

MGAs poised for growth in Canada

CANADA's managing general agency market is about 10 years behind similar markets around the world, the head of the national association representing them here says.

Steve Masnyk, managing director of the Canadian Association of Managing General Agents, said during the recent Insurance Institute of B.C. 2021 Virtual Symposium that MGAs could double the volume of premiums they write if they were to follow the examples seen in the U.K., U.S. and Australia.

"Currently, MGAs in Canada write 8% of the entire \$50bn p&c insurance premium insured sector," he said.

"Commercially, they write close to 13% or 14%. Those are very comparative numbers to what the MGAs in those (other) countries were writing about 10 years ago in a very unstructured environment."

Those countries focused on creating structure in their MGA sectors, he said, which allowed them to greatly increase the amount of premiums they write.

Trade associations in their markets helped that growth through communicating the value of dealing with MGAs, Mr. Masnyk said, which is what CAMGA is focusing on now.

For example, the association has created a directory portal that allows brokers to

search for MGAs that could meet a client's needs.

CAMGA is also working to showcase the value of MGAs, including the speed with which they can do business and their ability and willingness to innovate.

A hard market is another factor that contributes to the growth of the MGA sector, the symposium heard.

"There are very few small losses anymore and that is causing insurers to become even more conservative with their lines," said Cameron Copeland, president of Cansure, during the symposium.

He said MGAs can offer brokers a much broader choice through subscription capacity, where each insurer shares only a portion of the risk instead of assuming the entirety.

"When the market is hard, market pricing can be sufficient for all insurers in the pool to earn a return, smoothing both severity and attritional losses," Mr. Copeland said.

"MGAs are a great vehicle to do this, so they've swelled in recent years.

"MGAs can also apply more engineering to the terms to be more creative and hard markets, using terms like higher deductibles, adding exclusions, limitations, warranties etc. to narrow coverage and still be able to provide the necessary coverage at an affordable premium."

Majority of drivers admit to road rage

ALMOST all Canadian drivers admit that they have acted aggressively and experienced road rage-like behaviour while behind the wheel.

However, a recent survey by InsuranceHotline.com also found that 94% of respondents consider themselves to be courteous drivers.

Given that 95% of drivers admitted to actions such as speeding, tapping the car's brakes when being tailgated and weaving in and out of traffic, many drivers seem to be less courteous than they believe themselves to be.

"The way drivers perceive themselves to be courteous versus how they behave, even if only occasionally, is contradictory," said Anne Marie Thomas, insurance expert for the rate comparison provider.

"You can't be a courteous driver on one hand while on the other your behaviour is aggressive at best, or borders on road rage."

Even more worryingly, nearly 30% of drivers said they had considered taking their actions even further, with impulsive actions such as throwing an object at another vehicle, physically confronting another driver or trying to frighten someone by following them.

Drivers in different regions of the country admitted to different types of reckless behaviour. B.C. drivers were the most likely to admit to speeding, at 88%, while purposely braking when someone follows too closely was most common in Saskatchewan, Manitoba and Atlantic Canada.

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