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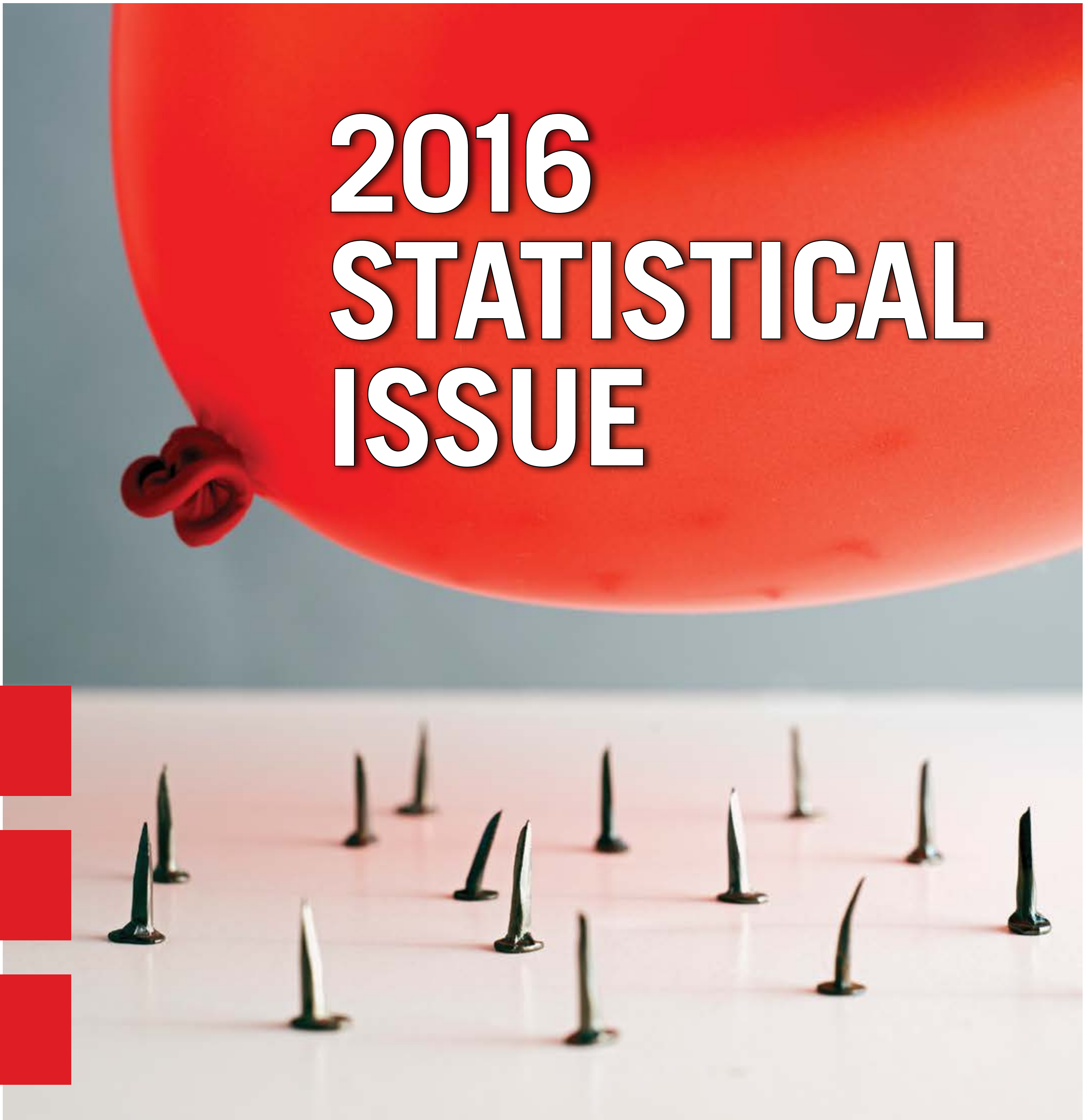

CANADIAN UNDERWRITER

Waiting to Exhale

BY GLENN McGILLIVRAY

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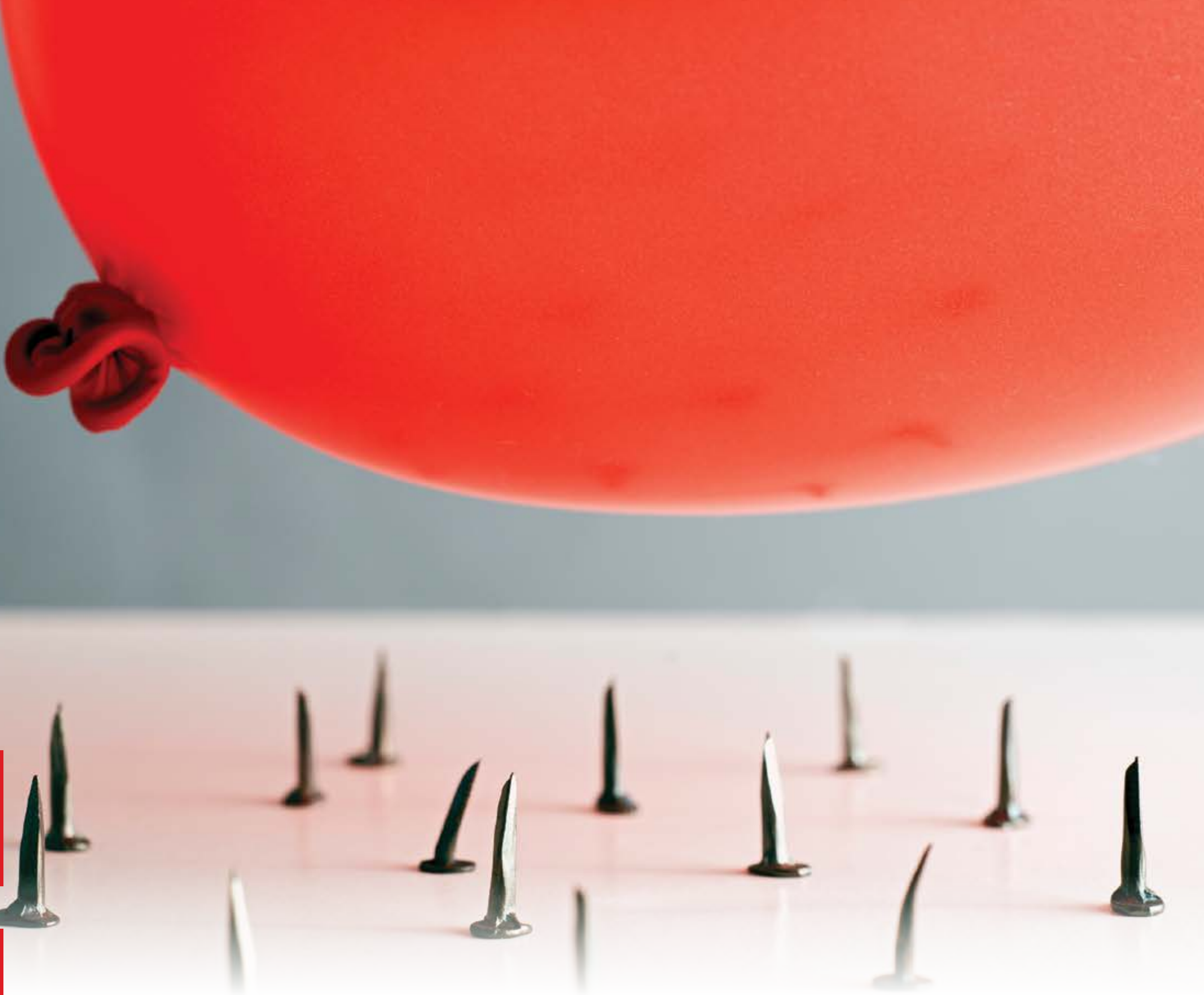


