social media campaign with their staff and customers throughout its 12 Alberta locations. For more information on the program, please visit www.boydgroup.com.”



Diane Jones, Vice President Marketing and Sales at Silvercrest Insurance Group was a winner of a 2010 Gold Flame award and is pictured here with Mike Bradley of Ding & Bradley.

Diane, Vice President Marketing and Sales at Silvercrest Insurance Group, explains their purpose in choosing WICC. “Our inspiration for supporting WICC was our good friend Sherre Newell. Watching her strength, courage and humour during her battle with breast cancer made us want to fight cancer with her in any way we could. By supporting WICC with our charity golf tournament and participating in the Relay for Life, we are doing just that. Silvercrest believes in and supports the research projects that WICC is aligned with. Silvercrest will continue supporting and fighting alongside WICC until a cure is found.”

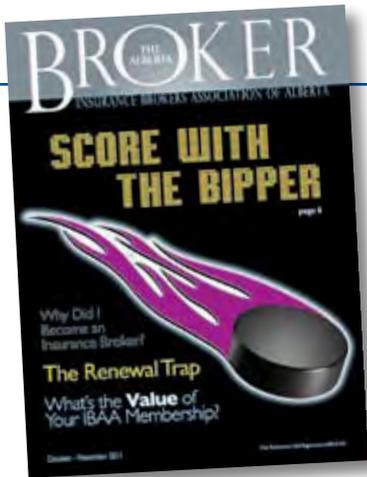
“The research we are funding may just be the project that has the next breakthrough!”

WICC is always looking for inspirational stories and industry speakers for our events. If you are an insurance community member and would like to share your cancer survivor story, please contact scarey@renfrewinsurance.com.

The 8th Annual WICC Gold Flame Awards Luncheon is fast approaching. Mark your calendars for January 19, 2012. Our venue once again is the Palomino Room in the BMO Centre. Please be sure you get your table booked for the best attended Calgary insurance industry event of the year. Tickets can be ordered from me at: amy.foggin@canproglobal.com.

AMY FOGGIN
Regional Manager,
General Investigations
CANPRO Global
amy.foggin@canproglobal.com





STAND OUT

with Alberta's brokers
by advertising in

BROKER

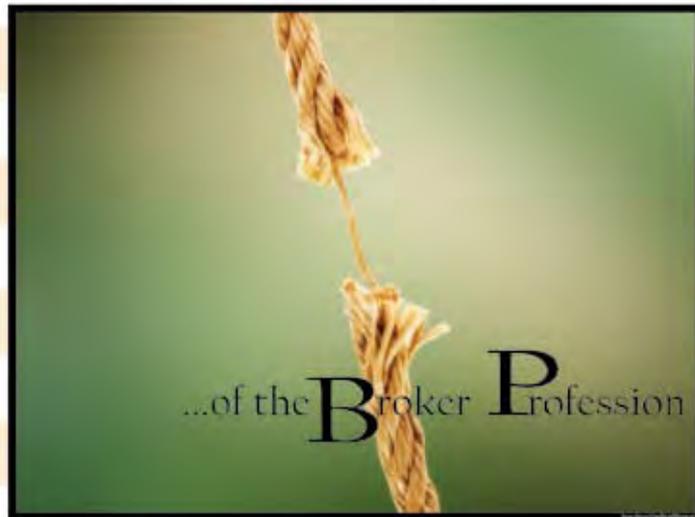
Call Michele Schuldaus at:

T: 780.448.2890

E: AlbertaBroker@LinkPR.ca



Ensuring the Continuity...



Professional Young
Insurance Brokers
3010 Calgary Trail NW
Edmonton, AB T6J 6V4

Phone: 780.424.3320
Fax: 780.424.7418
E-mail: pyib@ibaa.ca
Website: www.youngbrokers.ca



www.facebook.com/ProfessionalYoungInsuranceBrokers

Protecting the West



Now offering industry leading insurance products in British Columbia, Alberta and Saskatchewan.



THE MUTUAL FIRE
INSURANCE COMPANY
OF BRITISH COLUMBIA

mutualfirebc.com

PERSONAL | FARM | COMMERCIAL

Owner-Manager Remuneration Strategies

Integration Revisited

At one time, when planning tax-effective owner-manager remuneration strategies, there was an almost universally accepted belief that paying out bonuses to owner managers to reduce corporate income to be at or just below the small business limit was the way to go (the small business limit is currently \$500,000 federally and in all provinces except Manitoba and Nova Scotia). This was because income in the company taxed at the small business rate, and then paid out as dividends to an individual, would cost the owner-manager approximately the same amount of tax as if that income were paid as remuneration. But income taxed at the general business rate would be subject to a higher overall amount of tax once the net income was paid out as a dividend to the individual owner-managers. That is, "integration" would be achieved at the lower small business corporate tax rate, but would not be achieved at the higher general corporate tax rate. This was because the federal government and most provinces placed a priority on ensuring small business income was integrated.

However, the corporate tax system was substantially changed in 2006 with the introduction of the eligible dividend rules as an initial step to counter the stampede of corporate conversions to income trusts. At the same time, the federal government and some provincial governments started a gradual process of lowering general corporate tax rates. Soon it became clear that, as the general tax rate changes were phased in, the tax cost of keeping "high-taxed" general corporate income in Canadian-controlled private corporations was going to decline dramatically, particularly in those provinces that also undertook to reduce provincial corporate tax rates.

In evaluating the tax costs of keeping business income over the small business

limit in a corporation compared to paying such funds to the owner-manager as remuneration, there are two components to consider. The first is that if Alberta corporate tax rates are 26.5% and personal tax rates are 39.0%, there is a deferral advantage if income is initially taxed in the corporation and retained there for some period of time. The second consideration is the overall tax cost of retaining funds and eventually paying an eligible dividend to owner-managers compared to the overall tax cost of paying remuneration in the year the funds are earned. Where the tax deferral is long enough, the deferral benefit can more than offset the higher integrated tax cost that results if the income is initially retained in the business. The break-even point will be dependent on your company's cost of capital. Of course, any such calculation is just an estimate, but it is important to understand the two parts to the analysis.

In 2011, the deferral factor in Alberta will be 12.5% on funds subject to the general rate of income tax, meaning that there will be an initial benefit of 12.5% of retaining income. The integration factor is 0.52%, meaning that the total integration cost after the flow through of the dividends in 2011 is 0.52%.

A complicating factor to this analysis is the fact that the personal tax rate on dividends will increase between 2011 and 2012, and then is projected to remain at the 2012 rate. This means that income earned in 2011, and paid out as a dividend in 2012 or future years, will have a higher integration cost than if it is paid out as a dividend in 2011. The integration factor in Alberta for 2011 income paid out in 2012, for income earned after July 1, 2011, is 1.68%.



Because the personal tax rates on dividends are not scheduled to change after 2012, this is an issue for 2011 only.

As the Alberta corporate general tax rate will continue to decline to a combined federal and provincial tax rate of 25% by July 1, 2013, the integration cost will be reduced to less than 1% by 2014.

Of course, a decision to bonus or pay dividends is based on several factors other than the immediate income tax cost. These other considerations often include determining whether a salary should be paid to the owner-manager to allow maximum Registered Retirement Savings Plan (RRSP) contributions and to allow Canada Pension Plan contributions to be made. Another consideration is that paying a salary sets up the ability to create an Individual Pension Plan, but these plans will become much less popular due to the 2011 budget proposal that will eliminate or greatly reduce deductible past service contributions by employers.

We believe that these tax changes will create a significant increase in the use of investment holding companies as a primary retirement savings vehicle and in the use of corporations that carry on a personal services business.

continued on page 18

Coming Through For You!



