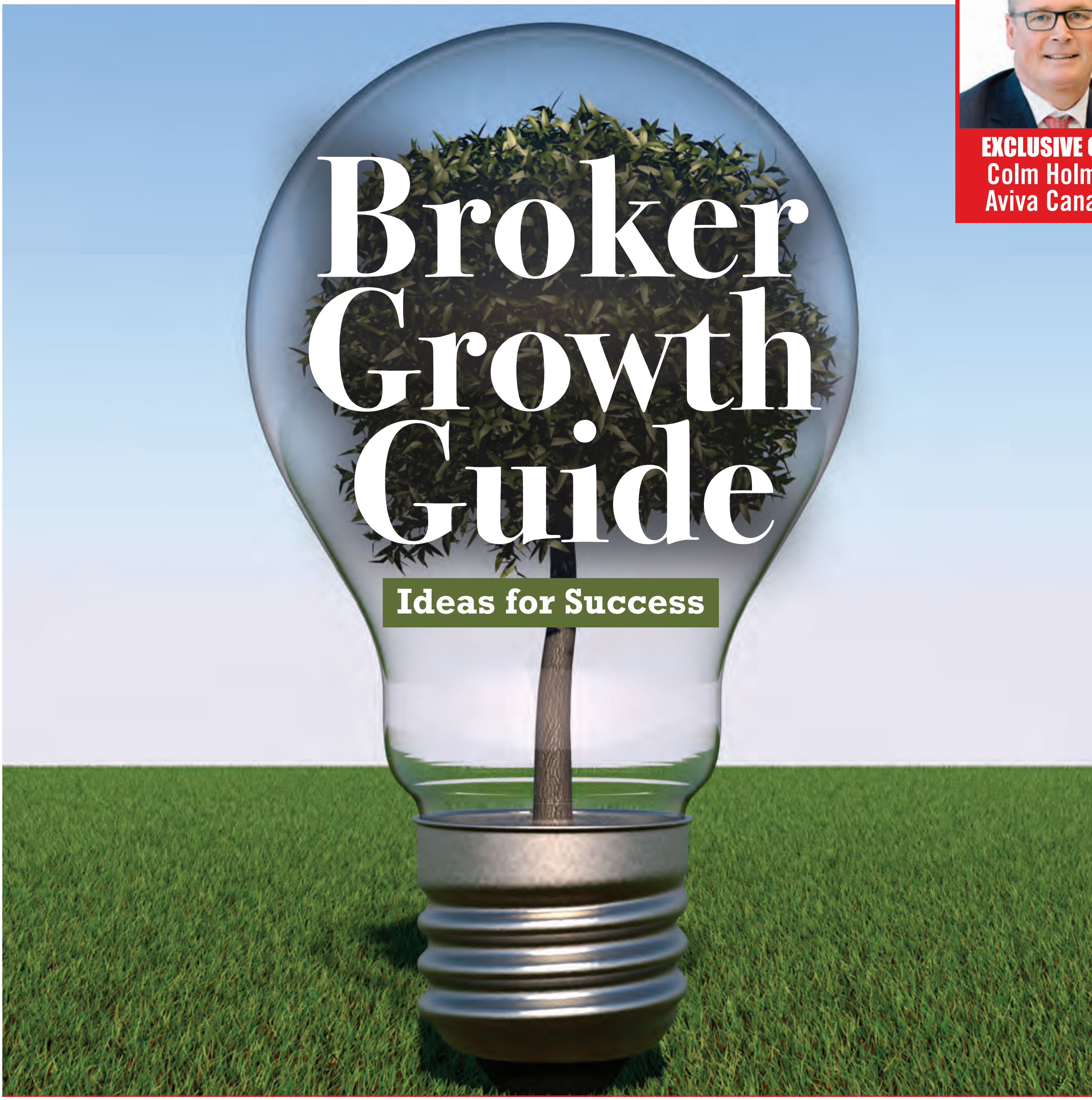
CANADA'S INSURANCE AND RISK MAGAZINE

EXCLUSIVE Q&A
Colm Holmes
Aviva Canada



Broker Growth Guide

Ideas for Success

CANADIAN UNDERWRITER

MAY 2018
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How to recruit and keep your Millennials
BY MARCHELLA BARBERO

Give your data a spring tuneup
BY BRENDA ROSE

Are sales incentives ethical?
THE CIP SOCIETY

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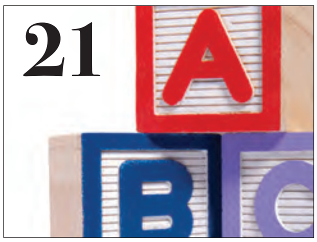

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Staging an Intervention

"Brokers need to find a streamlined way to incorporate their value proposition into the online sales purchase."

David Gambrill
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In the online world of self-serve insurance, where does the broker fit into the picture?

Brokers have done a lot of soul-searching on this question dating back to at least January 2012, when the Canadian Council of Insurance Regulators (CCIR) first published an issues paper about the online sale of insurance.

In October 2013, in its final position paper, the CCIR's electronic commerce committee [ECC] observed that opinions about the broker's role fell into roughly two camps.

Brokers and agents, on the one hand, believed that a licensed agent should be involved in each online insurance transaction. At the very least, they felt consumers should be allowed to contact a licensed agent at every stage of the sales process.

In the second camp, carriers believed that consumers had enough access to information online about insurance products to make up their own minds about coverage. Consumers did not always need to have a licensed agent involved in every step of the online insurance transaction.

