'ROUND N 'ROUND

Some years — like 2013 — bring great change, huge crisis, or both, to the Canadian property and casualty insurance industry. Last year was not one of them.

Glenn McGillivray
Managing Director,
Institute for Catastrophic
Loss Reduction

Each year that I sit down and begin to plan this piece, and it has been many years, I lament how challenging it is given Canada's largely low-key, quiet approach to doing business (and, I guess, to living, in general). Regardless of what comes, we tend to just put our heads down and our shoulders to the wheel and work through it, with little to no fanfare or complaint.

Canadians, it appears, take "May you live in interesting times" — what some, it seems incorrectly, claim is an ancient Chinese curse — and twist it into, "May you live in boring times," and make it a well-wish.

But at least some fanfare is good every now and then, if anything, just to make for a more interesting article. That said, we may have used up our decadal ration of hoopla in 2013, when the industry had to deal with the country's first back-to-back, billion-dollar-plus catastophe losses, along with a few other things (like Lac-Mégantic and the Ontario government's mandated 15% rate reduction for auto insurance).

But it is what it is.

Economic outlook

Christian Mumenthaler, chief executive officer of reinsurance for Swiss Re Group, told attendees of Swiss Re's 30th Annual Canadian Insurance Outlook Breakfast March 31 that economic growth in the United States is robust and supported by strong consumer spending, business investment and housing construction.

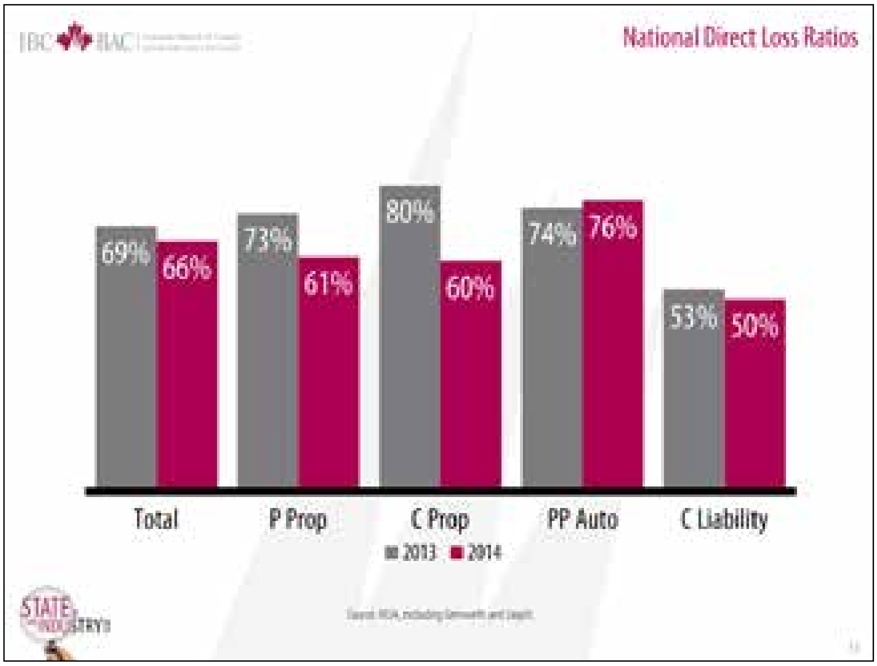
But while the economy in Europe is growing, it is just barely moving forward, largely due to tight monetary policy. Conditions there are much weaker than they are in North America.

Mumenthaler noted that growth in oil-importing emerging markets will likely improve and inflation will likely remain largely subdued. Inflation is below policy target in the U.S., largely as a result of falling oil prices (which had been containing inflation and boosting growth), weak labour market recovery and wage growth.

Easing monetary policy in the U.S. and the United Kingdom is expected to shift to monetary tightening in mid- to late 2015, with tightening in Europe coming much later.

Yields on U.S. and U.K. long-term government bonds are expected to rise later this year and into next year, he said. On the (re)insurance side, growth in exposure is robust in the U.S. and U.K., as well as in many developing markets, though it will remain modest in Europe. Claims inflation, for its part, is expected to remain benign. Insurers' investment returns are expected to recover, but with a lag due to gradual portfolio turnover (particularly in Europe).

Looking at the impact of lower oil prices on energy exporters, there is expected to be both lower incomes and lower investments in the sector in the short term. This will also translate into lower government revenues in oil-exporting countries. Oil-importing nations, on the other hand, are expected to benefit. The knock-on effects of diving energy prices will translate into lower gasoline and heating bills for consumers, as well as lower production costs for manufacturing, transport, agriculture and other sectors. Interest rates should rise once oil prices stabilize. Overall, the positive impact on inflation from falling oil prices is considered to be only temporary.



