

Auto insurers continue to face rising costs

DIGITAL brokerage Surex has warned that rising claims costs, vehicle theft and repair inflation will continue to push auto insurance premiums higher in Ontario and Alberta despite upcoming reforms in both provinces.

In a release last week, the company noted that in Alberta, the province's 7.5% good driver rate cap will remain in place through 2026, limiting annual increases for most drivers but masking underlying cost pressures in the market.

"Recent reports show insurers' expenses exceeded revenues by about \$1.2bn in 2024, with expectations that inflation-driven claims severity, theft and weather-related losses will continue to outpace the cap this year," the brokerage said.

As a result, Surex expects many capped drivers to see renewal increases in the mid-single digits up to the 7.5% ceiling, while other drivers face higher increases, tighter underwriting and fewer options as insurers protect results.

The firm said 2026 will be a transition year for Alberta ahead of the move to the 'Care First' no-fault auto insurance system in 2027.

It said that "until structural claim costs are addressed, the near-term outlook remains one of upward pressure constrained by regulation rather than resolved by market dynamics."

In Ontario, Surex said auto insurance pricing in 2026 is expected to be more stable, with increases in line with last year.

The broker estimated that Ontario premiums rose about 4% in the first half of 2025 and said similar average increases are likely this year, reflecting ongoing repair cost inflation, vehicle theft and rising injury benefit costs.

Ontario's accident benefits reforms, which take effect July 1, are expected to bring more variability as some benefits become optional.

Consumers who keep existing benefits should expect premiums to reflect the underlying loss trend, Surex said, while those who opt to remove certain coverages after July 1 may see partial premium relief depending on their choices and risk profile.

Surex said the new framework means Ontario drivers will increasingly face a trade-off between richer coverage and lower upfront premiums, leading to greater variation in 2026 renewals than in prior years.

CCIR finds controls could be improved

➤ *Continued from front page*

insurers frequently lacked formal processes to verify that corrective actions recommended to distributors or representatives had actually been implemented.

The Insurance Bureau of Canada said insurers remain committed to the fair treatment of customers and to supporting brokers and other intermediaries.

In an email to *Thompson's*, the IBC said the CCIR's report reflects the industry's shared focus on consumer protection across the insurance lifecycle.

"As licensed and regulated professionals, brokers are uniquely positioned to understand their clients' needs, identify insurable risks, and recommend appropriate coverage solutions," the bureau said.

"Insurers continue to invest in and support their intermediary partners, reinforcing their role as trusted advisers and helping to ensure that Canadians receive clear, appropriate and fair insurance outcomes."

Regulators said they will continue working with insurers on remediation plans and will monitor distribution practices through annual market conduct reporting, with a particular focus on independent channels.

"Our objective is to share the observations, recommendations and good practices derived from the reviews conducted by CCIR members across Canada," said Patrick Déry, CCIR chair and superintendent of financial institutions at Quebec's Autorité des marchés financiers.

"This report will help insurers identify potential areas for improvement and thereby determine if measures need to be taken."

Research shows wildfires becoming larger

WILDFIRE activity in Canada continues to intensify, with large fires becoming more frequent and accounting for an increasing share of total area burned, according to an updated national analysis published in the *Canadian Journal of Forest Research*.

The study extends earlier wildfire trend analysis through 2024 and finds that annual area burned, the number of large fires and the size of the largest fires have all continued to rise at the national level. The authors are based at Natural Resources Canada's Canadian Forest Service and Thompson Rivers University.

While the research does not assess insurance impacts directly, its findings help explain why wildfire risk is becoming a growing concern for insurers and reinsurers. The authors report that large and very large fires now account for most of the area burned in Canada, increasing the likelihood of high-severity loss events even as overall fire counts fluctuate.

The study also points to a broader geographic footprint for extreme fires and a growing role for human-caused ignitions — trends that increase exposure for homes, infrastructure and other insurable assets.

Taken together, the shifts suggest wildfire risk is becoming more concentrated, more severe and less predictable, complicating underwriting, pricing and long-term insurability in high-risk regions. Although the total number of fires of all sizes has declined over the long term, fires measuring 200 hectares or more are occurring more often and now account for nearly all area burned.

The researchers also noted a change in fire causes. Human-caused fires, which earlier studies showed were declining, have increased in terms of area burned since the mid-2000s — a shift attributed to hotter, drier fire weather rather than changes in prevention efforts.

Lightning remains the dominant driver of large fires, accounting for more than 90% of total area burned.

Auto reform training program launched

ONTARIO's p&c insurance industry has launched a new training program to prepare brokers, agents and insurance professionals for upcoming auto insurance reforms that take effect July 1.

The reforms will change how accident benefits are structured in Ontario auto policies, making some benefits that are currently included automatically optional, while maintaining mandatory coverage for core medical, rehabilitation and attendant care benefits.

The course, '2026 Ontario Auto Reform: Introduction to Accident Benefits Changes,' is a free, two-hour, on-demand online program designed to support consistent, industry-wide understanding of the changes. It explains how the reforms affect policy forms and products and what they mean for consumers.

The Registered Insurance Brokers of Ontario has accredited the course for two technical hours, calling it a first-of-its-kind

collaborative effort to establish baseline training for agents, brokers and other insurance professionals.

While not mandatory, RIBO said it strongly encourages all brokers to complete the training as soon as possible to support readiness ahead of the reforms taking effect.

The training initiative was developed through a collaboration involving the Insurance Brokers Association of Ontario, the Insurance Institute of Canada and the Ontario Mutual Insurance Association and is open to all industry professionals.

RIBO has also launched a dedicated auto reform landing page with up-to-date resources for licensees.