WAITING TO EXHALE

In a year where Ontario and Alberta auto wasn't, for once, in the forefront and natural catastrophe losses were the lowest in several years, insurers held their breath for a good year. And they got it.

Glenn McGillivray
Managing Director,
Institute for Catastrophic
Loss Reduction

In what now seems to be a rare year — when auto insurance wasn't regular fodder for headlines and catastrophe losses paled in comparison to those in 2011 and 2013, when personal lines insurers as a group outperformed commercial lines writers for the first time in 15 years and when the industry booked the best underwriting profit in ages — it's no wonder insurers held their collective breath, just waiting for the bubble to burst.

It didn't. For the first time in a while, the industry enjoyed a year of moderate, though respectable profitability, albeit with a little drama.

While things aren't all rosy — insurers do need to reckon with increasingly weakening investment returns due to low interest rates — conditions in 2015 allowed the industry to slow down a bit and take things a little easier than had been the case in the very recent past.

Judging by the catastrophe year currently in the making, it is probably a good thing that the industry had a chance to catch its breath in 2015, because the next several months will be an uphill run.

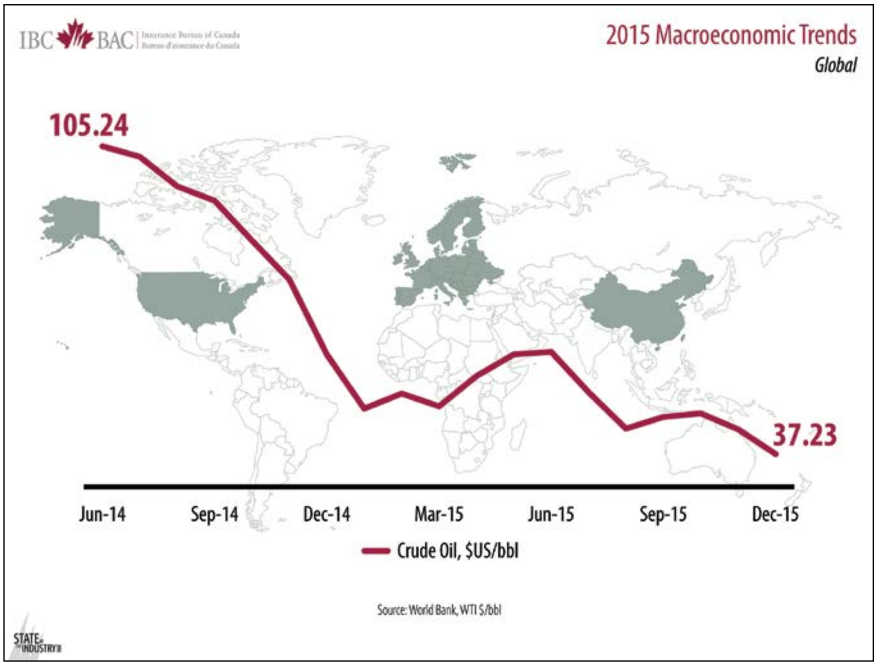
Economic outlook

Aon Benfield reported that world economic growth, once again, fell below expectations in 2015. In its *Reinsurance Market Outlook* report, released in January 2016, the reinsurance intermediary noted that on two occasions last year, the International Monetary Fund (IMF) lowered its projection for global gross domestic product (GDP) growth for 2015. The IMF eventually lowered to 3.1% growth its initial projection of 3.5% in April 2015 and then 3.3% in July 2015. "Contributory factors were a slowdown in the first quarter (which was largely attributable to adverse weather-related contraction in the United States, with attendant spillovers to Canada and Mexico) and uncertainties in Europe during the second quarter relating to Greece and the Eurozone," the outlook stated.

The second half of 2015, Aon Benfield reported, was "overshadowed by difficulties in emerging market economies, with declining commodity prices and downward pressure on many emerging market currencies." It also noted that the slowdown in the Chinese economy "has had broader implications, particularly as a result of reduced demand for raw materials, as has weakness in Latin America and particularly Brazil. The slump in oil prices also had a depressing effect on oil-exporting economies that has been only partially offset by the resulting boost to net importers."

Going forward into 2016 and 2017, analysts expect slight improvements in the global economy "as financial conditions remain accommodative, despite an anticipated further gradual rise in U.S. interest rates."