The low price of oil may have a silver lining for Canada's property and casualty insurance industry, Gregor Robinson, senior vice president of policy and chief economist for Insurance Bureau of Canada (IBC), suggested at the Swiss Re event. Robinson reported that the dropping price of crude — which has lost about 47% of its value since September 2014 — may lead to an uptick in demand for p&c insurance products.

The slide in the price of oil "is likely going to be the single biggest influence on the global and Canadian economies for the next two years," Robinson said. However, the impacts are expected to vary across the country. For example, Alberta,

"So, despite the gloomy global outlook and uninspiring growth in Canada, there are some bright spots for the p&c industry. All the same, as in the past, insurers will need to stay focused on underwriting discipline,"

Saskatchewan and Newfoundland & Labrador are seeing investment weakness, slower growth and government budget struggles, while in Alberta, the lower oil price may translate into lower demand for p&c products, he told attendees.

The lower dollar — in part the result of lower oil prices and lower commodity prices — has served to make manufacturing exports less expensive. "This is important for Canada, as we are a small open market, with net exports expected to contribute 33% to GDP [gross domestic product] this year, according to the Bank of Canada," Robinson said.

Strong growth in the U.S., together with the lower dollar, "should eventually boost exports, although the impact will be uneven, with higher demand for the goods and services produced in central Canada versus the resource products of the west," Robinson explained.

Pointing out that Ontario may have the highest provincial growth in 2015 or 2016, Robinson said, "we think all this could be positive for the demand for commercial insurance products."

The other major development to consider has been the fall in interest rates, Robinson said. Lower interest rates have a "stimulative impact on consumption and capital investment. This is also positive for p&c insurance," he noted.

"So, despite the gloomy global outlook and uninspiring growth in Canada, there are some bright spots for the p&c industry. All the same, as in the past, insurers will need to stay focused on underwriting discipline," Robinson cautioned.

The numbers — on one hand...

The Canadian property and casualty industry saw an improvement both in return on investment (ROI) and in underwriting, Robinson told attendees of the Swiss Re outlook breakfast. "Better underwriting results and improved ROI led to higher return on equity (ROE)," he reported.

In addition, Robinson pointed out, there was an improvement in loss and combined ratios, largely due to a somewhat more subdued Cat year, at least when compared to 2013. "The fall in the overall loss ratio was mostly a reflection of improved property loss ratios in Alberta and Ontario following the flood losses in 2013," he said.

The numbers would have been better had it not been for auto, with private passenger auto loss ratios deteriorating across all of the private auto insurance markets, with a pronounced dip in Alberta, Robinson said.

With regard to personal property loss ratios, improvements in Canada's west and central regions reflect an

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improvement in Cat losses, but in the Prairies and in Atlantic Canada "loss ratios rose above the 10-year national average of 68%, largely a consequence of more frequent, although smaller, extreme weather events," he noted.

All in all, the p&c insurance industry booked net earned premium in 2014 of $40.640 billion in 2014 (up from $39.148 billion in 2013) and incurred net claims of $27.492 billion (in line with $27.338 billion in 2013). The industry's loss ratio came in at 67.9% (compared to 69.8% in 2013) and its expense ratio at 31.4% (31.1% in 2013) for a combined ratio of 99.4% (compared to 101% the year prior).

Broken down by line, the personal property loss ratio for 2014 at 61% (down from 73% in 2013); commercial property came in at 60% (down from 80% the year prior); personal auto at 76% (compared to 74% the year prior); and commercial liability at 50% (compared to 53% in 2013).

All in, the industry recorded an ROI of 4.2% (3.2% in 2013), an ROE of 9.9% (6.1% in 2013) and a comprehensive ROE of 11.1% (5.8% in 2013). The industry's change in equity remained steady at 4.2% over the year prior, although its minimal capital test (MCT) rose to 254.6% (compared to 242.8% in 2013).

In his *Quarterly Outlook Report for Q4-2014*, Joel Baker, president and CEO of MSA Research Inc., noted that there was some modest top-line growth for the industry "which, for a change, was not outpaced by claims growth, reserve releases as well as slightly improved investment gains."

Baker pointed out that his analysis showed overall industry ROE cracked the elusive double-digit mark at 10.66%, up from 7.7% in 2013.

"Personal lines writers saw their Ontario auto insurance book shrink in 2014, reflecting the mandatory auto rate rollbacks introduced by the Wynne government in 2013."

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"But challenges remain" as the industry's combined ratio for 2014 was only marginally better than for 2013, the year of the Cat, he advised.

Baker also pointed out that results for Alberta auto appear to be deteriorating quite quickly, with third-party bodily injury (BI) loss ratios approaching what he calls "nosebleed territory," and that current results for the highly competitive commercial property line, which has a combined operating ratio (COR) of over 100%, do "not bode well."