What did the CCIR do in 2013? It waffled.

"In order to make an informed decision about purchasing insurance products, some consumers may need advice, others may not," the CCIR concluded. "Moreover, the level of advice needed may vary depending on the consumer. It is ECC's view that consumers should receive proper advice when needed, regardless of how they purchase the insurance product."

This regulatory cop-out has now come home to roost in the debate around Bill 141 in Quebec.

Essentially, Quebec's proposed bill does not mandate any human intervention in an online insurance sale. Consumers are allowed access to a broker, if they want it, but that's as far as it goes.

Quebec's provincial broker association has called for a stronger legal requirement to involve a broker in the online purchase. This position has generated some debate among brokers about whether they need such legal protection to shore up their central value proposition.

The debate around the broker's role in an online insurance sale raises an interesting practical question. At what point in the online sales process does a broker interrupt the sales flow to provide advice to the consumer?

For consumers, one attractive feature of buying online is that they don't have to talk to a person if they don't want to. A consumer could potentially view the required involvement of a broker as adding an additional layer of bureaucracy to the purchase process – something that consumers are trying to avoid by buying online.

Are human brokers required to intervene in the online sale of commoditized personal insurance lines products?

Some brokers may say that online travel websites such as Trivago and Expedia provide inspiration for what a future digital brokerage might look like. For example, just like travel websites provide options to customers, digital brokerages offer choice to insureds, providing them with online coverage options to meet their needs.

However, while offering self-service, travel websites do not offer personalized advice. I can't call them, for example, and ask where I can catch an excellent whale-watching tour for people who are afraid of boats. And they will not second-guess my choice to book a flight to the Caribbean at the height of hurricane season. Ultimately, digitized travel websites are glorified aggregators, offering consumers little more than a price list.

Some digitized brokerages allow consumers to complete the online application process themselves. Once they hit 'send,' human brokers behind the firewall review whether the selected coverage best matches the consumer's profile. If not, the broker contacts the consumer to recommend a more suitable fit.

One can see artificial intelligence and machine learning helping brokers to determine quickly whether the customer's online order best suits the risk.

Whatever the method employed, brokers need to find a streamlined way to incorporate their value proposition into the online sales purchase. Regulators are clearly not going to help brokers out with this one. Brokers need to figure this out on their own – and quickly.

THINKING LIKE AN ECOSYSTEM

Embedding digital capabilities to enhance customer focus and support brokers

Modernizing legacy IT systems, partnering with fintechs to integrate new automation solutions, and test-driving innovative ideas in lab settings are a few of the more common ways companies can say they're on the digital edge. But where do we see the greatest lift in terms of achieving longer-term benefits and operational efficiencies? How do we shift our thinking beyond individual digital projects to giving customers the seamless, end-to-end experiences they're asking for?

"Before we even get to the question about which digital approach is better," says Paul MacDonald, Executive Vice-President of Personal Lines at Economical, "the conversation should start with understanding how customer needs are evolving, and the ways in which stakeholders interact within an evolving digital ecosystem." While customer-centricity isn't a new concept, achieving consensus within an organization about what it means can be a challenge. "Getting to a place where we have a common understanding has a lot to do with how each part of the organization sees the customer journey," he says. MacDonald notes that it also has a lot to do with being nimble enough to align and adapt at a pace that's responsive and sustainable.

The industry's access to increasingly sophisticated data about customer habits and preferences provides insight, but also complexity. MacDonald says, "Using this data constructively depends upon an organization's capabilities to gather and sift through the information, and then derive insights that can be applied to improve operations — quickly." Systematic prioritization is critical in making sure that digital and non-digital initiatives are planned and delivered in a way that improves speed of response, while keeping these initiatives closely connected for alignment across operations.

As P&C insurers look to automate or optimize components of their ecosystems, this approach can address customer and broker pain points in the short term; however, there's a risk of creating siloed solutions that do not fully consider their needs for a seamless, end-to-end experience. Economical uses customer and stakeholder feedback to drive decisions when developing and launching its industry-leading digital solutions, evident in its direct-to-consumer channel, Sonnet. MacDonald also shared that broker input was critical in the development of Vyne™, the company's new broker offering for personal insurance lines and individually rated commercial auto launching later this year.

End-to-end innovations like Vyne make the purchasing journey better for everyone — whether that's through workflow improvements, product and pricing updates, or service and after-sales support. "With Vyne in particular, our goal was to help our broker partners become more efficient so they can have more time available to focus on providing much-needed advice to their customers," MacDonald says. "Rather than designing a platform purely for our own operational gains, we started with focusing on the success of brokers, understanding customer needs, and taking an agile approach to designing and developing the solution. To thrive and remain relevant to brokers and customers, we're thinking like an ecosystem."

ECONOMICAL LOOKING TO PARTICIPATE IN ACQUISITIONS

If Economical Insurance demutualizes and becomes traded on the stock market, it will be looking for other insurers to acquire, CEO Rowan Saunders told *Canadian Underwriter* recently.

Part of the rationale of going through demutualization is to raise money from capital markets to participate in acquisitions, Saunders said in an interview. He did not name potential targets.

Any acquisition strategy would support the company's objective of being a strong player in Canada's property and casualty insurance market, Saunders said.

"What is our aspiration as a company?" said Saunders. "It is to be focused on Canada. So it is a Canadian company, operating in Canada. We want to be a leading P&C company and we're very focused on building a best-in-class operation. That's what we are trying to do."