THE PROPERTY RESTORATION SPECIALISTS WITH SERVICE LOCATIONS ACROSS ALBERTA

**CALGARY: 403-735-0607 EDMONTON: 780-488-8854 GRANDE PRAIRIE: 780-568-4402
LLOYDMINSTER: 780-874-1000 MEDICINE HAT: 403-488-6256**

Proud to be Canadian owned and operated. For more information visit www.winmar.ca

We're donating **\$1 million.** Will you submit, promote or vote for ideas?

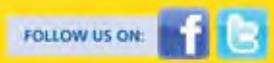
It's that easy to make a difference. As a Broker partner of Aviva, you can join us in being part of something special. Visit AvivaPartner.ca to find out how you can help us create positive change in your community through the \$1 million Aviva Community Fund.

New this year: Ideas you submit or support:

- will provide high-profile visibility for your brokerage on www.AvivaCommunityFund.org
- have an extra chance to receive up to \$150,000 through an exclusive Brokerage competition

Aviva – partnering with you for community change.

Home | Auto | Business | Leisure & Lifestyle



Aviva Community Fund
Supporting what's important to you

Aviva and the Aviva logo are trademarks of Aviva (or an affiliate) either licensed by Aviva Canada Inc. and its member companies.

Holding Company for Your Retirement Portfolio

If a decision has been made that it is better to retain earnings in your corporation, rather than to bonus out the funds, a decision needs to be made of how to invest such funds if they are surplus to the current needs of the business. If the funds are surplus to the needs of the business, often a holding company will be set up and the excess funds can be distributed to the holding company via a tax-free inter-corporate dividend. The holding company can be used to separate investment funds from the risks of the operating business and can also be used as an incorporated investment portfolio. Also, where there are multiple shareholders, each shareholder can set up their own holding companies to allow for maximum flexibility.

Mixing investment earnings in a holding company with eligible dividends received from the operating company can also enhance the deferral benefit. This is because the investment income is subject to a refundable tax, which is refunded on the payment of a dividend. If the dividend refund can be triggered by flowing an eligible dividend from the operating company through the holding company to shareholders, this could result in a significant tax deferral on the investment income earned by the holding company. In an ideal situation, the cash paid out as an eligible dividend will be just large enough to cover personal costs and to trigger a full refund of the refundable tax.

The significant deferral on general rate income that is now available may make maintaining investments in a corporation a more tax-efficient solution to retirement savings than paying salary or bonuses to make the maximum annual RRSP contribution. Again, such an analysis must be made based on individual circumstances. However, factors in favour of using an incorporated investment portfolio include:

- The timing of dividends paid from the corporation is entirely discretionary, unlike a Registered Retirement Income Fund, which has mandatory minimum payments. Thus dividend payments can be controlled to ensure that Old Age Security and certain income-based credits are not clawed back, especially if immediate cash is not needed.
- It may be possible to split income with adult children and a spouse (subject to specific conditions).
- The amount of dividends that can be received tax-free each year is much higher in many provinces than the amount of RRSP income, due to the dividend tax credit and due to the fact that investment income in an RRSP is taxed as ordinary income when paid out.
- If there is value remaining in the holding company at death, that value will be subject to tax as a capital gain (subject to postmortem planning).

Personal Services Businesses

Another idea that needs to be looked at differently with the reduction in general tax rates is the idea that retaining income in a corporation operating a personal services business is detrimental.

A personal services business means a business of providing services where an individual who performs services on behalf of the corporation (or a related person) owns at least 10% of the corporation and the individual would reasonably be regarded as an officer or employee of the business to whom the services were provided if it were not for the existence of the corporation. There are exceptions if the corporation employs more than five full-time employees in the business throughout the year or the services were rendered to an associated corporation.

With the new tax rate environment, employees may wish to incorporate their services so that their service company provides their services to their former employer, and they now provide the same services that they used to provide directly, but through their service

company. For example, say that John is the president of A Co and a resident of Alberta. As an officer of the company, he is an employee. John sets up an Alberta service company, owned by him, called John's Services Ltd. (JSL). JSL then bills A Co. for "executive services." The executive services income is taxed in JSL, or it can be paid to John as an employee of JSL.

Because JSL only has one employee, John, and because of the nature of the services provided to A Co, JSL will be a corporation operating a personal services business. Any income of JSL not paid as employment income to John or as certain employment related expenses, will be taxed in JSL at the general corporate rate, or 26.5% in 2011. To the extent that this income is surplus to John's current year needs, it can be kept in the company and a deferral of 12.5% has been achieved.

In order for this tax deferral planning to be most effective, any employment or personal expenses not allowed to be deducted in JSL (e.g., office in the home or child care expenses) should be incurred by John personally, and a salary large enough to deduct these expenses on John's personal tax return should be paid. As John will need at least some money to live on, he'll need to decide on whether he should receive these additional funds as a salary or as dividends. In addition to tax rate considerations and creating a dividend refund if a dividend is paid, he'll need to consider other issues, such as whether he wants to make CPP contributions and whether salary should be used to create earned income to allow for RRSP contributions.



BOB McCOLL, CA
Partner
BDO Canada LLP
bmccoll@bdo.ca



There's strength in numbers.



And together, we're stronger than ever.

2011 Full Partners



Proud Supporter of Brokers
Displaying this Symbol

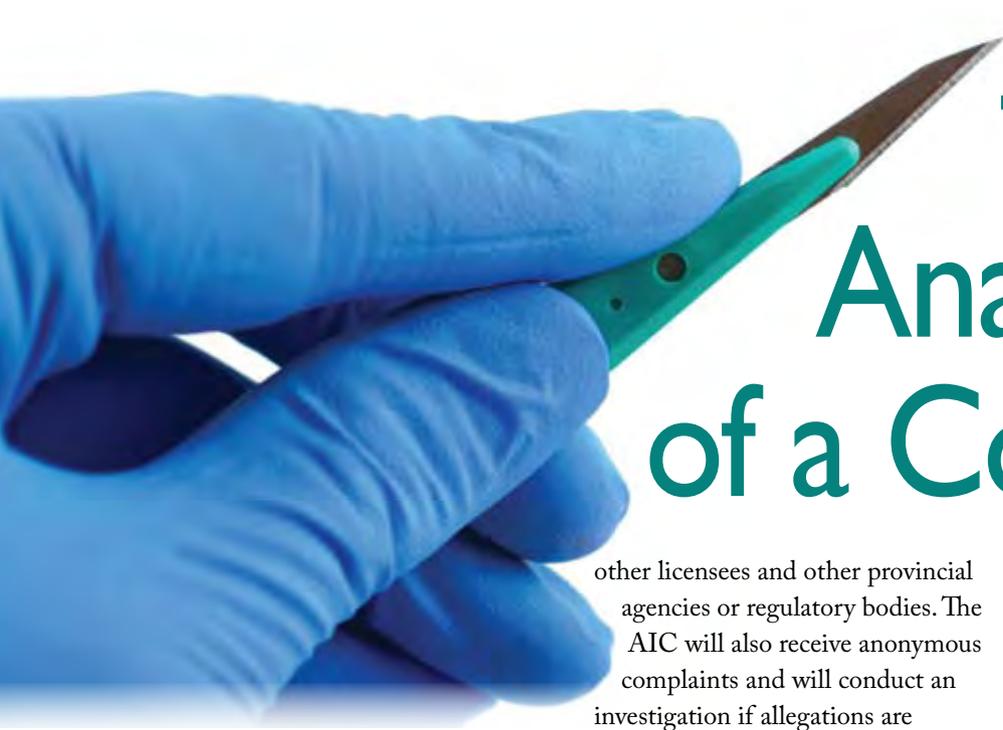
Participants Underwriters, Lloyd's England

Each of the Broker symbols above represents 1,000 insurance brokers, every one a member of their local Brokers Association, and every one of them drawing on the professionalism and efficiency of Canada's highest calibre insurance carriers to serve millions of insurance buyers across the country, earning their trust and loyalty.