In its annual report for 2014, PACICC — the Property and Casualty Insurance Compensation Corporation — reported that the Canadian p&c sector is in "a sustained period of moderate earnings," with the industry holding more than $44 billion in capital — the highest level ever reported. PACICC warns, however, that there is wide variability in the financial performance and health of individual insurers.

Ontario auto — another wild card

Again, Robinson suggested during the Swiss Re event, while overall 2014 industry results show some improvement, "the numbers would have been better had it not been for auto. Private passenger auto loss ratios deteriorated across all of the private auto insurance markets."

Noting how an extreme weather event can quite quickly make a good year a bad one, he called auto "another wild card" because of "the tendency for auto to fall victim to partisan and stakeholder politics."

Taking numbers calculated in early 2015, Robinson reported that Ontarians pay more for car insurance than anyone else in Canada, "including an average 26% more than in Alberta and 78% more than in the Atlantic."

"But there is cause for optimism," he qualified, "with the commitment to reduce premiums an average of 15% between August 2013 and August 2015," Robinson said.

Baker seems less optimistic about the cuts: "Personal lines writers saw their Ontario auto insurance book shrink in 2014, reflecting the mandatory auto rate rollbacks introduced by the Wynne government in 2013. It is difficult to separate the decline in premiums from the general population growth as the net effect of both indicates a drop of 2%. The 2% is hurting insurers," he wrote. "Despite the vociferous protestations of the authors of the recent study commissioned by the Ontario Trial Lawyers' Association, the data does not support the notion that Ontario auto has been a bonanza for the insurance industry. It certainly isn't looking like one now," Baker continued.

As for PACICC, it offers the following perspective: "There is uncertainty about whether insurers have legal clarity to accurately price this product, with recent studies showing that, at least in part, fraudulent claim practices and abuses of processes within the system are significantly contributing to the high cost of auto insurance in Ontario. Moreover, government interference in setting insurance prices increases solvency risk for insurers operating in that market."

The reinsurance side

According to Baker, the only sector that saw dramatically better underwriting results in 2014 were reinsurers, "who gained the most from the milder Cat year and higher primary retentions." His analysis shows the segment booked a COR of 74.4% and an ROE of 13.8% despite its "relatively large capital base."

The 20 entities that filed their results to Canada's Reinsurance Research

Council (RRC) reported assumed premium of $2.1 billion in 2014 (down slightly from $2.2 billion in 2013), with an underwriting result of $359.7 million (up substantially from $13.2 million in 2013, the year of the Cat). The group reported a total loss ratio of 47.6% (down considerably from 69.8% in 2013) and an expense ratio of 30.2% (up only slightly from 29.1% the year prior) for a combined ratio of 77.5% (respectable after the 99.2% booked in 2013). Total investment income came in at $284.2 million (up from $232.3 million in 2013) for after-tax income of $520 million (up markedly from $160.8 million the year prior).

On the facultative casualty side, one underwriter bemoans: "Another year, another *Stat Issue* and, sadly, little has changed from what I wrote last year on the casualty side. Primary company and reinsurance facultative rates are still pretty flat with the occasional small (1% to 5%) rate increase — when you can get it. Competition remains fierce for Canadian casualty business and capacity is still plentiful. If anything, competition has increased this year with more new players entering the market, such as Berkshire Hathaway Specialty Insurance and CV Starr. In the U.S., writers are faring a little better on the casualty side. They are able to get rate increases more frequently than we can from what I hear, although typically similar size rate increases to what we see here — in the 1% to 5% range. There is no sign of any tightening in the Canadian casualty marketplace. I feel that the cycles, as we knew them in the past, soft for five to 10 years, and then hard for maybe 18 months to two years, have changed and we are into a very prolonged soft market. People have stopped talking about when the market is going to harden. This is the new reality. Companies, like ours, are trying to maintain underwriting discipline over the cycle, but that becomes increasingly difficult in such an extended soft market with no end in sight."

Facultative reinsurance — which is negotiated separately for each insurance policy that is reinsured and is normally purchased for individual risks not covered, or insufficiently covered, by treaties (reinsurance agreements that cover a portfolio of risks that fall within the agreement) — has undergone many changes over the years. With a prolonged buyers' reinsurance market (which some sources believe may be permanent) many risks once covered by facultative reinsurance certificates are being folded into treaties.

Additionally, many reinsurers — particularly the largest players — now only write facultative business of a certain minimum premium, as writing small facultative certificates is too costly and not worth the dedication of costly resources.

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Asked whether there is a future for facultative reinsurance, the casualty facultative underwriter offered this view: "The need for facultative casualty is clearly lower today than five years ago, due to ceding companies having broader treaty protection and increased retentions. The type of casualty business being facultatively reinsured today is for higher-risk business. Ceding companies can retain the straightforward casualty risks, but want to place facultative for tougher, high-hazard risks, such as certain kinds of high-risk consumer products (like toys); restaurants with high liquor sales; risks with high amounts of U.S. exposure; hazardous operations, such as heavy boiler installations; haulage of hazardous goods; and long-haul trucking into the U.S. So, while the need for casualty facultative may have shrunk over the years, the risks we are offered are much higher today than in the past."