International Monetary Fund (IMF) pointed out that stronger performance in both emerging markets



and advanced economies will boost growth in 2016.

Says Aon: "The IMF notes weak, but improving, conditions in Russia and some Latin American economies. The slowdown in China is expected to persist, but the IMF anticipates stronger growth from advanced economies, including the United States, the Euro area and Japan."

Further recovery is projected through 2017, according to the IMF, "driven by a gradual return to trend growth in countries and regions such as parts of Latin America and the Middle East and Russia, which are currently under stress or growing well below potential in 2015-2016."

Regarding Canada specifically, the IMF noted that "commodity-exporting advanced economies continue to adjust to reduced income and resource-related investment... In Canada, growth is expected to recover to 1.5% in 2016, with the drag from the energy sector offset partially by a more competitive currency and an expected increase in public investment, before it accelerates to 1.9% in 2017."

Insurance Bureau of Canada's (IBC) David McGown, presenting at Swiss Re's 31st Annual Canadian Insurance Outlook Breakfast in Toronto April 6, cited his predecessor at the year-earlier event, who said that oil prices are likely "... going to be the single biggest influence on the global and Canadian economies for the next two years."

"That prediction proved accurate," said McGown, IBC's new Senior Vice President of Strategic Initiatives, referring to lower real domestic income, lower profits, reduced business investment and a lower Canadian dollar.

Also in 2015, McGown noted that Canada experienced slower economic growth in the first half of the year, falling government revenues and a rise in deficits. Overall growth was only 1.2%, less than half of what it was in 2014.

"Continued low oil prices will put a damper on business investment, economic growth and employment across the country," McGown told attendees. "Predictions for 2017, while a bit more optimistic, will differ from province to province — and aren't exactly rosy," he warned.

The numbers: "solid results"

Presenting on the property and casualty insurance industry's performance in 2015, McGown commented

IBC BAC Insurance Bureau of Canada / Bureau d'assurance du Canada

2015 Financial Performance by Market

Companies with more than 50% NPW in each subgroup

	Personal	Commercial	Reinsurance
Combined Ratio	97.7%	101.8%	70.5%
ROI	3.7%	3.3%	2.4%
ROE	11.5%	6.5%	13.1%
MCT	247.3	277.9	267.2

Source: MSA, excluding Genworth and Lloyd's

STATE of the INDUSTRY

that insurers "had a relatively good year," with underwriting income triple that in the previous year.

"Underwriting income improved to about $1.7 billion from $558 million in 2014. Canada's p&c insurance industry delivered solid results despite both volatile market conditions and continued low interest rates," he told attendees at the Swiss Re event.

With disaster-related losses — defined as events exceeding $25 million in claims — totalling just over $500 million in 2015 and $880 million in 2014, "less severe weather gave us a break for the second year in a row," said McGown. "The result was an improvement in the national loss ratio to 65% from 68% the previous year," he said.

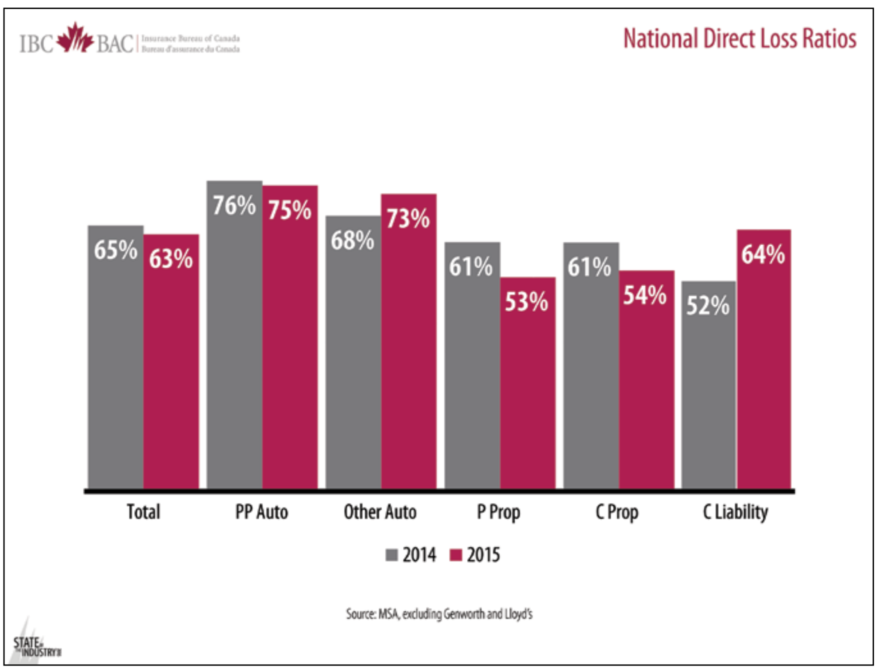
"Underwriting results in 2015 brought a surprise: It was the first time in at least 15 years that personal insurers generally outperformed commercial insurers." Personal insurers, McGown reported posted a combined ratio of 98% while commercial writers posted a combined ratio of more than 100%.

McGown noted that, compared to 2014, loss ratios for personal property improved by about eight points and by close to seven points for commercial property, while there was a slight improvement in private passenger auto insurance.

"For the property insurance business, the telling story nationally is the decline in insured losses from natural catastrophe events," he said, pointing out that the $510 million in insured losses from natural catastrophes in 2015 represented "the first time since 2009 that such losses were well below $1 billion."

McGown did qualify his statement by pointing out that because an insured catastrophe is defined as a loss of $25 million or higher, events that don't quite hit the threshold get excluded from the data, masking the financial impact of smaller-scale weather events. "This was illustrated in Nova Scotia, where the combination of many smaller events contributed to higher loss ratios for personal and commercial property. In particular, the commercial property loss ratio jumped to 119%, leading to a significant underwriting loss for the province," he explained.