Since its inception in 1988, the Broker Identity Program has served to dramatically raise the profile and enhance the professional reputation of our insurance brokers, and thereby reinforce, and assure the perpetuation of, the broker distribution channel in Canada.

In that time, consumers have come to readily recognize the broker logo championed by IBAC and its 11 member associations. Seen by millions of consumers to represent trust and peace of mind, and by hundreds of politicians and legislators as the embodiment of "people power" in every community across the country, the campaign goes from strength to strength each year. And 2011 is no exception.

Without your active support and cooperation as our friends and business partners in this quest for customer satisfaction and loyalty, it would be a different story. So it is with heartfelt thanks that we pay tribute to you and the partnerships we mutually enjoy.



The Anatomy of a Complaint

By Joanne Abram

The Alberta Insurance Council (AIC) is the licensing and regulatory authority of insurance intermediaries in Alberta and is a Crown-controlled organization that receives its authority through a delegation from the Minister of Finance and Enterprise. The AIC is responsible for providing service and support to three industry-specific Councils: the Life Insurance Council (LIC), the General Insurance Council (GIC) and the Insurance Adjusters Council (IAC).

The GIC has the delegation to approve or refuse applications for Certificates of Authority for general insurance agents and to conduct hearings when allegations under the *Insurance Act* or regulations have been brought against a certificate holder or former certificate holder. After reviewing all of the evidence and submissions of the AIC and the Agent, the GIC has the responsibility to determine if the allegations are proven and, if so, what, if any, sanction is appropriate. This is where the functions of the Councils differ in that the function of the AIC is investigative and administrative and the function of the GIC is adjudicative.

The AIC receives complaints from a variety of sources including consumers,

other licensees and other provincial agencies or regulatory bodies. The AIC will also receive anonymous complaints and will conduct an investigation if allegations are sufficiently detailed. Finally, the AIC can also initiate investigations if it believes that the *Act* or regulations have been breached in some manner. For example, while conducting an investigation AIC may find evidence of wrongdoing unrelated to the original complaint.

The first step in any compliance process is the gathering of information starting with the complaint itself.

- What are the allegations and the nature of the complaint?
- What laws or regulations may have been violated?
- Does the AIC have jurisdiction over the allegations?
- What evidence will be necessary to support the allegations?

The investigator assigned to the specific complaint will identify what records and/or documents are needed, who will need to be interviewed and how the evidence will be collected and maintained. The investigator will also attempt to distill precisely what issues are in play as there are times when complaints are vague or incomplete.

Investigators must be cognizant at all times that the jurisdiction of the Council is limited to matters arising out of statute or regulation. As such, investigators avoid getting involved in issues that are personal issues between parties or contractual in nature. Indeed, there are

times that a complainant will attempt to use a complaint and possible finding of a violation by Council to further a civil action. As such, our investigators are always mindful of the AIC's limited authority.

Additionally, the individuals tasked with conducting AIC investigations must be impartial, fair and objective. The investigator's job is to gather the facts only, not to judge and not to be an advocate for the complainant.

In the event that an investigator believes that there are reasonable grounds to suggest that the *Act* or regulations have been breached, he or she prepares a document setting out those allegations and provides it to the agent to allow him or her to submit any further evidence and make submissions. The entire package is then presented to the appropriate council for adjudication.

In order to conclude that the *Act* or regulations have been breached, the GIC must be satisfied that there is sufficient clear and cogent evidence to prove the allegations. Unlike criminal proceedings where the standard of proof is "beyond a reasonable doubt," the applicable standard of proof in matters before the GIC is that of a "balance of probability." In other words, the GIC must be satisfied that it is more likely than not that the agent or adjuster breached the *Act* or regulations.

Proceedings of administrative tribunals have many advantages. Administrative tribunals are efficient and effective. They deal in very specific areas and, unlike the courts, rely on the

expertise of member licensees in order to arrive at their decision. Administrative tribunals such as the GIC are also masters of their own processes. In doing this they are obliged to adhere to the principles of natural justice and to act fairly and within their statutory authority. Administrative tribunals must be independent. The persons who hear the case, and only those persons, must decide.

A decision by a quasi-judicial tribunal such as the GIC is formal and binding and is not final until it is rendered in writing. Once the GIC renders a decision, it has no jurisdiction to go back and reconsider its findings, and the only avenue to further the matter is an appeal made under the *Act* or an application to the appropriate court.

Any person adversely affected by a decision of the Council has the right to file an appeal. This appeal is heard by a three-member appeal panel in accordance with the *Act* and Insurance Councils Regulation.

Further information, including compliance statistics from the AIC Annual Report, can be obtained from the AIC website at www.abcouncil.ab.ca or by contacting the AIC offices in either Edmonton or Calgary.

JOANNE ABRAM
 Chief Executive Officer,
 Alberta Insurance
 Council
jabram@abcouncil.ab.ca



LYDALE
 Disaster Clean-up & Construction Services

WHEN DISASTER STRIKES
 Call Lydale, one of Western Canada's most trusted disaster clean-up and restoration specialists.

Edmonton 1.866.457.1200	Calgary 1.877.844.1200	Lethbridge 1.877.380.6222
Saskatoon 1.877.333.9444	Regina 1.877.333.9442	Prince Albert 1.877.959.3253

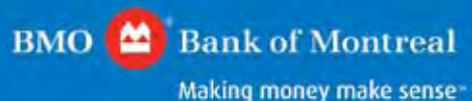
www.lydale.com

Have you ever heard such a claim?

All banks claim to offer financial services for businesses BMO Bank of Montreal[®], however, goes one step further and is the only financial institution to offer a comprehensive program developed for IBAA members. Giving value to your client list, we offer:

- Acquisition Financing
- Premium Financing
- Succession Financing
- Refinancing of Loans from Insurers
- Employee Group Banking Plan

To learn more about how our pre-arranged financial services program can meet your specific needs, call John Knotek, Manager, Insurance Brokers Services at 1-877-629-6262, contact us by email at industry@bmo.com or visit your local BMO Bank of Montreal branch.



A member of BMO Financial Group. TM/© Trade-marks/registered trade-marks of Bank of Montreal.

What does your membership DO for YOU

The questions I am often asked by brokers are, “What does my membership do for me?” and, “What am I getting for my money?” These are questions asked of many member associations — be they a political party, service group, fraternal organization, community league or a condo association.

It is often difficult to put a dollar value on membership in an organization; in most cases the non-monetary value is its greatest value. Fortunately, the value of membership in IBAA can be measured in both monetary and non-monetary terms.

Government Relations

Government Relations is the primary reason the Insurance Brokers Association of Alberta exists. In fact, when IBAA and IBAC were formed 90 years ago, the explicit reason for their genesis was to represent brokers to government. At both the provincial and federal levels, the insurance broker industry has one of the most effective lobbies in the country.

While it is often a challenge to put a dollar value on an effective lobby, it is not difficult to see that without that representation, the consumer and the

brokerage industry would suffer.

An example of the effectiveness of our government relations revolves around the *Bank Act*. For quite some time, the banking industry—perhaps one of the most effective and oldest government lobbies in the world—has been trying to merge the two financial silos of banking and insurance. Its assertion is that a one-stop shop where the consumer can bank, get a mortgage or an automobile loan and buy P & C insurance is convenient for consumers.