In the July 2001 issue of *Canadian Underwriter*, I wrote of the prematurely announced demise of the property and casualty insurance pricing cycle (What comes around... http://bit.ly/whatcomesaround) and quipped that it is "alive and well and living in p&c insurance and reinsurance markets across the globe."

But with Aon Benfield estimating global reinsurance capital to be hovering somewhere in the US$575 billion mark (up 6% from 2014) — the bulk of it traditional — I am not so sure that the cycle is breathing at all, let alone thrashing around on the floor. It appears, at this point, to be as lively as a door nail (or, perhaps more apt, a coffin nail).

Looking at the global reinsurance picture, Mumenthaler noted at Swiss Re's annual breakfast event this year that the segment has profited from two to three abnormally good years that have largely been spared from significant catastrophe losses. But that will likely change, he cautioned, as higher combined ratios set in due to continued rate softening, fewer reserve releases and the resumption of "normal" cat losses.

Segment mergers and acquisition, Mumenthaler noted, will likely continue. Such M&As, he maintains, are defensive in nature as a result of the following: a flood of new (alternative) capital entering the reinsurance industry; intense price pressure and competition; big insurance groups rationalizing their reinsurance programs to a much smaller number of bigger players; and value creation, mostly through cost synergies.

All in all, however, he expressed the belief that the long-term outlook for the global reinsurance sector is positive, with strong growth forecast in emerging markets and new technologies requiring new covers and

Restoration Industry

also helping to close the very large protection gap.

In the courts

In the February/March 2015 issue of *Claims Canada*, Christopher Dunn and Josiah MacQuarrie of Dutton Brock, LLP again provided a very useful and concise run-down of the Top 10 coverage decisions from 2014 of interest to insurers.

Dunn and MacQuarrie's list is as follows:

1) *Kozel v. The Personal Insurance Company* (February 19, 2014, ONCA) (Auto insurance/relief from forfeiture)
2) *Schmitz v. Lombard General Insurance Company of Canada* (February 4, 2014, ONCA) (Auto insurance/limitation period in OPCF 44R)
3) *Coburn v. Zorkin Insurance Brokers Inc.* (February 26, 2014, BCCA) (Homeowner's policy/vacancy)
4) *Hants Realty Ltd. v. Travelers Guarantee Co. of Canada* (June 25, 2014, NSCA) (E&O policy/definition of "claim")
5) *Precision Plating Ltd. v. Axa Pacific Insurance Company* (April 8, 2014, BCSC) (CGL policy/pollution exclusion)
6) *Stewart v. TD General Insurance Company* (March 4, 2014, Ont. Div. Ct) (Homeowner's policy/marijuana plants)
7) *O'Byrne v. Farmers' Mutual Insurance Co.* (July 11, 2014, ONCA) ("All-risks" policy/pollution exclusion)
8) *Acciona Infrastructure Canada Inc. v. Allianz Global Risks US Insurance Company* (August 19, 2014, BCSC) (Builder's risk/faulty Workmanship exclusion)
9) *Willoughby v. Pilot Insurance Company* (January 7, 2014, ONSC) (Homeowner's policy/determination of "replacement cost")
10) *Intact Insurance Company v. Virdi* (April 14, 2014, ONSC) (CGL policy/description of insured business limiting coverage).

The full article, complete with links to decisions, can be read at http://bit.ly/claimstop10of2014

Severe weather — the new wild card

Of frequent extreme weather events, IBC's Robinson calls them "wild cards" that "can, overnight, turn a good year into a bad one."