A small minority (about 900) of Economical's customers are mutual policyholders, meaning that those customers collectively own the insurer. The mutual policyholders voted in 2015 in favour of demutualization, a process that requires court and regulatory approval.

If the demutualization gets approved by courts and regulators, Economical would do an initial public offering of stock.

"The demutualization process is in flight and it is moving well," Saunders reported. Economical is "on the path to becoming a public company."

FORT MCMURRAY REINSURANCE DISPUTE SIDETRACKED BY ARBITRATION GLITCH

A $147-million reinsurance dispute involving Fort McMurray wildfire claims got off to a rocky start because the insurer and its reinsurers could not initially agree on the method of arbitration.

The Alberta Motor Association Insurance Company (AMA) and its seven reinsurers disagree on the interpretation of the term "loss occurrence" in their reinsurance agreement. They also disagree on AMA's allocation of the various losses it is claiming.

How to resolve the dispute?

The reinsurance agreement contains the following reference to the arbitration process: "If any dispute or difference shall arise between the company and the reinsurer in respect of this agreement or the validity thereof, it shall be referred to arbitration as set out below."

Problem is, Alberta has two statutes governing arbitrations in the province: a domestic arbitration act, and an international arbitration act. The arbitration clause in the reinsurance agreement does not state which act applies.

"These [court] applications could have been avoided had the parties addressed their minds to the arbitration clause that governed them," Alberta Court of Queen's Bench Justice Dawn Pentelechek wrote in her decision, finding that the international arbitration act applied. "The parties are all sophisticated corporations. I am advised the quantum in dispute is $147 million. I find the cavalier approach to the arbitration clause all the more surprising."

XL CATLIN CANADA TO BE SCOOPED UP BY AXA IN MEGA-MERGER

The AXA Group's $15.3-billion agreement to acquire 100% of XL Group Ltd., announced in March, will include Canadian subsidiary XL Catlin Canada.

The boards of AXA and XL Group have unanimously approved the merger agreement, expected to close in the second half of 2018. The transaction will enable the AXA Group to become the Number 1 global P&C commercial lines insurer based on gross written premiums, the company announced. "The future AXA will see its profile significantly re-balanced towards insurance risks and away from financial risks."

XL Catlin Canada has offices in Toronto, Calgary, Montreal, and Vancouver. In Canada, the XL subsidiary offers P&C professional and specialty coverages, including aviation and marine, to large Canadian domestic and multinational companies. It also covers non-Canadian clients for property and liability exposures in Canada.

An AXA spokesperson confirmed that XL Catlin Canada would become part of AXA as part of the deal. When asked if XL Catlin would be re-branded under the AXA name in Canada, he said no decisions about branding have been made, and would not likely be made public until after the deal formally closes at the end of the year.

AXA's name disappeared from the Canadian P&C landscape when Intact Financial bought AXA Canada for $2.6 billion in September 2011.

HOMEOWNER BANKRUPTCY PREVENTS INSURER FROM SUBROGATING $800,000 CLAIM

A home insurer that paid about $800,000 for an oil spill claim cannot sue the fuel companies in the insured's name because the homeowner had declared bankruptcy, the Court of Appeal for Ontario has found.

Art and Wendy Douglas lived near Kingston, Ont. Each declared bankruptcy at separate times. In early 2008, a shipment of fuel oil to their home spilled.

Their homeowner's policy with State Farm covered "accidental escape" of fuel oil. Ultimately, cleaning up the pollution cost State Farm (the Canadian operations of which are now owned by Desjardins) about $800,000.

State Farm filed a lawsuit in 2010 against the defendants, including Stan Fergusson Fuels Ltd. and Imperial Oil Ltd.The allegations against the fuel companies have not been proven in court.

The oil companies asked for the case to be thrown out of court. They argued State Farm did not have subrogation rights because the property owners were the trustees in bankruptcy, and not the named plaintiffs.

The courts flip-flopped on the issue, with the appellate court ultimately agreeing with the oil companies.

COFFEE SCALDING CASE NOW IN THE BOOKS AS AN AUTO ACCIDENT

The Supreme Court of Canada will not hear an appeal from an Ontario auto insurer over a motorist who claimed accident benefits coverage after being scalded by hot coffee in a stationary car at a drive-through.

Aviva Canada sought leave to appeal the Court of Appeal for Ontario's ruling in *Dittmann v. Aviva Insurance Company of Canada*. The appeal court found that Dittmann was entitled to accident benefits because her injury was in fact an auto accident that arose out of the ordinary "use and operation" of her vehicle.

The decision "significantly widens the scope of risk automobile insurers are expected to indemnify against," Aviva's legal counsel, Schultz Frost partner Kadey Schultz, wrote. "High auto insurance premiums continue to plague Ontario consumers, who are mandated by law to purchase automobile insurance."

Erin Dittmann suffered serious burns in 2014 after buying coffee at a McDonald's drive-through. Aviva unsuccessfully argued that Dittmann's injuries did not arise from a motor vehicle accident as defined in the Ontario Statutory Accident Benefits Schedule. SABS defines an auto accident as one in "which the use or operation of an automobile directly causes an impairment" or damage.

AVIVA PUSHES FOR ACCREDITED BODY SHOP REPAIR DISCOUNTS

Aviva Canada is pushing for discounts for vehicle owners who agree to use an insurer's accredited body shop.

The call for a discount comes after an undercover investigation by Aviva Canada. Simulating collisions, the insurer placed damaged cars equipped with hidden cameras at random locations throughout the Toronto area. All 10 cars were taken in for repair. In nine cases, fraudulent invoices were submitted, Aviva alleges.