The counter argument to that has been very effectively articulated by the insurance lobby consisting of IBAC and provincial associations such as IBAA. This argument has stated in part that retailing insurance out of the same premises, and most likely by the same person selling the loan or mortgage in a bank, will lead to tied selling, which is not in the best interests of the consumer. How much would it cost you to compete on such an uneven playing field?

The survival of the Canadian financial institutions in the face of the outright global meltdown of its counterparts in jurisdictions that have allowed the merging of these two silos suggest that the efforts of IBAC and IBAA

have had a role to play in the current strength of the Canadian economy. IBAA also functions as an advocate for insurance brokers with insurance regulators such as the Superintendent of Insurance, the Alberta Insurance Rate Board and the Alberta Insurance Council. Through strong, long-held relationships with these people, IBAA has had a positive effect on the regulatory environment for brokers.

Over the years, IBAA member brokers and executive have attended many political events throughout the province and the nation. Most recently, IBAA president Dean Bailey and I, along with other members of IBAC, attended the Council of the Federation on behalf of member brokers. Our participation in this event, which included meeting our provincial premiers and IBAC's platinum sponsorship of the social event following the Council meeting, will serve consumers and brokers well when industry-related issues arise at both the provincial and federal levels.



IBAA CEO George Hodgson (left) with Premier Ed Stelmach at the Council of the Federation.

Professional Development

High quality professional development is key to the success of both the individual broker and the broker industry as a whole. All brokers are required to take 15 hours of mandatory continuing education (MCE) in order to maintain a license in Alberta. In addition, many brokers want to remain at the top of their game and devote more than the minimum time to professional development.

Whichever the case, to meet a variety of education needs, IBAA offers an increasingly greater variety of immersion, online and in-the-field courses, seminars, videos, webinars and other formats. Whether one wants to limit oneself to the required MCE or reach for something better, IBAA offers one of the most comprehensive professional development menus in the brokerage industry.

A significant benefit to members, aside from the superior quality of the courses, is the member price, which is half of the non-member price. Here, one can calculate in real dollars the value of a membership in IBAA. IBAA, along with its provincial counterparts as well as IBAC, offer professional designations: the Canadian Accredited Insurance Broker (CAIB), the Canadian Professional Insurance Broker (CPIB) and the Canadian Certified Insurance Broker (CCIB). These designations, which further enhance both the professional abilities and the image of the insurance broker, are recognized across Canada. The courses needed to complete these designations are offered in Alberta exclusively by IBAA. In order to keep designations current, one has to maintain membership in IBAA.

Errors and Omissions Insurance

IBAA, through a wholly owned corporation, offers errors and omissions insurance exclusively to its members through Swiss Re/Westport. It is one of the most comprehensive E&O insurance products for brokers in the business and is offered to IBAA members

at a very competitive rate. This program is one of the few that offers a deductible reduction endorsement, making it rather unique in the Canadian market, and is part of one of the largest programs of its kind in North America.

The Broker Identity Program

The Broker Identity Program, also known as the BIP or the Bipper, is the insurance broker symbol that was developed in 1989 as a registered trademark to differentiate brokers from other insurance professionals and to reinforce recognition of the insurance broker profession among consumers. The BIP symbolizes quality insurance — knowledge, choice and professional unbiased, “rest easy,” “on-your-side” advice — to consumers. This symbol has become one of the most recognizable corporate symbols in Canada and is the envy of many insurance brokerage and agents organizations worldwide.

Recently IBAC, along with IBAA and many of its sister organizations across Canada, has been working on further enhancing the visibility of the BIP with advertising initiatives such as the “Sleep Easy” and the “Insurance Goal of the Game” campaigns. Alberta brokerages must be IBAA members to capitalize on the power of the Bipper brand.

Other Benefits

As with all member organizations, the overall benefit of membership is the positive sense of belonging to a group of professionals with common goals and aspirations that has at its heart, the best interests of the consumers. IBAA

promotes the perpetuation of the broker channel that continues to serve the interests of consumers so well.

In the end, whenever I am asked about the value of membership in an organization such as IBAA, I am reminded of the “ask not what your country can do for you” words in the John F. Kennedy inaugural address. These immortal words remind all of us that our contribution to our families, associations, society and country matters far more than what we get from those groups and organizations.

I would suggest, then, that those brokers who are questioning the value of IBAA membership would do a great service to the insurance consumer and the insurance brokerage industry as a whole by getting involved in IBAA. There are many avenues open for your involvement such as the local councils, the IBAA board of directors and the Professional Young Insurance Brokers, as well as the opportunity to participate in various ad hoc committees. In the end, the greatest and most endearing value of membership in any organization, including IBAA, is in what you bring to the association.



GEORGE HODGSON
CEO, IBAA
ghodgson@ibaa.ca





marine division
TF 1.888.645.8811 F. 250.832.3222
PO Box 370, Salmon Arm, BC V1E 4N5

property & liability division
TF 1.877.532.6864 F. 604.532.6894
#314 - 6325 204 St. Langley, BC V2Y 3B3

prairie division
P. 780.391.2115 F. 780.391.2097
sskett@beacon724.com
www.beacon724.com

A flexible underwriting company, insuring more than just boats.

- Mobile Home Program
- Special Event Liability
- Hole-In-One
- Hard to Place Homeowners
- Bed & Breakfast Program
- High Value Homeowners Program
- Resorts & Lodges
- Pleasurecraft Marine

- Adventure Tourism Liability
- Commercial Property &/or Liability
- Vacant Risks
- Motor Truck Cargo
- Builder's Risk
- Directors & Officers Liability
- Host Liquor Liability



Why Did I Become an Insurance Broker?

When I first started in insurance, I was told I was there to help people. We do; we help with things like a burned down home, a vehicle accident or corporate liability issue, but at the end of the day we sell something intangible: we sell peace of mind.

That's not where any of us started out. Not many grew up with the hopes and dreams of someday becoming an insurance professional but nevertheless, here we all are. When asked the question, "What made you decide to become an insurance broker?" the automatic response from most of us is a big smile and a laugh. Our answers are similar; we somehow fell into the industry. Many of us were introduced by family members and friends, and many took an entry-level position, which turned into a career.

We have made being an insurance broker our career, and we stress the word career. As professionals, we believe that we should view ourselves as just that: professional. Referring to the work that we do as a career is a small yet powerful indication of how we see what we do. The word *career* is described in the dictionary as: "An occupation or profession, especially one requiring special training, followed as one's lifework." However, the definition of a job is: "A specific task done as part of the routine of one's occupation."

What started out as a summer job has become a lifelong passion.

When asked now "what do you do?" well, I still push paper and answer calls all day, but I am comfortable knowing that I protect people against life's uncertainties and that most don't understand what we do, or the value we provide, until something unexpected happens to them. At the end of the day, when we set up a policy properly, the claims process is as seamless as possible, and that is rewarding for each of us, as customer satisfaction is our business.

This begs the question: not why did we choose the broker profession as a career; rather, why did we stay a broker once we started?

What started out as a summer job has become a lifelong passion.

As young brokers, we think the answer is simple. We love the challenge. We are motivated by the vast scope, sometimes overwhelming, of daily responsibilities. Throughout



Helping brokers with insurance solutions since 1966

- Commercial General Liability
- Directors & Officers Liability
- Environmental Impairment Liability
- Professional Liability
- Property & Inland Marine
- Security & Protection Industry
- Umbrella & Excess Liability

ELLIOTT SPECIAL RISKS LP

A Market International company

Toronto Office
 Telephone: 1(416) 601-1133
 Toll Free: 1(800) 223-8858

Montreal Office
 Telephone: 1(514) 849-4992
 Toll Free: 1(877) 771-1211

Vancouver Office
 Telephone: 1(604) 738-1033
 Toll Free: 1(888) 744-1033

www.elliottsr.com

our careers we strive to improve our skills through experience, continued education and assistance from our colleagues. We serve our clients to our utmost abilities. There are few careers with such opportunity, both financially and in terms of career path options.