Joel Baker, President and Chief Executive Officer of MSA Research Inc., notes in the *MSA Quarterly Outlook Report* for Q4-2015, "2015 was a strong year for most players in the industry, with the overall market showing a combined ratio of 96.5, down from 98.5 in 2014. This resulted in a healthy 11.3% ROE (return on equity) for the market as a whole. Top line growth remained strong at 5.5%, while claims dropped slightly, providing a favourable outcome for the majority of players. Industry net income reached $5.8 billion, but that was shaved by $1.5 billion after



OCI (other comprehensive income) was taken into account, yielding total comprehensive income of $4.3 billion."

Baker also underscored the rare aligning of the stars for personal and multi-line writers in 2015, who "outperformed the pure-play commercial segment (excluding Lloyd's) showing a COR (combined operating ratio) of 96.9 versus 98.3 for the pure commercial writers." He pointed to what he called "two countervailing forces" for this development: "

1. Increased discipline in the personal lines space driven by higher property premiums, increased stability in Ontario auto as well as a relatively benign cat year.

2. Brutal competition in the commercial space coupled with dangerous erosion in pricing and underwriting."

On the investment side, Baker noted "across all segments, the lift that insurers are getting from investments continued to diminish in 2015, both because of continued low interest rates and volatility in the equity markets." He further cautioned that "all segments need to keep their eyes firmly on the underwriting ball."

McGown commented at the Swiss Re outlook breakfast that while the industry's picture was not particularly upbeat on the investment side, "growth in underwriting income more than offset those lower investment returns. ROE now stands at 10.2, which is in line with the industry's long-term average," he said, adding that "the industry-wide capital ratio increased, which, again, confirms our industry's continued stability even during challenging economic times."

Of the auto line, McGown noted that the slight improvement in the nationwide loss ratio for auto was as a result of better performance in Ontario and Alberta.

Ontario auto

Of the market, McGown reported the loss ratio for Ontario auto improved by four percentage points from 2014 to just over 71%, largely due to lower liability claims costs, but the accident benefits loss ratio deteriorated to 89%. These results, he noted, do not incorporate the impact of the 2015 reforms and the mandated rate reductions, "which will roll out over this year and next."

The Property and Casualty Insurance Compensation Corporation (PACICC) notes in its 2015 annual report that Ontario auto insurance "… is a product that has been subject to enormous swings in profitability and subject to constant reforms over the past 15 years."

However, at present, Ontario auto "appears to be profitable and consumers have benefited from some rate relief as insurers deliver on the government's electoral commitment to reduce auto insurance rates. These reforms centre upon containing growth in claims costs in the accident benefits portion of the auto insurance product," the report states.

PACICC does warn, however, that "in 2015, there was a substantial backlog of claims files in the province's dispute resolution process. History suggests that the Ontario auto insurance marketplace, even when profitable, can be a single arbitrator's ruling away from falling back into chaos."

Alberta auto

McGown told attendees at the Swiss Re event that "the auto loss ratio [for Alberta] at the end of 2015 was 82%, reflecting improvements across the market except for accident benefits."

PACICC notes that for close to 10 years, the province of Alberta's Automobile Insurance Premiums Regulation has required auto insurers to adjust the price they charge for insurance uniformly once per year. "This increases solvency risk for some insurers because cost pressures are not shared equally across the industry."

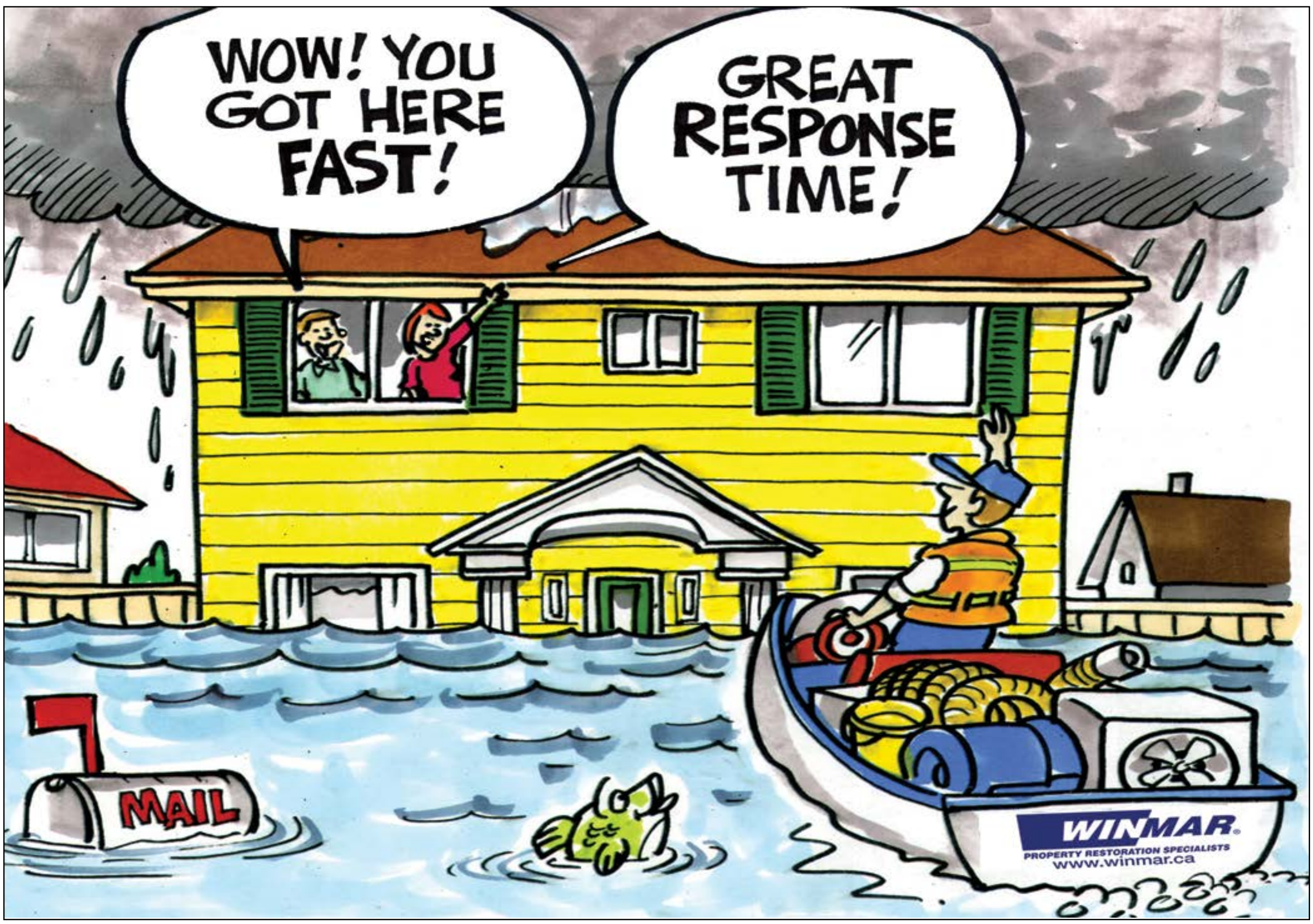
Cautions PACICC: "Cost pressures, particularly on the liability portion of the auto insurance product, have increased substantially since a 2011 court decision to weaken the cap on minor injuries. The province's Automobile Insurance Rate Board allowed premiums to rise over the past two years. However, it is not clear if these rate increases are in line with the rise in claims costs. There could be premium deficiencies within the Alberta marketplace. Under these conditions, PACICC considers insurers with a substantial book of Alberta auto business to have a higher risk of underwriting losses, which could impact their solvency."