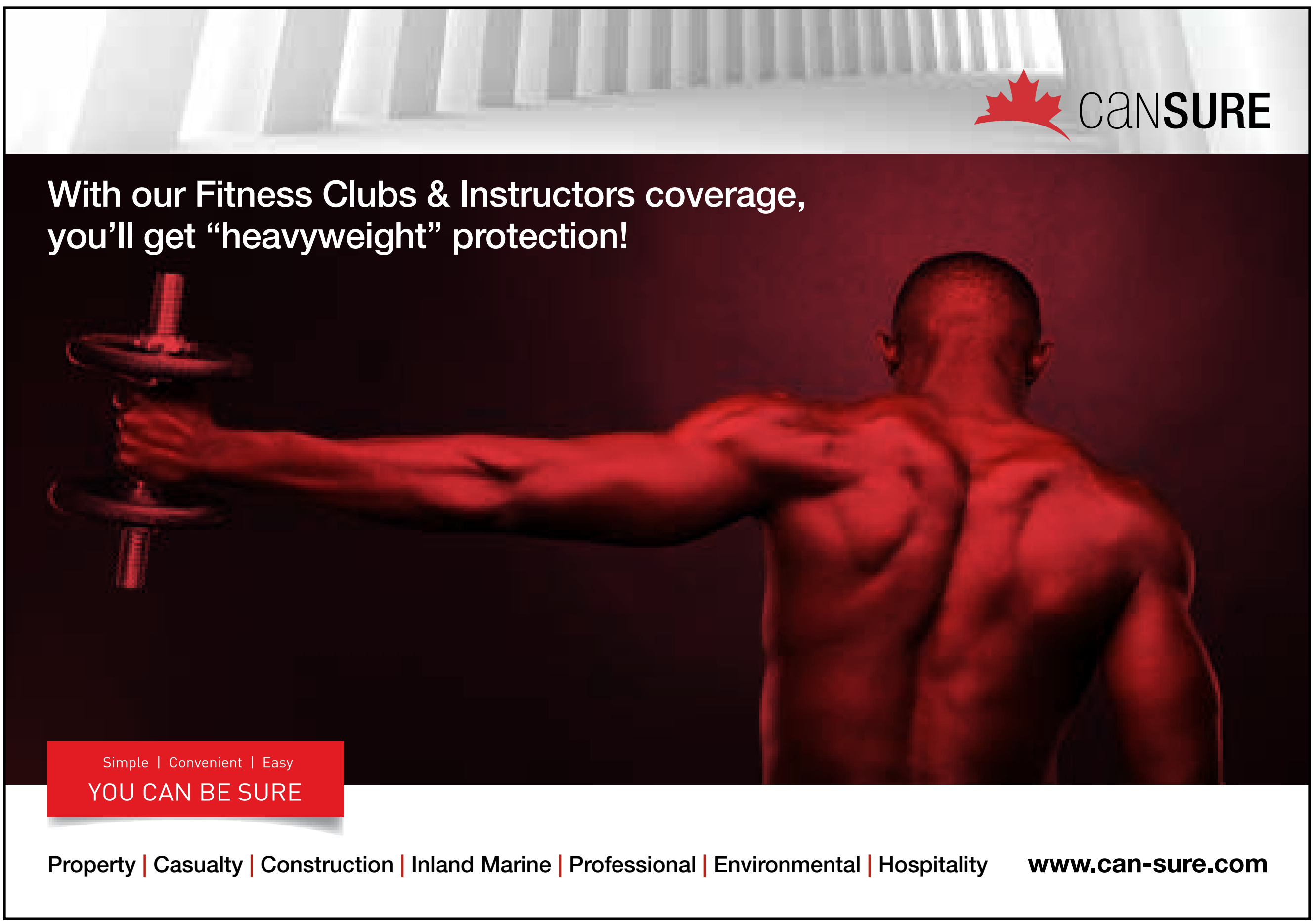
He is right.

In this space in 2013, I wrote: "So, with four consecutive billion-dollar loss years under our belt [i.e. 2009, 2010, 2011 and 2012] the question, of course, is whether we'll make it five. We'll have to wait out the year to find out."

The next year, in 2014, I wrote: "With $3.2 billion in insured losses from severe weather in 2014, we all now know how 2013 played out. The question now is: Are we going to make it six billion-dollar years in a row?"

Today, I write: "The answer is 'yes.'"

Some have called 2014 a quiet — even a "reprieve" — year for Canadian catastrophe losses. But when the year's $880+ million is put up against 2013's $3.2 billion, of course, it will look like a quiet year (even



"There certainly were some costly events [in 2014] — and that was reflected in the financial results for Canada's property and casualty insurers."

a $2 billion year would seem relatively benign when placed against an unprecedented year like 2013).

Granted, 2014 was not an "in-your-face" year for catastrophe losses like 2013 was. Still, when 2014's Cat losses are compared to other recent years, it goes down as another significant annum as Canadian insurers have paid out close to, or more than, $1 billion for losses of $25 million or more every year since 2009.

As noted by Baker in his 2014 round-up: "It is truly notable that the magnitude of these losses seems out of whack with the ho-hum sentiment in the market. This might be because the reinsurers didn't bear the brunt as much as they did in the old days when primary retentions were lower."

Regardless, such losses should not be taken lightly. As Robinson noted, "there certainly were some costly events [in 2014] — and that was reflected in the financial results for Canada's property and casualty insurers."

The total of such losses (2009 to 2014 inclusive) exceeds a whopping $8.52 billion, not including claims adjustment expenses. This is what has come to be known as "the new normal" for Canada.

What generally happens in any given year in Canada is that there is one big loss and a number of other losses of various sizes, with the total closing in on or exceeding $1 billion.

This formula was true of 2014, where the single big loss was a hailstorm in Airdrie, Alberta. Insured losses from that event currently exceed $530 million, MSA/CatIQ has reported.