The year-long investigation found that some auto body shops billed for new car parts, but either installed used parts or did not replace the parts at all. Some parts that were not damaged were itemized on the final invoice as having been repaired.

A discount for using an insurer's accredited body shop would require a regulatory change. Currently, an Ontario auto insurer "cannot give a discount in exchange for pre-agreement to go to an accredited body shop," Gordon Rasbach, vice president of fraud management at Aviva Canada, told *Canadian Underwriter*.


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THE FATE OF THE AUTO INSURER THAT CUT RATES BY 15%

The Ontario government's ill-fated effort to reduce auto insurance rates by 15% has had lingering effects on one insurer.

"I think we were one of the few that met the government's mandated 15% rate reduction and that has had consequences as claims inflation has come up," Economical Insurance CEO Rowan Saunders said in an interview.

Economical reported recently that its combined ratio in personal auto was 121.5% in 2017. Adjusted for strategic investments, the combined ratio in auto was 108.5% (above 100% indicates a loss).

In 2013, the Ontario Liberal party had a minority government that narrowly escaped defeat when the New Democratic Party voted in favour of the 2013-14 budget. The Liberals secured NDP support for the budget by promising to mandate a 15% rate reduction in auto insurance.

It turns out the actual industry-wide rate reduction amounted to 8.3% by 2017, A.M. Best Company Inc. reported. In the summer of 2017, Economical "put a material rate increase in [the Ontario] portfolio," Saunders reported.

INTACT PREPARED TO LOSE MARKET SHARE IN AUTO

Canada's largest property and casualty insurer told investors in March that is prepared to lose market share in personal auto lines to improve its bottom line.

"We have been and continue to be prepared to lose market share in order to fix our short-term challenges," Darren Godfrey, senior vice president of personal lines for Intact Insurance, said during a presentation at the company's investor day. "We are losing [market share] in terms of non-renewing, where customers are cancelling their renewal book."

Customers are choosing not to renew their personal auto insurance with Intact because they are being quoted a higher price, Godfrey explained. Consequently, he added, "what comes through the door from a new business standpoint [in personal auto] is important."

Godfrey's comments came after Intact earlier announced it would be seeking rate increases in personal auto insurance. Intact expects a 5% increase in auto this year Canada-wide.

Intact's combined ratio in personal auto was 101.7% in 2017, up from 99.9% in 2016. One reason is the cost to repair vehicles, which has increased because of more expensive parts and newer technologies, the company reported during a conference call discussing its financial results.

$789,000 CAR REPAIR LANDS INSURER IN COURT

B.C.'s Supreme Court has allowed a bad faith claim to proceed against the Insurance Corporation of B.C. in the case of a Ferrari repair that cost the government insurer almost $800,000 — about $100,000 more than what the car was worth.

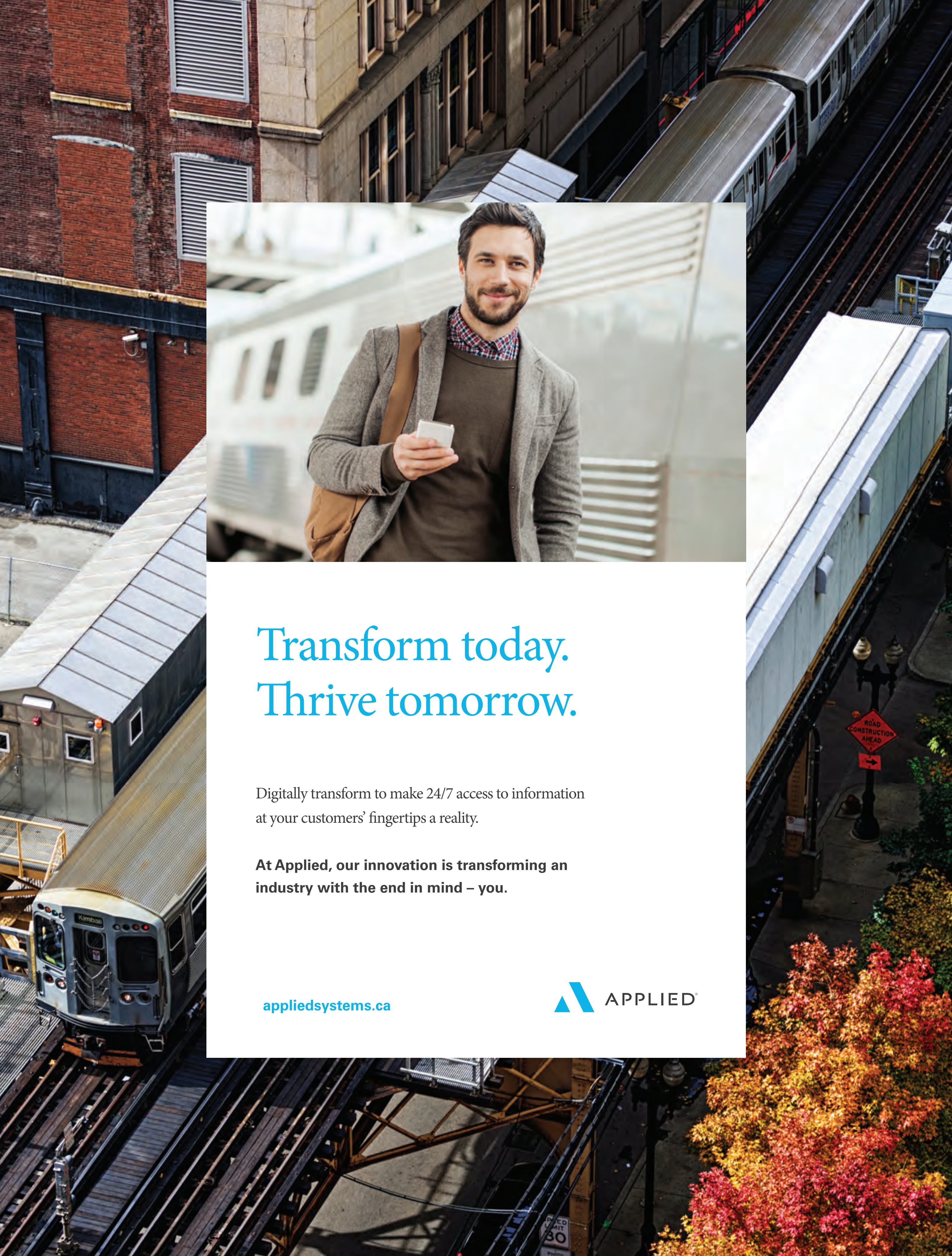
Navraj Heran drove his 1990 Ferrari F40 into a utility pole in 2011. The total cost of repairs is estimated to have exceeded $982,000.