For many of us, we didn't expect to end up here but we stay because we see the vital roles we play in many homes, lives and businesses. People need to be prepared for the unexpected curve balls that life throws at us, and we truly believe a good broker makes all the difference.



CHAD HUDSON
 PYIB President-Elect
 Access Insurance Group
 chad@accessinsurancegroup.com

2nd Annual
Making a Difference
C O N T E S T

Win \$500 for your charity

What difference have you made?
 Tell us about it and you could win:

\$500 for your charity or non-profit
 One \$500 prize will be awarded in each of the five categories:
 Youth • Sport • Social • Health • The Power of One

PLUS you'll be featured in the cover story of the February/March issue of *The Alberta Broker*

For contest information and entry form: *sponsored by*

- Go to www.ibaa.ca/about-us/community-relations
- Email albertabroker@linkpr.ca
- Watch for notices in IBAA E-News

IBAA
BROKER

Contest closes October 31, 2011

**Open minds.
 Better solutions.**

THE SOVEREIGN
 GENERAL INSURANCE COMPANY

At Sovereign General, we believe that open minds create better solutions. Operating as an established 'A' rated Canadian Insurer, our experienced professionals across the Country are empowered to create innovative solutions to your specialized insurance needs. So next time you're facing a complex challenge, our knowledgeable team is committed to solving it. You can rest assured, your client's policy will be underwritten with an open mind.

sovereigngeneral.com

Dwayne Feary, Senior Commercial Auto Underwriter (left)
Yar Ziolkowski, Regional Specialist



The Renewal Trap

By Alison VanDyke

The renewal process presents both opportunities and hazards to insurance brokers. Offering additional coverage and cross-selling products at renewal time is an excellent way for brokers to increase revenues. Yet many brokers don't realize how often the renewal process sets the scene for an E&O claim. In fact, 20% of claims reported by Canadian insurance brokers in Swiss Re Corporate Solutions' Broker E&O Program occurred in the context of a renewal.

What process do you follow before renewing a policy? Brokers who renew accounts without reviewing the coverage in place and inquiring about any changes in the client's circumstances are at an increased risk for E&O claims. Because most brokers are busy, utilizing checklists when renewing both personal and commercial risks is an effective tool to help safeguard against E&O claims. Here are some key considerations when approaching renewals:

1. Allow adequate time to review the client's coverage before renewal

The renewal process should begin with a review of the current policy. For new clients, it is especially critical that brokers thoroughly review the policy in place before simply renewing it "as is."

It is a good practice to meet with

the client to review coverage at least three months before a client's account renews. If the nature of the client's risk has changed or the current carrier will no longer offer the coverage, the broker will need adequate time to market the account to find an appropriate insurer to underwrite the risk. Some complex commercial risks may require even more time to locate alternative markets for coverage.

2. Review policy limits and consider offering higher limits at each renewal

Some brokers fall into a trap of complacency by assuming that if the client doesn't request any changes at renewal, all is well. This is not always the case. Many brokers are all too familiar with the client who was silent at renewal but later claims he "told" his broker to increase policy limits.

Consider the following example. A broker procured homeowner's insurance for his client in 2003. The policy renewed for eight years without any changes to the coverage or increases in limits. Earlier this year, the home burned to the ground. The client now claims that he was underinsured. The broker, who merely renewed the policy each year without discussing whether the limits or coverage should be changed, will have difficulty defending the E&O claim. On the other hand, the broker with a checklist in the file documenting that

the coverage was fully reviewed with the client prior to renewal will be in a strong position to prove that he discussed whether any changes should be made.

A similar scenario can occur in the commercial context. Consider the case of the broker who procured a commercial general liability policy for a dance studio. Though the client requested \$1 million in limits, the broker mistakenly secured limits of \$500,000. The broker failed to review the policy at the next renewal and the lower limits remained in place. While visiting the studio to watch his child perform in a dance recital, a surgeon fell and injured his right hand, preventing him from performing surgery. He filed a claim against the studio seeking damages in excess of \$1 million. The studio is looking to its broker for the shortfall in coverage. Although the broker placed the wrong limits initially, he had the chance to correct his mistake, if only he had reviewed the policy before renewal.

It is always a good idea to ask clients at renewal about any renovations or additions to existing structures. Discuss whether the policy provides coverage

**Hard Work.
Pays Off.**

If you've worked hard to build a successful business and feel the time is right to enjoy that success, give us a call. We'd love to talk to you about acquiring your brokerage and continuing to help protect your customers. All dealings will be handled in a confidential manner.

Braeside Insurance Services:
403-251-7963, ext. 30
davidw@braesideinsurance.com



**Braeside Insurance
Services Ltd.**

for replacement cost or actual cash value and explain the difference to your client, along with the application of co-insurance rules. Finally, tell your client about the value of obtaining a current appraisal.

While the standard of care for brokers may differ province by province, reviewing coverage and limits with your clients on an annual basis is a best practice in any locale. If the client does opt to make a change, confirm those changes in writing.

3. Watch for any changes to coverage implemented by the carrier

As all brokers know, carriers sometimes modify their policies to limit or eliminate certain types of coverage. One example involves a client who employed domestic workers. The client's homeowner's policy had been in place for ten years, but prior to the last renewal the carrier changed its form and eliminated coverage for employees. The broker failed to notice the change and the policy was renewed without this important coverage. If a claim arises involving an employee, it will be more difficult for the broker to defend his failure to notice the change and recommend alternative coverage.

As in any business, mistakes will happen. Brokers who approach the renewal process carefully by utilizing best practices will be well equipped to defend an E&O claim while delivering top-notch service to their clients. 

ALISON VANDYKE, J.D.
 Claims Specialist,
 Swiss Re Corporate Solutions
 Alison_VanDyke@swissre.com

This article is intended to be used for general informational purposes only and is not to be relied upon or used for any particular purpose. Swiss Re shall not be held responsible in any way for, and specifically disclaims any liability arising out of or in any way connected to, reliance on or use of any of the information contained or referenced in this article. The information contained or referenced in this article is not intended to constitute and should not be considered legal, accounting or professional advice, nor shall it serve as a substitute for the recipient obtaining such advice.