There were four other events that were classified as Cat events last year, with all being quite small. The year was like death by a thousand (well, five) cuts.

Aside from Airdrie, other losses of note in 2014 include the June 17 tornado in Angus, Ontario. The EF-2 did not generate an exceptionally high claims total (tornadoes in Canada seldom do), but the event underscored the fact that damage from weaker tornadoes can be almost eliminated with the addition of just a few low-cost features incorporated into homes at initial construction. Of the 100+ homes damaged by the twister, 10 or 11 lost their roofs and needed to be bulldozed. For about $150 to $200 each, those roofs could have been kept on, saving homeowners and their insurers a lot of grief. The insurance industry can do better.

Additionally, there was late-June flooding and wind in Manitoba and Saskatchewan, as well as the August 4 Ontario storm that saw more than 200 millimetres of rain fall in Burlington in just a few hours. More than 3,500 homeowners reported flood damage to the city as a result of that event.

It is important to note that the aforementioned numbers reflect only those losses that meet or exceed $25 million insured, and do not include smaller events or isolated day-to-day losses (a sewer back-up here, a tree on a house there). These losses can easily add

How The Private Companies Rank (Total Business) N.P.W. (Excluding Life & Purely A&S Companies)

	% of Market	2014 N.P.W.	2013 N.P.W.	% Change
1. Intact Financial Corporation	15.35	6,875,276,000	6,790,103,000	1.25
2. Aviva Canada Inc	8.55	3,828,980,000	3,622,441,000	5.70
3. TD Insurance, General Insurance	6.51	2,915,195,000	2,839,453,000	2.67
4. RSA Canada Group	6.18	2,765,167,000	2,790,693,000	–0.91
5. Lloyd's Underwriters	5.79	2,594,228,000	2,396,862,000	8.23
6. Co–operators General Insurance Co	4.95	2,215,781,000	2,095,955,000	5.72
7. Desjardins General Insurance Group	4.91	2,196,398,000	2,073,475,000	5.93
8. Wawanesa Mutual Insurance	4.62	2,070,278,000	2,027,851,000	2.09
9. Economical Insurance	4.19	1,877,801,000	1,803,586,000	4.11
10. State Farm Insurance Company	3.83	1,715,373,000	1,784,388,000	–3.87
11. Travelers Canada	3.24	1,452,587,000	257,801,000	463.45
12. Allstate Insurance Co of Canada	2.81	1,257,591,000	1,147,475,000	9.60
13. Northbridge Financial Corporation	2.38	1,067,709,000	1,062,111,000	0.53
14. Zurich Insurance Company Ltd	1.66	744,723,000	693,440,000	7.40
15. RBC General Insurance	1.64	735,350,000	561,552,000	30.95
16. AIG Insurance Co Of Canada	1.44	643,053,000	587,332,000	9.49
17. Chubb Insurance Co of Canada	1.38	617,085,000	593,601,000	3.96
18. La Capitale Assurances Gen Inc	1.28	571,304,000	562,202,000	1.62
19. Ontario Mutual Insurance	1.27	569,070,000	551,716,000	3.15
20. SGI Canada Group	1.23	549,857,000	522,181,000	5.30
21. Munich Reinsurance Cda Group	0.77	343,406,000	309,522,000	10.95
22. Gore Mutual Insurance Company	0.75	335,156,000	318,238,000	5.32
23. Guarantee Company Of North America	0.70	314,278,000	290,599,000	8.15
24. Alberta Motor Association	0.68	305,812,000	279,218,000	9.52
25. CNA Canada	0.58	261,065,000	284,229,000	–8.15
26. Hannover Ruck SE	0.54	241,927,000	216,646,000	11.67
27. Pembridge Insurance Company	0.52	231,529,000	211,009,000	9.72
28. Industrielle Alliance Compagnie	0.50	222,420,000	156,188,000	42.41
29. SSQ, Societe D'Assurances Gen	0.48	213,754,000	203,094,000	5.25
30. Liberty Mutual Insurance	0.47	210,765,000	162,727,000	29.52
31. Allianz Global Risks US	0.45	202,084,000	146,034,000	38.38
32. Factory Mutual Insurance Company	0.44	195,745,000	234,019,000	–16.36
33. Portage La Prairie Mutual	0.43	190,934,000	194,516,000	–1.84
34. L'Unique Assurances Generales	0.39	175,853,000	157,494,000	11.66
35. CAA Insurance Company (Ontario)	0.39	175,255,000	197,246,000	–11.15
36. Echelon General Insurance	0.35	156,328,000	157,008,000	–0.43
37. Promutuel Reassurance	0.35	156,209,000	132,747,000	17.67
38. Peace Hills General Insurance	0.31	139,958,000	124,159,000	12.72
39. SCOR Canada Reinsurance	0.30	136,048,000	160,353,000	–15.16
40. Farm Mutual Reinsurance Plan	0.30	133,120,000	135,476,000	–1.74
41. Canadian Direct Insurance	0.30	132,337,000	130,516,000	1.40
42. FCT	0.29	131,629,000	128,154,000	2.71
43. Swiss Reinsurance Group	0.28	124,663,000	147,072,000	–15.24
44. Optimum General Inc	0.28	123,695,000	111,639,000	10.80
45. Lawyers' Professional Indemnity	0.26	114,920,000	106,510,000	7.90
46. RBC Insurance Company Of Canada	0.25	111,544,000	336,705,000	–66.87
47. ACE INA Insurance	0.25	110,064,000	118,318,000	–6.98
48. Unica Insurance	0.24	107,643,000	93,495,000	15.13
49. Boiler Inspection & Insurance Company	0.24	105,684,000	92,206,000	14.62
50. Partner Reinsurance Company of the U.S.	0.23	103,461,000	90,214,000	14.68
51. Cumis General Insurance	0.21	96,121,000	92,931,000	3.43
52. Transatlantic Reinsurance	0.21	95,740,000	84,998,000	12.64
53. Stewart Title Guaranty Company	0.21	95,066,000	91,548,000	3.84
54. XL Insurance Company SE	0.21	94,242,000	90,246,000	4.43
55. Pafco Insurance Company	0.21	93,893,000	91,226,000	2.92
56. Affiliated FM Insurance	0.19	86,439,000	91,687,000	–5.72