Additional insurer-specific training is expected to roll out in the second quarter of 2026, covering internal system changes, product design and rating, consumer interactions, claims handling and errors and omissions considerations.

LOOKING AHEAD

FEB. 5 — **Ins. Institute**, *GTA convocation & awards*, Toronto, Metro Toronto Conv. Centre.

FEB. 11 — **Insurance Institute**, *GTA chapter Trends & Predictions seminar*, online.

FEB. 20 — **Ins. Institute**, *Hamilton-Niagara chapter mix & mingle*, Hamilton, Joe Dog's.

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Rowers gain multi-sport and activity coverage

A NEW optional multi-sport and activity insurance program is available for member organizations of Rowing Canada Aviron through broker Gallagher. The RCA is the national governing body for rowing. The new stand-alone policy, which is separate from the group's regular insurance plan, allows members to purchase flat-fee annual coverage for activities that fall outside of RCA-sanctioned programming, such as hiking, yoga, kayaking, cross-country skiing and social events. Annual premiums range from \$350 to \$650 per person depending on the activity. The RCA approached Gallagher after surveying its member organizations in 2024 to gauge interest in arranging a separate special insurance program.

Axis expands benefits, life and wealth offerings

VANCOUVER-based broker Axis Insurance has expanded its offerings with the acquisitions of Toronto-based Edgewater Financial Group and Kearns Edgewater Financial Services, along with a group benefits portfolio from Kearns Insurance Corp. The companies specialize in personal and corporate life insurance solutions, employee and executive benefits and tax planning for high-net-worth individuals. Axis is a national brokerage that provides commercial and personal insurance, life insurance, employee benefits and wealth advisory services. It has more than 400 employees at offices in Vancouver, Calgary, Toronto, Montreal, Richmond, B.C., Kelowna, B.C., Duncan, B.C. and Oakville, Ont.

Suleman joins Mitch leadership team

MITCH Insurance Brokers has welcomed Irfan Suleman to its leadership team as director of personal lines client care. He has nearly 15 years of industry expertise and joins the firm from BrokerLink, where he was a branch manager for commercial insurance. Prior to joining BrokerLink in 2020, Mr. Suleman spent six years with Buckley Insurance Brokers. Mitch said he will play a key role in modernizing the company's operations. Mitch was formerly known as Mitchell & Whale. It is headquartered in Whitby, Ont. and also has an office in downtown Toronto.

Cyber practice launched for private equity firms

CYBER insurance specialist Coalition has launched a dedicated practice designed to help brokers provide private equity firms with a cybersecurity framework that will help them protect their portfolio value. Coalition said the new practice provides protection against ransomware, funds transfer fraud and other cyber threats and is also offering access to dedicated underwriting, claims support and incident response services. The practice is available to private equity firms and portfolio companies in the U.S. and Canada, excluding Quebec, through Coalition's broker partners. The company said it is planning to expand beyond North America.

Marsh forms group for data centre projects

GLOBAL broker Marsh has launched a digital infrastructure contract advisory group to help clients manage insurance and contractual risk for data centres, fibre and wireless networks and cloud and AI platforms. The new group will review and negotiate service-level agreements, power purchase agreements and other contracts to align contractual obligations with insurance coverage and identify risk transfer gaps. The launch follows Marsh's expansion of its Nimbus data centre construction insurance facility, which now provides up to US\$2.7bn (C\$3.7bn) in insurance capacity for major data centre construction projects in the U.K., U.S., Canada, Europe, Australia and New Zealand.

Hub appoints Studley to regional president role

HUB International has appointed Matthew Studley as president of its Ontario and Atlantic regions. He takes over the role from Susan Murphy, who has retired after spending the past 13 years with the company. Mr. Studley most recently served as chief operating officer of Hub Ontario and Atlantic. Earlier, he led the company's complex risk division and its public d&o and financial institutions practice. Before joining Hub in 2011, Mr. Studley worked as an investment analyst at TD Asset Management. Based in Toronto, he is now responsible for leading Hub's strategy, growth and client service initiatives in the Ontario and Atlantic regions.

Ayr commits to long-term community investment

ONTARIO's Ayr Farmers Mutual Insurance has formed a 40-year naming rights partnership with the township of North Dumfries for a community centre building. The facility is part of the North Dumfries Community Complex and is now known as the Ayr Farmers Mutual Community Centre. The mutual insurer has pledged \$15,000 each year during the partnership for a total investment of \$600,000. The funding will support the development of a net-zero twin-pad arena and expanded community programming. The insurer said a 40-year commitment is rare in the sponsorship landscape, but for a mutual it makes perfect sense. "We're here for the long haul and this partnership reflects that," the company said in a website post.

Actuaries exploring climate-related risks

THE CANADIAN Institute of Actuaries is participating in a research project led by the Université du Québec à Montréal which is aimed at improving how financial institutions assess and manage climate-related risks. The project — which is funded by the Natural Sciences and Engineering Research Council of Canada — is focused on modelling climate-related risks using statistical models, with applications for insurers, banks and pension plans that face growing exposure to floods, wildfires and other risks. The project has secured nearly \$1.6m in funding from UQAM's ClimACT research chair, which is supported by insurers Co-operators, Definity and Intact.

Third phase of career campaign launched

THE INSURANCE Institute of Canada has launched the third phase of its national insurance career rebranding campaign, Project Re-frame, which will run until May 31. The campaign is aimed at increasing awareness of career opportunities in the p&c industry and addressing persistent perceptions that the industry lacks dynamism or relevance. The latest phase is focused on career changers, recent graduates and newcomers to Canada. The institute said an advertising toolkit is available for insurers, brokers and other industry partners to support and extend the campaign's reach.