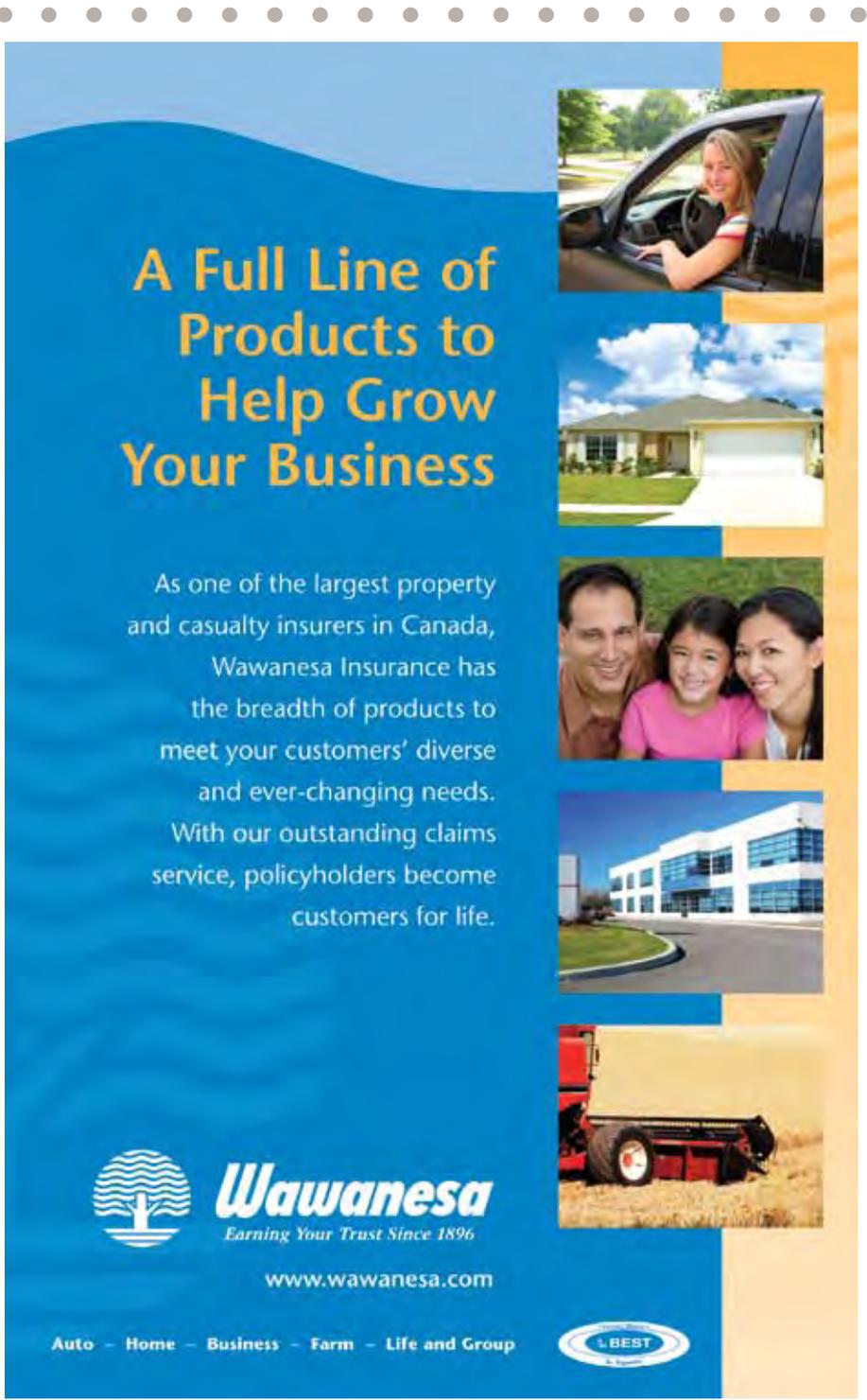
Alberta based, Canadian owned, Prize Indemnity Specialist, partnering with brokers for over 15 years.

EPA Ultimate Concepts Inc.

HOLE-IN-ONE Insurance

- Policies include 50% prize restoration.
- Lowest published HIO rates in the industry.
- Premium rates drop as hole length increases.
- Holes as short as 129 yards for men & 109 for ladies.
- Only pay for the exact number of golfers in the tourney.

info@epauci.ca www.epauci.ca p: 403.203.9205

A Full Line of Products to Help Grow Your Business

As one of the largest property and casualty insurers in Canada, Wawanesa Insurance has the breadth of products to meet your customers' diverse and ever-changing needs. With our outstanding claims service, policyholders become customers for life.







 **Wawanesa**
 Earning Your Trust Since 1896

www.wawanesa.com

Auto - Home - Business - Farm - Life and Group





An Event to Remember

As I write this, I am still trying to clean the mud off of my shoes and clothing from the U2 360° Concert Tour stop in Moncton, New Brunswick—a great outdoor show for 75,000 fans, but almost disastrous for the band and the crowd because of heavy rain and lightning in the hours before the concert.

I'll get over the mud, but what are the risks and insurance solutions for promoters and hosts of large (and small) events across Canada? Unfortunately, we have seen tragic stage collapses and injuries due to crowd behaviour at numerous events across the country. From an insurance perspective, these situations appear to fall into the CGL coverage realm, but I'm guessing that there would likely be multiple defendants and some interesting discussions around who is ultimately liable. Some of the harder to grasp and tougher to insure issues are related to weather, poor ticket sales, performer illness or injury, or uncontrollable situations like pandemics.

Here are some of my thoughts on event insurance:

1 Plan well in advance. A risk management and insurance plan should exist prior to the event being announced or ticket sales commencing. I have seen more than one event cancelled because no one budgeted for insurance or contingency planning.

2 Don't assume that it's uninsurable. I have procured insurance for municipal governments

exceeding their snow removal budgets, plagues of beetles, holes-in-one, injury to former NHL player-greats, terrorism insurance for Vancouver's LRT during the 2010 Winter Olympics, and performer no-shows. If money can be made, there may be a market.

3 Do your homework. Get to know the event details, the key risks, and advise your client to assess the risks and include a budget for insurance, or contingencies, or both. Any bride planning an outdoor wedding in Alberta should KNOW that snow can (and has) fallen during any of the 12 months of the year. Yes, this risk is insurable.

4 Understand that there may be a loss of revenue if an event must be cancelled, but that the extra expenses may exceed the revenue loss. Is the facility fee non-refundable? Will the event be re-scheduled? Is a rain-out date planned in advance? Is there an alternate facility? How will seats be re-assigned? How will the sponsor get word out to the public? (Not everyone tweets or stays glued to the event's Facebook site.) Professional PR and advertising may be necessary costs. Take the time to price out the extra expense costs with your client.

5 Understand what insurance can and cannot do. Most events will not be cancelled as a result of classic "insurance-triggering" events that are accidental, so you need to sepa-

rate what is covered from what might be covered with special products, from what cannot be insured.

6 Make it easier for the underwriter to understand the risk. When I was arranging weather insurance, I got in touch with the great folks at Environment Canada to understand what type of weather conditions were "normal" and which were "unusual." Armed with 60 years of weather data, underwriters became more comfortable and prices became more manageable.

7 Utilize the expertise of other brokers and insurers who specialize in these products. I recall with amusement having lunch with a broker at Lloyd's who told me that there was a lot of money still to be made in Afghanistan and Iraq on terrorism and war risk coverage. "Of course," he said, "every couple of months we have a rather large loss." Understanding those risks and pricing them appropriately was his job and he knew his business. While he thought there were some good political risk opportunities in war torn areas, he wasn't insuring Lindsay Lohan's health or sobriety on movie shoots.

8 Make sure your client is forthcoming with financial information. Event promoters are so-called because they like to hype up events. Getting 100,000 people to buy concert tickets is not a slam dunk, and unless promoters/organizers have a

proven track record, underwriters will be uncomfortable. If public funds are involved, understand the conditions applicable to the funding.

9 Make it your practice to ask your clients if they are planning any “special events” during the year. A boat cruise on Sylvan Lake, a hot air balloon ride over Banff, or a company sponsored golf tournament may not fit nicely within the underwriter’s perception of the company’s business operations, so all of these may require specialized insurance coverage.

10 Assess the need for host liquor liability and product liability coverage. We Canadians enjoy a burger and a beer every now and then. Sometimes mayhem results — either from the results of too much alcohol or from serious food borne illnesses like e-coli or salmonella.

Be patient in your quest for special event coverage. To quote Bono, with some events, “I still haven’t found what I’m looking for ...”