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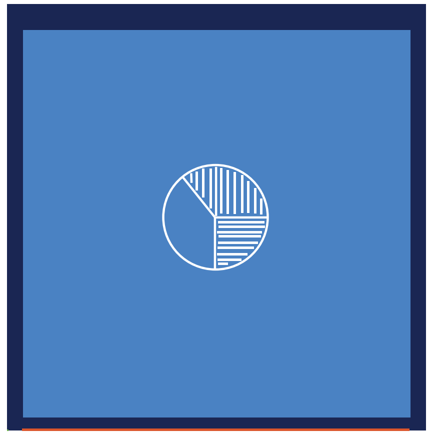

"From a solvency perspective, the outlook for Canada's p&c insurance sector is healthy. Most… insurers have a strong and healthy capital base…"

another $1 billion or so to the pile.

So when it comes to catastrophe losses, it is important to maintain perspective and to be careful of comparisons, especially when statistical outliers are involved.

2014 was not a horrendous year for catastrophe losses in Canada, but it was significant, nonetheless.

Looking forward

A paragraph form PACICC's 2014 annual report sums up the state of Canada's p&c industry in a nice little nutshell: "From a solvency perspective, the outlook for Canada's p&c insurance sector is healthy. Most… insurers have a strong and healthy capital base supporting their operations. While significant variations in profitability and capital strength exist among companies, industry-wide measures show that the great majority of Canada's p&c insurers are prepared to face future challenges from a position of financial strength."

This is, of course, good news. But it is important to underscore that things are never perfect; there are always challenges of various types and sizes — or blips, if you will.

(Continued From Page 30)

How The Private Companies Rank (Total Business) N.P.W. (Excluding Life & Purely A&S Companies)