"Underwriting results in 2015 brought a surprise: It was the first time in at least 15 years that personal insurers generally outperformed commercial insurers."

The reinsurance side

Looking at the sector as a whole, Aon Benfield noted in its *Reinsurance Market Outlook* that global reinsurance capital remained almost unchanged at US$565 billion since the second quarter of 2015, "and down 2% from the year-end 2014."

Alternative capital increased further in the third quarter of 2015 to US$69 billion, now representing 12% of all



reinsurance capital and "essentially doubling the property catastrophe reinsurance capacity of the market."

Aon Benfield reports that changes in alternative capital in 2015 included the following:

- about a 2% decline in capital from catastrophe bonds, ending Q3-2015 at US$23.9 billion;
- more than a 10% increase in collateralized reinsurance to US$ 32.8 billion, "now representing nearly 50% of the overall capacity provided by the alternative markets";
- an increase of close to 30% over year-end 2014 for sidecar capacity, ending Q3-2015 with approximately US$ 8.5 billion in capital;
- a slight increase in ILW (industry loss warranty) to US$4 billion.

"Many more traditional reinsurers have incorporated alternative capital into their underwriting capital structures and enhance offerings to their primary insurer customers (longer contract duration, eased reinstatement terms, hours clauses, etc.). Barring a significant shift in supply and demand dynamics, we maintain our estimate that alternative capital will reach US$120 billion

As for January 1, 2016 renewals, Aon Benfield noted that reinsurance markets "continued to broaden the spectrum of coverage and type of placements they will support."

to US$150 billion by 2018," Aon Benfield reports.

As for January 1, 2016 renewals, Aon Benfield noted that reinsurance markets "continued to broaden the spectrum of coverage and type of placements they will support. Across many programs, reinstatement terms improved, more multi-year coverage was available, and reinsurers worked with insurers to develop unique structures, and support new insurance strategies and lines of business. More of this trend is expected in 2016 as reinsurers maintain strong capital positions and find continued pressure from the alternative markets."

Going forward, Aon Benfield believes that "a number of factors are expected to impact the demand for reinsurance throughout 2016. From rating agency and regulatory changes to insurers seeking to expand into new lines of business, our expectation is for increased demand in the next 12 months. Many seasoned buyers are re-evaluating their buying strategies, moving away from buying only to protect tail risk and towards recognition that new capital potentially provides cheaper risk capital at

many different points along the risk spectrum. Early-adopters of cheaper underwriting capital will secure an early-mover advantage in the market to help drive premium growth."

Of the Canadian market, MSA's Joel Baker commented: "Licenced reinsurers in Canada 'fared well' in 2015 amid soft market conditions, thanks to a relatively benign cat year. The favourable outcome should be viewed as somewhat pyrrhic as the apparent 'luck' doesn't mask the cut-throat competition for dwindling business that the Canadian and global reinsurance industry is mired in."

The 19 companies in the Reinsurance Research Council's (RRC) 2015 results reported assumed premium of just over $2.0 billion in 2015, down slightly from $2.1 billion in 2014, when 20 companies reported results (Everest Re is missing from the RRC's posted member results for 2015). The 19 companies reported an underwriting result of $343 million in 2015 (down from $359.7 million for 20 companies the year prior).

The group reported a total loss ratio of 46.9% in 2015 (down from 47.6% in 2014) and an expense ratio of 31.5% (up slightly from 30.2% the year prior) for a combined of 78.5% (down from 77.5% booked in 2014).

Total investment income came in at $186.9 million (down markedly from $284.2 million in 2014) for after-tax income of $444.9 million (down from $520 million the year prior).

In the courts

In the February/March issue of *Claims Canada Magazine*, 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 2015 of interest to insurers.

As noted by the authors, two main subject areas dominated the list: "The first was the 'faulty workmanship' v. 'resultant damage' debate, which was addressed by three separate appellate courts and is headed to the Supreme Court in 2016. The other is the application of the Supreme Court of Canada's decision in Sattva Capital to standard-form insurance policies."

The authors note that "while 2015 saw little activity from the Supreme Court of Canada, 2016 is shaping up to be much more interesting, with at least one major appeal set to be heard by the top court, and several other decisions seeking leave."

