



CANADIAN SHIELD ADJUSTERS

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Market & or Business Developments

There are still rumours of a "hard market" cycle coming to Canadian insurance consumers. The timing of the market cycle is turning simultaneously with the economic cycle, which means that it is more difficult to sell rate increases because of the impact of the recession. As the economy recovers, we anticipate seeing insurance premiums increase.

Current News

RSA Canada (Royal Sun Alliance) recently announced that they have entered into an agreement to purchase GCAN Insurance Company and its parent company, Glenstone Capital Incorporated, from the Ontario Teachers' Pension Plan Board for approximately \$420 million. This is the second-largest insurance company acquisition in the past 10 years in the Canadian Property and Casualty market.

Changes in Insurance Law and/or Regulation

The Ontario government introduced changes to their auto insurance system, effective September 1, 2010. The intent is to provide greater price stability, and give drivers more control over the amount of coverage and price they pay for auto insurance. Drivers are now able to customize their level of income replacement, medical, rehabilitation, attendant care, caregiver, housekeeping, death benefits and home maintenance coverage and better integrate their auto insurance with private disability insurance coverage versus individual or group health insurance coverage.

Disasters in Region

On June 6, Leamington, Ontario witnessed a tornado that generated 4,750 home, commercial and auto claims and totaling an estimated \$85 million.

A magnitude-5.0 earthquake struck the Ontario-Quebec border area on June 23. Insured damages were reported as minimal.

Alberta's July 12 hailstorm caused a record setting \$400 million in insured damages, which was a new record for insured hail storm damages in Canada.

According to preliminary estimates, Hurricane Igor which hit September 22, was one of Newfoundland and Labrador's most disastrous storms, with total insured losses of more than \$65 million.

Items of Interest/Other

Credit scoring is still being used in some regions across Canada. While credit scoring has been banned for underwriting auto lines in Ontario, some consumers 'bundle' their insurance policies (purchase their auto and home policies from the same provider), thus allowing an insurer to circumvent existing prohibitions. The result has seen increased home insurance premiums. The debate among insurance companies and regulators continues.

Bank owned insurers have doubled their market share in personal lines in Canada since 2000 from 5.3% to 10.6%. Meanwhile, the broker channel has seen its markets share in personal lines sink from 66.6% to 59.5%.

Respectfully submitted,
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