Following an investigation, the Insurance Corporation of B.C. (ICBC) eventually admitted coverage and accepted it was obliged to cover the cost of repairs. But it said it would only pay up to a maximum of the actual cash value of the vehicle, which an arbitrator determined in 2014 to be $696,061.17.

ICBC told the court it has already paid $789,374.66 towards repairs and would not pay more.

Heran, a collector of Ferrari automobiles, brought a claim against ICBC that included a claim of bad faith. Among other things, he said the ICBC's delays in repairing the vehicle cost him the financial ability to purchase additional collector cars on advantageous terms. He also cited the diversion of his billable time and resources having to monitor the ICBC's repair process.

The court allowed the bad faith claim to proceed, but has not yet decided the merits of Heran's case or the bad faith claim.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The Revolution Will Be Digitized

In an exclusive interview with *Canadian Underwriter*, Aviva Canada's new president and CEO, Colm Holmes, says he is guided by the demands of Canadian consumers — and they want a digitized experience with the broker channel.

Q: How did you get into the insurance business?

A: I studied at Trinity College in Dublin and trained as a Chartered Accountant before entering banking. For about 10 years, I worked with J.P. Morgan, predominantly in structured finance.

I got into insurance because I moved to an organization that specialized in structured insurance products. I started working with Zurich [in 2001] in various capacities in the U.K. I spent five years working with Zurich in the U.S., before becoming Group Treasurer and Head of Capital Management for Zurich. At the same time, I was managing all the Centrally Managed Business at the Zurich Group.

From there, I became CFO of Aviva UK GI (General Insurance). I've been at Aviva plc for four years, two of those as CFO and two of those as CEO of the UK General Insurance business. I got the opportunity to come and work in Canada when Greg decided to step back. [*Editor's Note: Greg Somerville stepped down as Aviva Canada's previous CEO, effective Mar. 1, 2018.*] It's very exciting for me. I've heard a lot about Canada. Greg and I have been close over the years. The fact that Greg was still available to support me and help me during the initial period made it a very easy move from my perspective.

Q: What was your interest in coming to Canada?

A: The biggest interest for me is that I knew the business. I'd spent some time over the last couple of years as part of the Global General Insurance [GI] Council, looking at all the GI businesses at Aviva. Canada is our second-biggest market. It's probably one of our most exciting markets in terms of what we can do here in Canada with our GI business. It's got great distribution and a relationship with the brokers here. I was keen to get here and hopefully do a bit of fishing up north, do a bit of skiing. Not so good at the skiing, although the people I fish with would say I am better at skiing than fishing. My children are very excited about becoming professional skiers. They figure in about 12 months, they should be able to make the Canadian downhill team.

Q: Are there ideas from the U.K. that you might import into Canada?

A: This is not about, 'We are going to change the Canadian market.' On the contrary, customers control the market, not insurers. We've invested very heavily in digital technology and capability for our broker channel. I know oftentimes media spin it as, 'This is some kind of direct channel.' This is simply not the case. We are digitizing our entire business — our claims operations, our broker distribution.

We've created broker portals so that brokers can access data about risks and industries, and they can access the risk of their own customers. We also offer the Digital Marketing Consultancy (DMC), a service for brokers who are transforming their business digitally. The DMC team acts as strategic marketing consultants for brokers. They provide best practices and recommendations on several topics — strategy, branding, digital assets, analytics, customer usability, customer lifecycle, and digital marketing.

Am I bringing some new channel to Canada? Absolutely not. That's not our intention. I believe that by digitizing the broker channel – and I believe brokers do need to focus on doing that – that will stop the need for customers to look elsewhere in terms of how they source their insurance. If brokers fail to digitize, then obviously they leave themselves open to the fact that consumers want a much simpler way of executing business. They want to do it fast, they want to do it quickly, they want to do it cheaply. And digital technology allows them to do that.

That doesn't mean customers don't need advice. They still need that. But they want to execute that digitally. We've invested well over $100 million in the last few years in the U.K. to digitize our broker interactions. What we need to do is bring the best of Aviva to our Canadian broker partners. If we do that, that's the route to success for Aviva in Canada.