Dunn and MacQuarrie's list is as follows:

1) *Ledcor Construction Limited v. Northbridge Indemnity Insurance Company*, 2015 ABCA 121; leave to appeal to SCC granted September 24, 2015 (builders' risk — poor workmanship versus resultant damage);
2) *Acciona Infrastructure Canada Inc. v. Allianz Global Risks US Insurance Co.*, 2015 BCCA 347; leave to appeal to SCC filed October 21, 2015 (course of construction policy — defects exclusion);

3) *Precision Plating Ltd. v. Axa Pacific Insurance Company*, 2015 BCCA 277; leave to appeal to SCC dismissed January 14, 2016 (CGL policy — pollution exclusion);
4) *Allstate Insurance Company of Canada v. Aftab*, 2015 ONCA 349 (Homeowner's Policy — Exclusion for claims arising out of bodily injury to member of household);
5) *Unifund Assurance Company v. D.E.*, 2015 ONCA 423; *C.S. v. TD Home and Auto Insurance Company*, 2015 ONCA 424; leave to appeal to SCC filed September 29, 2015 (homeowner's policy — coverage for bullying claims);
6) *Onex Corporation v. American Home Assurance Company*, 2015 ONCA 573; leave to appeal filed October 13, 2015 (D&O policy – coverage for defence costs);
7) *MacDonald v. Chicago Title Insurance Company of Canada*, 2015 ONCA 842 (modifying the Sattva Capital test for standard form contracts);
8) *Daverne v. John Switzer Fuels Ltd.*, 2015 ONCA 919 (CGL policy — limitation periods);
9) *Monk v. Farmer's Mutual Insurance Company (Lindsay)*, 2015 ONCA 911 (Homeowner's policy — exclusion for repair of faulty workmanship); and
10) *Ontario Society for the Prevention of Cruelty to Animals v. Sovereign General Insurance Co.*, 2015 ONCA 702 (CGL policy — fortuity principle).

Severe weather

Globally, catastrophe losses were lighter in 2015 than in previous years, though events such as the April earthquake in Nepal triggered large loss of life and many injuries. Together, Swiss Re noted that natural perils cost (re)insurers US$ 28 billion last year, close to half of the 10-year inflation-adjusted average of US$ 55 billion.

The year in review, though not remarkable from a natural catastrophe perspective, is notable in other — very disconcerting — ways.

The year goes in the record books as the warmest ever recorded since modern record-keeping began in 1880. NASA reports that the period saw previous records "shattered," in what it calls "unambiguously, the hottest year on record."

More disturbing, perhaps, is that 2016 is looking to knock 2015 down to second place, as January, February, March and April have already exceeded monthly records set last year. In April, the average global temperature was 1.10 degrees C hotter than the 20th century average. This brings a new level of concern as to whether warming can be capped at 2.0 degrees C.

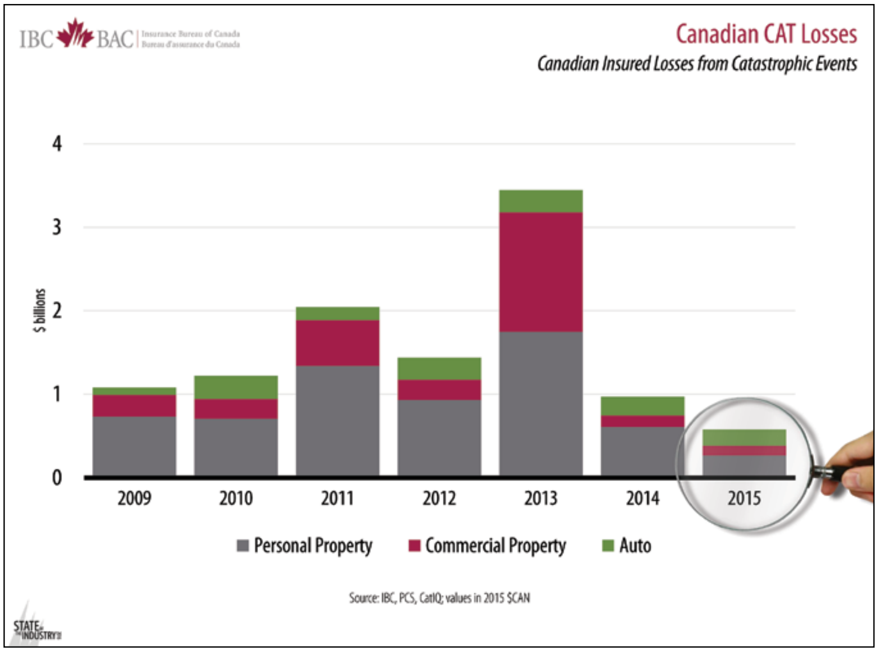
These records are due, at least in part, to one of the strongest El Ninos ever observed. This recent event resulted in a quieter than normal North Atlantic hurricane season, more storms in the U.S. south, and very dry conditions in the U.S. and

Canadian west. These conditions have contributed to an earlier and active wildfire season in British Columbia and Alberta, and to the major loss event currently playing out in Fort McMurray, Alberta.

Last year, events of $25 million or more lead to losses to Canadian (re) insurers of more than $500 million. This does not include small, day-to-day, weather-related losses, or events that don't quite meet the threshold.

Canadian insurers have paid out close to, or more, — sometimes far more — than $1 billion for losses of $25 million or more every year from 2009 to 2014, an unprecedented run. The total of such losses (2009 to 2014, and 2015's $510 million inclusive) exceeds a significant $9 billion, not including claims adjustment expenses.

When claims from the Fort McMurray are added, such losses (2009 to 2016 inclusive) will be significantly more than $9 billion.



This is what has come to be known as "the new normal" for Canada.

Looking forward

All in all, Canadian insurers had a decent year in 2015. Nothing spectacular, but decent, as both the key auto markets and severe weather-related losses behaved themselves, leading to a healthy underwriting profit and moderate net income.

As the year progressed, it became clearer that the industry might just make it through without any substantial unplanned challenges to deal with, like a repeat of the scale of cat losses seen in 2011 or 2013. Insurers crossed their fingers, held their collective breath and made it through to the other side — and then some.

The good fortune carried itself right on through to early May 2016, when the relative good times came to a screeching halt after the major wildfire loss in Fort McMurray. And And while this piece is meant to provide an overview of Canadian p&c industry performance and goings-on in 2015, it would be folly to omit any reference to this loss as it will loom large over the industry in the weeks, months and, possibly, years to come.