KAREN MacWILLIAM
is a insurance and risk management consultant
karen_macwilliam@telus.net



Perkins Professional Search
Driving Career Success



Barb Perkins, CPC
Principal

Whether you are a candidate seeking a new opportunity that will assist you in “road mapping” your career, or an organization that is building success one person at a time. We want to be your search firm of choice for the duration of your professional journey!

751 Scotia Place 2
10060 Jasper Avenue NW
Edmonton, Alberta T5J 3R8
barb@perkinsprosearch.com (o) 780.990.1225 (c) 780.504.3648

First Canadian Member of the Pinnacle Society
www.pinnaclesociety.com

www.perkinsprosearch.com

Industry Leading Hard-to-Place Residential Program

Classes Considered:

High Value Homes	Previous Cancellations	Risks in a Corporate Name
Seasonal Homes	Short Term Rentals	Unprotected Risks
Stand Alone Rentals	Claims Frequency Issues	Unusual Circumstances
Vacant Risks	Solid Fuel Heating Sources	And Much More!!!

Helping brokers with all kinds of Special Risks



Megan Carelli



SPECIAL RISK Insurance Brokers

Toll Free: 1-800-663-9066
Fax: (604) 541-9769
Website: www.srib.ca
E-Mail: info@srib.ca



Tom Willie



Chinook

COUNTRY REPORT

Two new brokers joined the A-WIN Insurance Ltd. network in and around Calgary; Randy Buschmann opened up shop in Okotoks, coming over from Western Financial Group's Okotoks office; and Anthony Bentley left Anthony Clark Insurance to open an A-WIN office in the Temple area in the north east part of Calgary.

Western Financial Group (WFG) has had a fair bit of change, including the announcement of three management moves. Dustin Bunney, who has been the manager in Bassano for the past several years, is moving down to Lethbridge to take over that office, and Jen Huard was appointed to replace Dustin in Bassano. Jen has been with the Bassano office for a number of years. Vicki Penney transferred from WFG's Brooks office to manage the one in Grande Cache.

In other Western Financial news:

- Michelle Strauss, Jessica Freake and Larry Cook are new to the Strathmore office.
- New staff in Olds includes Ashley Haaland, who transferred from the WFG head office; Kimberley Dunn who transferred from Fort Nelson, BC; and Dina Middlebrook from Wawanesa Insurance.
- Kim Visosky joined the WFG head office in-house underwriting unit. Up in Lacombe, Leanne Simpson joined Sims & Associates Insurance, having previously been with Brown & Ward Insurance. In Red Deer, Keisha Bunnell moved from Procom Insurance to All Service Insurance.

Calgary news and moves:

- Action Insurance Group, which is based out of Calgary, opened a Strath-

more office that is being staffed by industry veteran Heather Roberts.

- James Delegarde joined Aon, coming over from Western Financial's High River branch.
 - Lena Keon is new at Rogers Insurance in the personal lines department.
 - Geoff Boughton moved to Canyon Insurance from Airdrie Insurance
- Congratulations to Heather Ivan of Airdrie Insurance and Dylan Backs on the birth of their son, Rylan James on June 19th.

Other News

Best wishes go to Christiaan van Blommestein who retired from Jardine Lloyd Thompson. On a sad note, long time broker Ken Cummings has passed away.

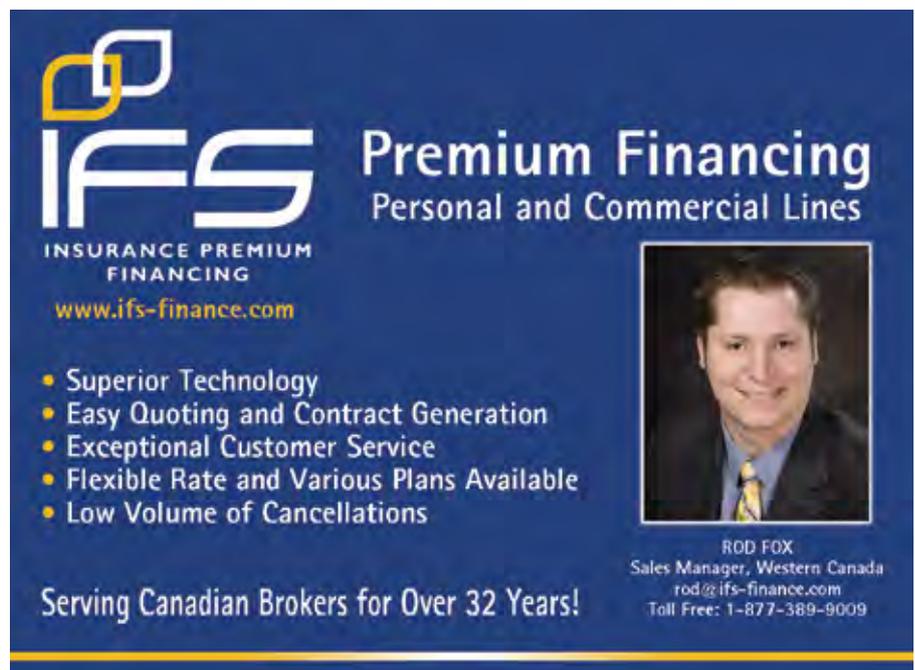
On the company side of things, new in commercial lines at RSA is Asha Thomas, new at Travellers Insurance is Melanie Hansen, and Marlene Dick-

son left AMA Insurance and moved to Edmonton with Johnson Inc.

AMAC Consultants Inc. out of Vancouver has announced a change in that each of its shareholders will now operate separate consulting firms. Renate Mueller will remain in Vancouver under the name of Renate M. Mueller Consultants Inc., while John McArthur will operate in Toronto as John C. McArthur & Associates Inc.

Belated condolences to IBAA's previous CEO Ginny Bannerman and her family, on the passing of her father, Bob Bannerman on June 1, 2011. Mr. Bannerman was a pillar of the insurance community and like his daughter, also served as IBAA and IBAC president.

DARRELL VERBONAC
Marketing Manager,
Calgary Branch
Axa Pacific Insurance
darrell.verbonac@axa-pacific.ca

IFS
INSURANCE PREMIUM
FINANCING
www.ifs-finance.com

Premium Financing
Personal and Commercial Lines

- Superior Technology
- Easy Quoting and Contract Generation
- Exceptional Customer Service
- Flexible Rate and Various Plans Available
- Low Volume of Cancellations

ROD FOX
Sales Manager, Western Canada
rod@ifs-finance.com
Toll Free: 1-877-389-9009

Serving Canadian Brokers for Over 32 Years!



YOUR CUSTOMERS RELY ON YOU. YOU CAN RELY ON US.

For over 300 years we have successfully helped our business partners achieve their goals. We can help you by sharing our knowledge and providing you with the products, tools and services you need to better serve your clients.

RSA provides a wealth of options beyond home and auto insurance that makes doing business better for both you and your customer. Whether it's coverage for jewelry, cottages or antiques, or useful broker tools such as web-based client inquiries and electronic policy documents, you'll be equipped for success.

In addition, policyholders earn one AIR MILES® reward mile* for every \$20 spent on their insurance premiums and have access to our Hassle Free Claims Service that gets them back on track quickly.

Rely on us. Contact your RSA Business
Development Manager or visit rsagroup.ca



© 2011. RSA is a registered trade name of Royal & Sun Alliance Insurance Company of Canada ("RSA") and the RSA logo are trademarks used under license from RSA Insurance Group plc.

® AIR MILES International Trading B.V. Used under license to LoyaltyOne, Inc. and Royal Financial Services Ltd.
* All AIR MILES offers are subject to the Terms and Conditions of RSA, and may be changed or withdrawn without notice. Terms and Conditions can be found at www.rsmiles.ca.



