Survey shows texting infractions costly

SENDING a quick text while driving is not just dangerous but could be expensive and make obtaining an insurance policy more difficult.

Rate comparison site Ratesdotca looked at how several common driving mistakes could affect the insurance rates of a hypothetical 35-year-old man living in downtown Toronto.

It found that the driver would see his \$2,592 annual quoted rate for a clean driving record increase to \$4,406 after receiving a 'prohibited use of hand-held device while driving' ticket — a 70% increase.

"Most insurance companies do not permit drivers to have even one major conviction like distracted driving," said Kelsey Hawke, Ratesdotca auto insurance expert.

"Automatically, (a use of hand-held device conviction) forces you to a higher-risk market where you pay a higher premium for the same coverage," she said in a posting last week.

Another common mistake that costs drivers is missing a premium payment, she said.

According to the Ratesdotca quoter, there was a 36% increase in the lowest quoted premium due to a cancellation for non-payment, jumping from \$2,592 to \$3,526.

"This is one of the most overlooked mistakes," Ms. Hawke said.

"People look at this like they'd look at a cellphone deal, but it is very impactful. Even if you make the payment up within its specified period — it still counts as a missed payment on your record."

The third costly mistake that Ratesdotca looked at is material misrepresentation, which saw the hypothetical driver face a 22% premium increase.

Material misrepresentation includes such things as a driver lying to an insurance provider about where they live, who is driving the car or what the vehicle is used for.

The hypothetical driver's annual rate of \$2,592 jumped to \$3,167 after a policy cancellation due to material representation.

Ratesdotca said drivers can also save between 5% and 15% when they bundle their home and auto insurance.

Ridge Canada partners with CyberCatch

CYBER security firm CyberCatch and MGA Ridge Canada have partnered with the aim of improving coverage for Canadian businesses.

"Cyber insurance is difficult for small and medium organizations to obtain because they don't really have the controls (against cyber attacks) in place," Sai Huda, CyberCatch founder, chairman and CEO, told *Thompson's*.

"Because of the number of attacks, insurers have taken losses from all the claims being made, so they've tightened up underwriting."

He said CyberCatch helps SMEs implement controls and fix any potential vulnerabilities to cyber attack and then Ridge Canada can match the businesses with underwriters who are looking for low-risk customers to insure.

Mr. Huda said the partnership will also help organizations meet Canada's recently created national standard for cyber security controls.

"This partnership allows us to help our broker partners with clients who are still in the assessment and control phases of the enterprise risk management process," said Greg Markell, CEO of Ridge Canada.

"Recognizing that many underwriting requirements harmonize with (new regulations), it will give many organizations guidance on where they can start, and our broker partners a solution when market feedback is that their client is not ready for cyber risk transfer."

Institute offering new course on cyber risk

THE INSURANCE Institute of Canada is tackling the issue of rising cyber crime with a new course for industry professionals.

'C20 cyber risk' is an exam-based program which explores the fundamentals of cyber risk and insurance, including coverages, potential losses and ways to promote security.

Cyber crime losses cost Canadians more than \$3bn a year, according to statistics from the Insurance Bureau of Canada.

"Cyber criminals continue to evolve in the ways they attack their victims," said institute instructor Angela Feudo, assistant VP professional solutions for Trisura Guarantee.

"Insurance professionals need to stay on top of the latest trends, technology and cyber security practices in order to help their clients in the continuously changing cyber threat landscape."

Ms. Feudo, who teaches the cyber course, says it helps students understand some of the motivations behind attacks and ways to help prevent them from happening.

"Through studying actual cases, we are able to examine real examples of the implications a successful cyberattack can have on an organization and what could be implemented in order to prevent it from occurring again."

Inflation will need to be factored into pricing and claims

INFLATION rates rose at an unprecedented pace over the past year and that has created challenges for insurance companies looking to maintain profitability, an Insurance Bureau of Canada executive says.

Inflation levels went from 2% to nearly 8% between 2021 and 2022, said Jordan Brennan, chief economist and VP of policy development, at the IBC's commercial insurance symposium held online last week.

Insurers are in control of ensuring the expectation of inflation is captured in a couple of different areas, said Craig Pinnock, chief financial officer of Northbridge Financial Corp.

One key area of control is pricing, he said. Companies must ask themselves if inflationary expectations are built into pricing and rating algorithms to make sure future lost costs are captured.

On the claims handling side, he said, the more current the claims handling valuations are the better, because that leads into current settlements.

And Mr. Pinnock said insurers should also focus on the speed of settlements to try to manage the impact of inflation on claims because the faster the claim is settled, the less future inflation plays into it.

"It all goes back to the adjustment of their pricing, the adjustment of their costing and the speed of getting those values into their financials," Mr. Pinnock said.

"If you do that quickly and are able to price the product appropriately, inflation is not an issue."

Adjusting pricing is key to getting through inflation, said Raza Masood, VP of commercial pricing at Aviva Canada.

But he noted that is easier with some insurance lines than others.

For example, while adjusting the pricing on commercial lines is pretty straightforward, it is more difficult for regulated lines such as auto, Mr. Masood said.

There is also a limit to how much consumers can absorb increased prices, added Randall Bartlett, senior director of Canadian economics at Desjardins.

He said inflation hits lower income people hardest, which means they have to adjust what they're spending on. That means they won't be able to absorb higher prices being passed on by the insurance industry.

"I think that becomes a real risk for the industry," Mr. Bartlett said.

"We're not only not able to pass it through, but consumers can't participate in the policies that they'd like to because they just don't have the resources to do it."