As the event still unfolds (at the time of writing, the city was still evacuated and p&c carriers had only been able to gauge the loss using satellite imagery); it is clear that the industry is looking at the costliest catastrophe loss in Canadian history by far. Indeed, Institute for Catastrophic Loss

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

	% of Market	2015 N.P.W.	2014 N.P.W.	% Change
1. Intact Financial Corporation	16.41	7,432,733,000	6,875,276,000	8.11
2. Aviva Canada Inc	8.58	3,883,490,000	3,828,980,000	1.42
3. Lloyd's Underwriters	6.80	3,077,761,000	2,594,228,000	18.64
4. TD Insurance, General Insurance	6.60	2,986,668,000	2,915,195,000	2.45
5. RSA Canada Group	5.85	2,650,905,000	2,765,167,000	–4.13
6. Desjardins General Insurance Group	5.54	2,509,983,000	2,196,398,000	14.28
7. Co–operators General Insurance Co	5.20	2,354,451,000	2,215,781,000	6.26
8. Wawanesa Mutual Insurance	4.81	2,177,268,000	2,070,278,000	5.17
9. Economical Insurance	4.27	1,935,352,000	1,877,801,000	3.06
10. Travelers Canada	3.11	1,409,657,000	1,452,587,000	–2.96
11. Allstate Insurance Co of Canada	3.03	1,370,172,000	1,257,591,000	8.95
12. Northbridge Financial Corporation	2.50	1,132,822,000	1,067,709,000	6.10
13. La Capitale Assurances Gen Inc	1.92	870,518,000	571,304,000	52.37
14. RBC General Insurance	1.74	789,163,000	735,350,000	7.32
15. Zurich Insurance Company Ltd	1.53	691,730,000	744,723,000	–7.12
16. Chubb Insurance Co of Canada	1.40	633,516,000	617,085,000	2.66
17. SGI Canada Group	1.37	620,840,000	549,857,000	12.91
18. Ontario Mutual Insurance	1.33	602,666,000	569,070,000	5.90
19. Munich Reinsurance Cda Group	0.97	437,120,000	343,406,000	27.29
20. AIG Insurance Co Of Canada	0.85	385,389,000	643,053,000	–40.07
21. Gore Mutual Insurance Company	0.80	361,454,000	335,156,000	7.85
22. Guarantee Company Of North America	0.75	340,533,000	314,278,000	8.35
23. Alberta Motor Association	0.64	291,392,000	305,812,000	–4.72
24. CNA Canada	0.56	254,887,000	261,065,000	–2.37
25. Hannover Ruck SE	0.54	243,021,000	241,927,000	0.45
26. Liberty Mutual Insurance	0.53	241,059,000	210,765,000	14.37
27. Pembridge Insurance Company	0.53	240,419,000	231,529,000	3.84
28. Industrielle Alliance Compagnie	0.52	237,152,000	222,420,000	6.62
29. Factory Mutual Insurance Company	0.51	232,359,000	195,745,000	18.70
30. Allianz Global Risks US	0.49	223,890,000	202,084,000	10.79
31. SSQ, Societe D'Assurances Gen	0.46	208,358,000	213,754,000	–2.52
32. CAA Insurance	0.41	183,493,000	175,255,000	4.70
33. Portage La Prairie Mutual	0.39	178,790,000	190,934,000	–6.36
34. L'Unique Assurances Generales	0.38	173,092,000	175,853,000	–1.57
35. Promutuel Reassurance	0.37	167,745,000	156,209,000	7.38
36. Echelon Insurance	0.33	150,633,000	156,328,000	–3.64
37. SCOR Canada Reinsurance	0.32	145,379,000	136,048,000	6.86
38. FCT	0.32	144,754,000	131,629,000	9.97
39. Peace Hills General Insurance	0.30	135,257,000	139,958,000	–3.36
40. Farm Mutual Reinsurance Plan	0.29	132,008,000	133,120,000	–0.84
41. Optimum General Inc	0.28	125,057,000	123,695,000	1.10
42. Lawyers' Professional Indemnity	0.27	120,761,000	114,920,000	5.08
43. Cumis General Insurance	0.26	119,550,000	96,121,000	24.37
44. Unica Insurance	0.26	118,841,000	107,643,000	10.40
45. Old Republic Insurance Company	0.26	116,947,000	58,707,000	99.20
46. Swiss Reinsurance Group	0.25	114,139,000	124,663,000	–8.44
47. RBC Insurance Company Of Canada	0.25	112,680,000	111,544,000	1.02
48. Boiler Inspection & Insurance Company	0.25	111,109,000	105,684,000	5.13
49. Stewart Title Guaranty Company	0.23	104,294,000	95,066,000	9.71
50. Partner Reinsurance Company of the U.S.	0.22	100,717,000	103,461,000	–2.65
51. Pafco Insurance Company	0.22	100,578,000	93,893,000	7.12
52. ACE INA Insurance	0.21	95,998,000	110,064,000	–12.78
53. XL Specialty Insurance	0.21	94,407,000	94,242,000	0.18
54. Affiliated FM Insurance	0.21	93,733,000	86,439,000	8.44
55. Transatlantic Reinsurance	0.20	92,191,000	95,740,000	–3.71

(Continued On Page 28)

Reduction (ICLR) went on record calling the Fort McMurray wildfire the largest insured wildfire loss in world insurance history, the first entity to do so.

And while the overall scale of the loss is certain, what isn't certain is just how impactful the event will be on the p&c industry, with as-yet unanswered questions, including the following:

- How many homes have been totally destroyed?
- How many have been partly physically damaged or damaged only by smoke?
- How long will people be out of their homes and what impact will this have on additional living expenses (ALE)?
- How many people will opt not to rebuild in Fort McMurray?
- How accurate were insurers' full replacement cost calculations?
- How will demand surge play out?
- What about business interruption costs?
- What will the rest of the year bring vis-à-vis large catastrophe losses?

Fortunately, for insureds in Fort McMurray — but unfortunately for the industry —Canadian insurers have gotten quite good at managing large catastrophe losses, including the processing of large numbers of claims, dealing with customers that will be out of their homes for long periods, and managing the process of rebuilding.

Though the process could never be fast enough for those who lost their homes in Fort McMurray, at the end of it all, insureds will be made whole again, the industry will make sure of that.