Working Hard to Earn Your Business

Updating, Increasing and Promoting IBAA PD

October 31st — that date used to make me think of ghosts, goblins, princesses and pirates.

Now, along with that many other brokers, I think, “Did I get enough hours to maintain my license so I can continue working?” In fact, you need not scramble in the last month to obtain your credits. Throughout the year, IBAA offers many seminars, webinars, core courses, and online course access. Visit www.ibaa.ca to keep informed about the professional development (PD) we offer.

As I write this article, many IBAA members will be making decisions on what education programs they should take to ensure they meet the AIC requirements to maintain their licenses. The professional development staff has worked hard over the summer to increase the wide variety and quality of seminars, webinars, and online courses, updating them and making them more appealing.

This fall we have implemented a few new things. The early bird did catch the worm: those who registered for seminars and webinars received a 10% discount during the month of August. The first 100 people to purchase a VOLT (online) package as of September 1 will be entered into a draw to win an iPad 2. We also now offer an annual subscription to the Captus (online) library for only \$150.

We have also implemented a price discount for associate members. These are individuals who have earned an IBAC designation such as CAIB but no longer work for a member broker. Associate membership allows individuals to use their designation. We want to support association loyalty and education through IBAA.

Over the summer, Brian Spiers and Rikki McBride revamped the Levels 1 & 2 Licensing immersion courses to ensure our students will be well prepared for the AIC exam.

The Sunshine seminar will once again see some of our members trek off to the sun in the south while obtaining some CE hours. For those of you that love the snow (not me), we will be planning a Snowshine seminar right here in Alberta. We will head to the mountains for some skiing and CE hours. Sorry, the hours won't be earned on the hills, though!

I have had the opportunity to talk with a number of our members over the past couple of months and have learned that the IBAA PD team needs to revamp our method of communicating. I was a little disheartened to find out that

a great number of our members receive our emails only to discard them. It is little wonder that we have had to cancel or postpone classes when we have not been able to attract the people who will most benefit from our services. When employees of member brokerages take their education through the IBAA, they not only do so at a discounted price but also in turn help to maintain current membership prices. I encourage all principals and managers to support all IBAA programs.

I am expecting my first year as the director of education to be a very busy






Action Restoration Ltd.

Disaster Kleanup

24 Hour Emergency Service / www.actionrestoration.ca

- Lethbridge: 403-381-4001
- Calgary: 403-253-7046
- Toll Free: 1-866-870-8870

Insurance & Private Claims • Emergency Response
Mold Remediation • Asbestos Remediation
Water & Hail Damage • Fire Damage & Odour Control
Sewage Back-up • Vandalism Repair • Contents Cleaning
Electronics Cleaning • Vehicle Impact
Infrared Moisture Detection • Dry Air Technology
Bio Hazards • Property & Structural Repairs
Certified Technicians

The first 100 people to purchase a VOLT (online) package as of September 1 will be entered into a draw to win an iPad 2.

one. I hope to have an opportunity to speak to many of our members as I know the decisions our members make hold the key to a successful year in education. While I can attempt to guess the education needs of you and your employees, it is far better and far more accurate for you, the frontline broker, to fill me in on those needs. Please feel free to contact me as input from you, the members, is invaluable.

Keep an eye on our website at www.ibaa.ca, visit us on Facebook, or follow us on Twitter for upcoming events and promotions.



LORI BARTLETT
Director of Education,
IBAA
lbartlett@ibaa.ca

ON SIDE RESTORATION There's a little hero in us all.

CALL **310 24-07** Emergency 24/7

onside.ca



Kim McKay is your insurance personnel expert.

The Network Corporate Search specializes in the recruitment and placement of insurance professionals in permanent positions across Western Canada. We take pride in providing personal and individual service to all of our clients and candidates.

With over 25 years of experience, Kim can find "The Perfect Fit."



Suite 1230, 540 - 5th Ave. SW Calgary, AB T2P 0M2
Phone 403.262.6630 Toll-free 1.888.262.2212
kmckay@networksearch.net
www.networksearch.net



Who's Next?

IBAC to Focus on Broker Perpetuation

Recently we have witnessed some fairly dramatic changes in the insurance landscape with consolidation — both from the insurance company side and the brokerage side. Consolidation occurs for any number of reasons; economies of scale, competitive advantages, corporate fit, growth and profitability, and specialized niche marketing opportunities. The list goes on. One thing that I feel will remain constant in the foreseeable future is the need for change in our industry as challenges emerge.

Some may see consolidation as a potential threat. That it will stifle competition, or not serve our customers as well as they should be served. Or that it will ultimately drive independent brokers out of business and restrict the appearance of new broker partnerships. If we only consider the economic realities of rationalization then I suppose the argument becomes an evolutionary one—only the strong will indeed survive. From this arises the challenge for existing

brokerage owners and those who want to start their own offices to consider using different strategies to grow or expand their operations.

Strategic partnerships have emerged between brokers and even with insurers as the need to adapt and grow becomes more necessary in order to prosper. Every three years, IBAC engages in a new strategic planning exercise that charts the organization's path. In the latest (February 2011), broker perpetuation was identified as a key strategic goal to be addressed. What is significant here is that this goal was absent in the previous planning session. Some of this new goal has been addressed with professional development initiatives such as the online H.B. Com. and MBA programs through Laurentian University, as well as our Producer Academy program. However, there still needs to be better exchange of ownership/partnership opportunities among brokers within the brokerage community.

If we are to attract and retain the best people to the brokerage side of the industry, there needs to be opportunities for personal growth and financial success. Innovative financing arrangements to fund expansion of existing brokerages and opening of new brokerages need more attention. Technological advances will also assist brokers in becoming more effective as we serve our evolving customers' needs. We need to maintain the "emotional connection" or "personal contact" with our customers that we, as brokers, are well known for, as well as make it is easy for our customers to do business with us.

A new, sharper focus on broker perpetuation will help to offer some solutions but this will only partially address our challenges. Now would be a good time to re-examine or even formalize your succession plans if you have not already done so. Let's get the conversation re-started at the brokerage level.



FRASER LYLE
Chairman,
Insurance Brokers
Association of Canada
fyle@ibac.ca



Ever had that Errors & Omissions feeling?



Call Monarch BEFORE it happens to you!
Insurance Brokers' Errors & Omissions Program

As managing brokers for Lloyd's of London markets, we can also help in placement of coverage on most Errors & Omissions classes of business, as well as excess umbrella, CGL, D&O, property, motor truck cargo and auto physical damage.

SERVING: ALBERTA • BRITISH COLUMBIA • MANITOBA • SASKATCHEWAN

Contact us today!



204, 7633 - 50 Street
Meridian Place
Edmonton, Alberta T6B 2W9



Ph 780-422-0568 Fax 780-425-6776
Toll-free phone Canada: 800-561-1713
Toll-free fax Canada: 866-425-6774

monarch@monarchins.com

online at www.monarchins.com

**We think there are
actually **5 seasons**
in a year.
Fall, Winter, Spring,
Summer and **CAT.****

From June 1 to the end of August, we know anything can happen relative to the weather. We call this Catastrophe (CAT) season, and we're ready.

With a dedicated CAT team, we can mobilize quickly to get your customers back to normal after an unexpected weather event occurs. At a moment's notice, these experienced and knowledgeable adjusters, appraisers, and contractors are ready and able to support you in the field, where you need us the most.

**We can't predict exactly what this CAT season will bring,
but you can rely on us to be there.**



HOME | CAR | BUSINESS
www.intactinsurance.com



You're back.