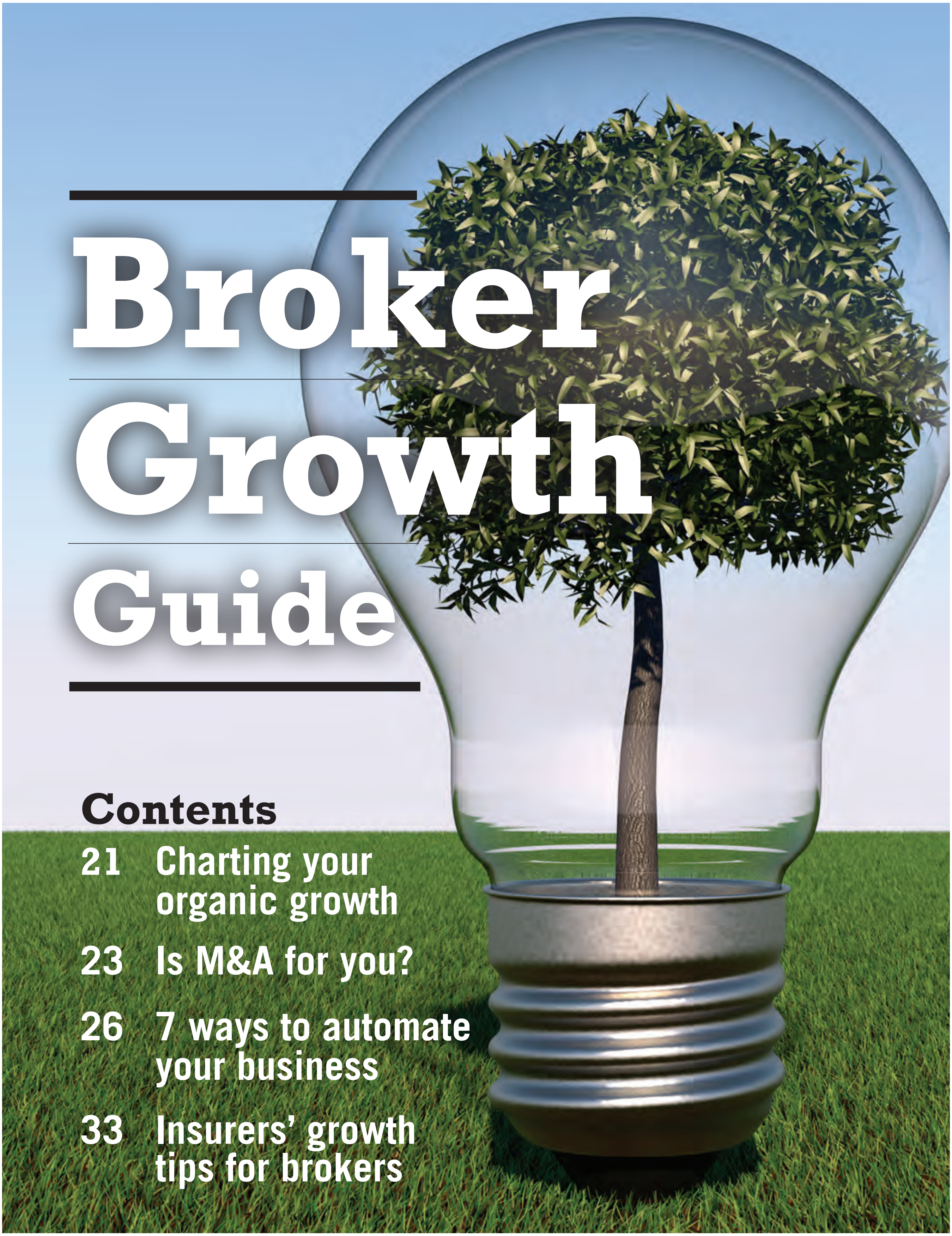
Q: Do you notice a difference when you are talking to brokers in Canada than brokers in the U.K.?

A: Most brokers tend to be customer-centric. That's what makes them successful. They are looking after the interests of their customers. In Canada, I found that to be much more the case and much more obvious than in the U.K. There have been some brokers in the U.K. who behaved in a way that suggested the customer outcome was not the most important part of the decision-making process. In Canada, I haven't come across that. It's a much purer model that I've seen in Canada. But broadly, I think they are similar.

Q: Where do you see broker advice happening in a digitized model?

A: It comes down to the simplicity or the complexity of the product. If you are talking about your home – the contents and liability of your home – I don't think people would want to trust that to just buying online. This is your most important asset. This is the asset you spend most of your time looking to finance over time. The contents go beyond washing machines and cookers. It's personal belongings that can't be replaced by any insurance company. So, if you are looking to buy that cover, I think you would look towards getting some advice as to the right level of coverage. The reality is, as well, most insurance is sold as packages. So, if you buy your home, you get your motor insurance. Most insurers will provide deals around two or three products, rather than single products. And that changes the risk profile of customers. Where you get product complexity, that's where advisors are required. That's where brokers need to be in that space to help people understand, 'What are the risks that I face? And what are the covers I need to make sure I am protecting myself and my family against those risks?' As an insurance company, we need to make sure we provide what the consumer is asking for. The best way we can do that is to work with our distribution partners. They have the local presence, they have the local knowledge, they understand the customer, they know the customer.

Colm Holmes
President, CEO
AVIVA Canada



Broker Growth Guide

Contents


Peace of mind coverage,
DAY AND NIGHT.