The big question is: Will insurers facilitate a process whereby the city

(Continued From Page 26)

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

	% of Market	2015 N.P.W.	2014 N.P.W.	% Change
56. Heartland Farm Mutual	0.20	89,446,000	83,881,000	6.63
57. Odyssey Reinsurance Company	0.18	82,224,000	77,653,000	5.89
58. Red River Mutual	0.18	81,091,000	74,915,000	8.24
59. Wynward Insurance Group	0.17	75,099,000	69,447,000	8.14
60. Trisura Guarantee Insurance	0.16	72,159,000	63,423,000	13.77
61. Berkley Insurance Company	0.13	60,908,000	43,980,000	38.49
62. Everest Reinsurance Company	0.12	54,259,000	61,267,000	–11.44
63. Saskatchewan Mutual Insurance	0.12	53,737,000	50,009,000	7.45
64. General Reinsurance Corp	0.12	53,673,000	53,739,000	–0.12
65. Western Financial Insurance	0.11	51,293,000	48,979,000	4.72
66. XL Reinsurance America, Inc Cdn Branch	0.11	49,570,000	43,266,000	14.57
67. Motors Insurance Corporation	0.10	45,034,000	50,808,000	–11.36
68. Mutual Fire Insurance Co of BC	0.10	43,292,000	52,945,000	–18.23
69. Great American Insurance	0.09	41,831,000	40,900,000	2.28
70. Caisse Centrale De Reassurance	0.09	41,139,000	41,240,000	–0.24
71. Ontario School Board's Insurance	0.09	40,054,000	39,326,000	1.85
72. Triton Insurance	0.08	37,228,000	36,445,000	2.15
73. AXIS Reinsurance Company	0.08	36,942,000	0	0.00
74. Le Groupe Estrie–Richelieu	0.08	36,555,000	33,838,000	8.03
75. Tokio Marine & Nichido Fire	0.07	32,013,000	32,292,000	–0.86
76. Toa Reinsurance Co of America	0.07	30,371,000	31,543,000	–3.72
77. Chicago Title	0.06	28,178,000	26,256,000	7.32
78. Mitsui Sumitomo Insurance	0.04	20,229,000	20,198,000	0.15
79. PEI Mutual Insurance Company	0.04	19,198,000	17,795,000	7.88
80. Associated Electric & Gas Insurance	0.04	17,659,000	26,033,000	–32.17
81. MAPFRE Re Compania De Re, S.A.	0.04	17,055,000	15,481,000	10.17
82. Hartford Fire Insurance	0.04	16,373,000	14,414,000	13.59
83. Everest Insurance Co of Canada	0.03	15,644,000	7,482,000	109.09
84. Federal Insurance Company	0.03	15,053,000	12,844,000	17.20
85. Co–operative Hail Ins Co Ltd	0.03	13,967,000	29,015,000	–51.86
86. Western Surety Company	0.03	13,809,000	13,669,000	1.02
87. Sirius America Insurance	0.03	13,709,000	13,444,000	1.97
88. Aspen Insurance UK Limited	0.03	13,583,000	12,622,000	7.61
89. Euler Hermes North America Insurance	0.03	13,430,000	16,814,000	–20.13
90. DAS Legal Protection Insurance Company	0.03	12,847,000	12,600,000	1.96
91. Munich Reinsurance America, Inc.	0.02	9,812,000	9,069,000	8.19
92. Mennonite Mutual Fire Ins Company of SK	0.02	9,791,000	8,773,000	11.60
93. Legacy General Insurance	0.02	9,127,000	9,969,000	–8.45
94. American Road Insurance Company	0.02	8,581,000	7,830,000	9.59
95. Kings Mutual Insurance Company	0.02	7,964,000	7,460,000	6.76
96. The Mearie Group	0.01	6,385,000	7,843,000	–18.59
97. Arch Insurance (Canada)	0.01	6,043,000	13,065,000	–53.75
98. Sompo Japan Nipponkoa	0.01	5,748,000	6,737,000	–14.68
99. Atradius Credit Insurance N.V	0.01	5,173,000	3,848,000	34.43
100. Pacific Coast Fishermen's Mutual Marine	0.01	5,062,000	5,643,000	–10.30
101. Antigonish Farmers' Mutual	0.01	4,896,000	4,625,000	5.86
102. Fundy Mutual Insurance	0.01	2,874,000	2,753,000	4.40
103. Electric Insurance Company	0.01	2,620,000	0	0.00
104. Clare Mutual Insurance Company	0.00	1,832,000	1,856,000	–1.29
105. Omega General Insurance	0.00	1,767,000	25,187,000	–92.98
106. Protective Insurance Company	0.00	1,082,000	1,771,000	–38.90
107. T.H.E. Insurance Company	0.00	492,000	825,000	–40.36
108. Alea (Bermuda) Ltd	0.00	2,000	50,000	–96.00
109. Corepointe Insurance	0.00	–819,000	53,000	–1,645.28
TOTALS		**45,285,965,000**	**42,928,510,000**	

is "put back" the way is was, or will they play an active role in working to ensure that the Fort McMurray wildfire loss isn't repeated some time again in the near future?

In other words, will insurers be open to the concept of building back better?

Prior to this event, ICLR had been working with its Insurance Advisory Committee on its Insurers Rebuild Better Homes program, which identifies best practices for the design and construction of homes to reduce the risk of loss and damage from several natural hazards, including wildfire.

The program sets out three essential elements for each hazard — basement flooding, wildfire, extreme wind and hail — that provide the greatest impact on risk reduction, plus several additional elements that would further improve resilience if funds are available. These elements are actively encouraged when insurance companies respond to a total loss, but should also be considered with a partial loss event.

Elements of the program dealing with wildfires are recommended in all areas at risk of wildfire, and are particularly important in the wildland-urban interface, such as Fort McMurray.

This unfortunate loss event offers a great opportunity for Canada's insurers to work with the Government of Alberta, the federal government and others to prevent a repeat of this disaster in the decades ahead.

As noted many times in the popular culture: The definition of insanity is doing the same thing over and over again and expecting different results.

Now is the time to break the cycle of loss that has taken a grip in Canada.