	% of Market	2014 N.P.W.	2013 N.P.W.	% Change
57. North Waterloo Farmers Mutual	0.19	83,881,000	77,979,000	7.57
58. Odyssey Reinsurance Company	0.17	77,653,000	83,650,000	–7.17
59. Red River Mutual	0.17	74,915,000	68,698,000	9.05
60. Wynward Insurance Group	0.16	69,447,000	58,090,000	19.55
61. Trisura Guarantee Insurance	0.14	63,423,000	55,502,000	14.27
62. Everest Reinsurance Company	0.14	61,267,000	62,495,000	–1.96
63. Old Republic Insurance Company	0.13	58,707,000	60,520,000	–3.00
64. General Reinsurance Corp	0.12	53,739,000	44,358,000	21.15
65. Mutual Fire Insurance Co of BC	0.12	52,945,000	43,918,000	20.55
66. Motors Insurance Corporation	0.11	50,808,000	54,983,000	–7.59
67. Saskatchewan Mutual Insurance	0.11	50,009,000	51,616,000	–3.11
68. Western Financial Insurance	0.11	48,979,000	46,008,000	6.46
69. Berkley Insurance Company	0.10	43,980,000	44,715,000	–1.64
70. XL Reinsurance America, Inc Canadian Branch	0.10	43,266,000	67,217,000	–35.63
71. Caisse Centrale De Reassurance	0.09	41,240,000	39,467,000	4.49
72. Great American Insurance	0.09	40,900,000	41,219,000	–0.77
73. Ontario School Board's Insurance	0.09	39,326,000	37,093,000	6.02
74. Triton Insurance	0.08	36,445,000	40,874,000	–10.84
75. Le Groupe Estrie–Richelieu	0.08	33,838,000	32,025,000	5.66
76. Tokio Marine & Nichido Fire	0.07	32,292,000	29,422,000	9.75
77. Toa Reinsurance Co of America	0.07	31,543,000	43,956,000	–28.24
78. Co–operative Hail Ins Co Ltd	0.06	29,015,000	34,021,000	–14.71
79. Chicago Title	0.06	26,256,000	26,027,000	0.88
80. Associated Electric & Gas Insurance	0.06	26,033,000	22,245,000	17.03
81. Omega General Insurance	0.06	25,187,000	20,222,000	24.55
82. Mitsui Sumitomo Insurance	0.05	20,198,000	20,029,000	0.84
83. PEI Mutual Insurance Company	0.04	17,795,000	16,306,000	9.13
84. Euler Hermes North America Insurance	0.04	16,814,000	9,751,000	72.43
85. MAPFRE Re Compania De Re, S.A.	0.03	15,481,000	15,271,000	1.38
86. Hartford Fire Insurance	0.03	14,414,000	12,247,000	17.69
87. Western Surety Company	0.03	13,669,000	13,500,000	1.25
88. Sirius America Insurance	0.03	13,444,000	15,925,000	–15.58
89. Arch Insurance (Canada)	0.03	13,065,000	17,956,000	–27.24
90. Federal Insurance Company	0.03	12,844,000	10,870,000	18.16
91. Aspen Insurance UK Limited	0.03	12,622,000	12,053,000	4.72
92. DAS Legal Protection Insurance Company	0.03	12,600,000	0	0.00
93. Legacy General Insurance	0.02	9,969,000	10,929,000	–8.78
94. Munich Reinsurance America, Inc.	0.02	9,069,000	14,109,000	–35.72
95. Mennonite Mutual Fire Ins Company of SK	0.02	8,773,000	7,955,000	10.28
96. The Mearie Group	0.02	7,843,000	7,768,000	0.97
97. American Road Insurance Company	0.02	7,830,000	7,417,000	5.57
98. Everest Insurance Co of Canada	0.02	7,482,000	4,774,000	56.72
99. Kings Mutual Insurance Company	0.02	7,460,000	6,992,000	6.69
100. Sompo Japan Nipponkoa	0.02	6,737,000	5,660,000	19.03
101. Pacific Coast Fishermen's Mutual Marine	0.01	5,643,000	5,470,000	3.16
102. Antigonish Farmers' Mutual	0.01	4,625,000	4,388,000	5.40
103. Atradius Credit Insurance N.V	0.01	3,848,000	3,727,000	3.25
104. Fundy Mutual Insurance	0.01	2,753,000	2,403,000	14.57
105. Clare Mutual Insurance Company	0.00	1,856,000	1,872,000	–0.85
106. Protective Insurance Company	0.00	1,771,000	1,818,000	–2.59
107. T.H.E. Insurance Company	0.00	825,000	548,000	50.55
108. Corepointe Insurance	0.00	53,000	43,000	23.26
109. Alea (Bermuda) Ltd	0.00	50,000	62,000	–19.35
TOTALS		**44,776,220,000**	**42,148,368,000**	

Lately, Canadian insurers have been putting a lot of time and effort looking into a number of issues that have become all the rage, with most coming from rapid changes in technology. Some of these emerging risks include telematics, autonomous cars, 3-D printing, drones and cyber liability.

Countless organizations are running seminars and workshops and issuing reports and articles on these risks, and in many circles, the industry has been hearing how they "will change the industry forever."

Do not get me wrong. These issues are, indeed, significant, and have the real potential to both permanently change some of the ways the business of insurance is conducted as well as to inflict heavy damage on the claims side.

That said, the industry needs to ensure it keeps an eye on the day-to-day challenges and the run-of-the-mill, bread-and-butter stuff that really drives the business. While drones, for example, may prove to be problematic for insurers in the years ahead, and major cyber claims may soon come rolling down the pipe on a regular basis, it is the auto and personal property products that are giving us a hard time here and now — and probably will continue to going forward.

I have been around this business long enough to have heard how *this* event or *that* technological advance will "change the industry forever," then see first-hand how the premonitions almost never come to pass, at least not how they are originally billed.

The liability crisis, Hurricane Andrew, the property crisis, the Northridge earthquake, the Internet, 9/11, Hurricane Katrina, Super Storm Sandy, the cloud and many, many other things were all supposed to drive massive, permanent sea changes to the insurance industry, but never really did.

Many proved to be nothing more than temporary blips. The industry deals with them, then moves on to deal with the next raft of coming "sea changes."

Maintaining perspective, focus and both feet on the ground is key to the industry's ongoing success.