# of Acquisition

Here's a quick summary of how to find clients organically, keep track of them, and know how much the new business is worth to you.

Adam Mitchell
President
Mitchell & Whale
Insurance Brokers

THE DECISION TO GROW

So, you are committed to growing your business. The first question is how? Many brokers face the choice of whether they wish to grow organically, by increasing their sales internally, or inorganically, through a merger with or acquisition of another company. [For more information about the M&A option, please see Page 23.]

Given the high price tag associated with the M&A option, the average brokerage is often looking to drive growth organically to increase the size of their book. If you look at statistics from the Insurance Bureau of Canada since 2012, you will see that property and casualty insurers in Canada have averaged an increase in net premiums written of between 0.8% and 3.6% annually over the past five years. In this kind of low-growth environment, finding a lot of new customers organically may also be known as "unicorn hunting."

Once you have made the decision to grow organically, you need to have a few financial key performance indicators (KPIs) to avoid surprises. These are your Conversations, Conversions, and Cancelations:

- **Conversations:** With how many people do you have an opportunity to sell?
- **Conversion:** How many of those conversations converted into a sale or revenue?
- **Cancelations** How many of those clients leave you? And how long do they stay before leaving?

If you get this recipe right on the small scale, you now have a scalable organic growth model.

WHERE TO FIND CUSTOMERS?

When you have your KPIs in place to track and optimize your growth campaign (this includes a way to track them, be it a sticky note, excel sheet, or customer relationship management system), the next step is finding your new customers.

Finding new customers in the digital world is both fast and cost effective. You can get customers from organic search engine traffic if your website ranks high. Using this method, your highest cost per lead will probably happen during the first few years. You can also find customers through paid advertising such as google adwords and facebook ads. These are easy to turn on and off, but they can be expensive. Or you can purchase targeted leads from aggregators such as insurancehotline.com and lowestrates.ca. This is the most cost-efficient method; it's also recommended when you are still trying to build all the other parts of the engine – like salesmanship and tracking, for example.

Digital campaigns such as adwords and organic traffic to your website both take expertise and infrastructure to build up. They are best suited for brokers who are willing to make a significant long-term investment of both time and money to launch and refine their campaigns over time. Returns aren't guaranteed, and you need to be honest with yourself if you have the winning team to execute this.

As stated above, the leads you purchase from aggregators can be significantly more expensive than the leads you self-generate through established adword or organic campaigns. However, the leads you purchase through aggregators do include the following advantages:

- they don't require a significant up-front investment
- they don't require a lot of know-how; and
- they don't need ongoing maintenance.

Basically, the aggregator does all the hard work for you, and hands you a prequalified client. For the broker who is experimenting with growth, this is a great first step. It allows you to obtain new customers at a significantly lower cost than purchasing a book of business, without having to spend both time and money developing your own lead sources. More on this below.

FINANCIALS

One trap some brokerages fall into when pursuing a growth strategy is that they do not keep track of their financial numbers; they may rely on historical numbers instead. If you are focusing on organic growth, you have to remember that your new clients know how to shop for insurance. They are empowered consumers, and you must outperform their previous experiences with insurance to keep them over the long term. To date, no one has been able to show the retention numbers for newly acquired clients in traditional books of business. Moreover, service level expectations differ now from what they were then. For these reasons, the old business metrics associated with a classical book of business cannot be relied upon when developing your business plan for your new growth strategy.

Acquisition costs need to include at a minimum your marketing costs, the cost of your sales broker, and any support or software costs associated with your sales team. When you first start focusing on growth, your acquisition costs will be significantly higher than after you have optimized and gained experience. It doesn't matter what your acquisition cost is; it just matters that you track it and that you are working to improve it.

Generally, when purchasing from an aggregator, your costs per lead will run around the $30 mark for auto insurance. If you are converting 1 in 10 (10%), you will have a marketing cost of $300 per sale, which is what many new brokers are able to achieve. Experienced brokers who understand and know how to interact with the digital consumer can do much better than that.

What you spend on your sales broker will depend on your pay model — for example, if you pay commission only, salary, or a combination of the two. Other costs, such as support and software, will depend upon: 1) how efficient you want your sales brokers to be, and 2) how much software and technology you buy. Just remember that buying the biggest gym membership to the fanciest gym doesn't make you a body builder.

You can expect to spend at least as much servicing your new clients as you spend on your existing clients. After all, your new clients still buy new cars, change their address, and will want to chat at renewal time. You can expect to average $25-$100 per customer depending on your service efficiency and frequency of interaction per client per year (some clients are much needier).

All in all, in your first year, depending on your level of efficiency and expertise, you can expect to spend anywhere from $300 to $1,000 cost per acquisition per policy.

On the revenue side, you can expect anywhere from $100 to $300 per client on standard auto insurance, depending on the type of demographics you are targeting. New drivers command significantly higher revenues than experienced drivers; on the other hand, they also have significantly lower retention levels and higher service costs.

Once you have calculated all the above, you can start to decide which strategy might fit your team and abilities best.

CALCULATING YOUR ACQUISITION COSTS

Sample acquisition cost formula

(Total bill paid to aggregator + total amount paid to sales person + overhead)/sales made or clients gained = acquisition cost per client.

Example

($10,000 paid to aggregator + $5,000 salesperson comp + $500 overhead)/38 sales = roughly $400 cost per client acquired.

Rapid-fire growth

A discussion of M&A trends in the broker space, featuring brokerages of all types and sizes.

Norah Black (Moderator)
Marketing Manager
Insurance Brokers Association of Ontario (IBAO)

Dario Battista (DB)
President, CEO
isure.ca
An independent digital broker and brand-focused P&C insurance brokerage retailer.

Joseph Carnivale (JC)
Associate Broker
Director of Sales
Brokers Trust Insurance Group
A hybrid organization focused on client relationships and leveraging technology to support them.

Quite surprisingly, this year didn't top the mergers and acquisitions (M&A) record for Insurance Brokers Association of Ontario (IBAO) brokerages – only 25 M&As in 2017-18, compared to 32 in 2016-17. Perhaps a more surprising stat, especially given all the headlines, is that 85% of reported mergers and acquisitions in 2016-17 remained in the independent broker channel, while only 15% of brokerages sold to insurance companies.

People seem surprised to hear this, the assumption being that there is a higher percentage of insurer purchases in today's marketplace. BrokerLink is often seen as the most active within M&A in Ontario, but McDougall Insurance & Financial, an independent brokerage in Belleville, has expanded to over 30 branches across Eastern Ontario and become one of the fastest growing brokerages in the province. And while 2017-18 wasn't the biggest year for M&A activity on record, acquisitions are happening at a very steady pace, with no indication of slowing.

We approached what's become our typical range of IBAO Brokerages – traditional, digital, small town, large-scale – to ask about their specific growth strategies, particularly as they relate to mergers and acquisitions, target businesses, market trends, and insurer-owned brokerages.

Michael Craig (MC)
Registered Insurance Broker
CMR Insurance Brokers
A full-service brokerage with 46 staff and 7 locations throughout Southwestern Ontario.

Ryan Craig (RC)
Registered Insurance Broker
CMR Insurance Brokers
A full-service brokerage with 46 staff and 7 locations throughout Southwestern Ontario.

Barry Hogan (BH)
President
Gamble HUB International
A 400-office, 11,000-employee North American operation.

Q: WHAT'S YOUR CURRENT GROWTH STRATEGY?

DB: We've made technology the foundation of our client development model, attracting new customers by leveraging a proprietary approach to digital marketing and supporting our brokers to better leverage their knowledge and experience within our value proposition. We continue to focus on scalability, organic growth, and consistency in the marketplace. We recently moved to a new office space with the capacity to grow our team from 30 to more than 70 brokers. Looking ahead, we're considering strategic acquisitions where a local presence or specific capability can enhance our overall value proposition.

JC: Our main growth strategy is to attract Independent producers and open new offices across Ontario, sharing ownership when it makes sense with select producers. We're looking at small acquisitions that meet specific geographic needs and we want to partner with small, rural brokerages in need of our markets, technology and management team. We focus on developing our existing producers' growth and providing access to a large number of insurers – on average, we gain a new market every year.


MC & RC: We've grown primarily through organic growth over the past few decades, but during that time there've been 12 mergers and acquisitions – three in the last three years alone. Money is always an important factor in M&A, but many other factors don't receive the same attention. Organizations should be a good fit in terms of overall culture. We look at the expertise of team members, geography, and whether the seller wants to stay involved after the sale. We try to chase the right opportunities, ones that align with our goals and overall vision, and avoid spinning our wheels chasing everything that comes our way.


BH: HUB has completed over 400 acquisitions since 1998, typically completing 45 to 50 acquisitions within North America each year. When we're looking at M&A, we tend to take our time to make sure people joining the HUB team can work well with our existing team – it's more about fit than anything else. It's far more important to have the right people join the team than to acquire additional volume or enter a new geographic area.

Q: FOR THOSE VISIBLY IN ACQUISITION MODE, WHAT'S YOUR SWEET SPOT? WHAT SIZE AND TYPE OF BROKERAGE ARE YOU LOOKING TO ACQUIRE?


MC & RC: Brokerage size and type matters with respect to the complexities involved in acquiring or merging with another organization, but there are other variables to consider. We don't really have a sweet spot. Our most recent acquisitions ranged in size from $1 million to $2.5 million gross written premium, with one to three employees each. Their geography was appealing – they were located where we're currently in operation, allowing for efficiencies. Because our brokerage was already actively involved in these communities, it made the transition easier in terms of public perception. Just as important in two of these acquisitions was the fact the owner agreed to stay on for a number of years, which was appealing given the experience we could leverage.


BH: HUB will look at any business, from a regional personal lines brokerage, to a large commercial operation, to an employee benefits operation of two. We also look at specialty ventures. We've purchased P&C insurance firms, digital brokerages, and managing general agency operations. But the sweet spot for us is all about the right people.

Q: WHAT DO YOU SEE AS THE CURRENT TREND IN VALUATION?


JC: It varies depending on the type of business, but we're seeing valuations anywhere from 2.5 to 3.5 times commission income. The current trend is slightly higher for personal compared to commercial, but I see this trend leveling off and heading the other direction over the next few years.

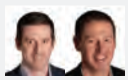

MC & RC: In terms of multiples, current trends we've seen have been as low as 2 and as high as 4.5.


DB: It comes down to value. A business with opportunities for purchasers to enhance value will demand more in the market compared to a valuation based solely on a book of business.


BH: Well-run brokerages are always in demand and will always command higher value. One factor in determining if a brokerage is well-run is whether it's growing or not. I think some buyers purchase brokerages to get additional scale or volume with a market. Buyers are looking at overall value when they purchase a brokerage in today's market.

Q: IS IT EASIER OR MORE DIFFICULT TO FIND TARGET M&A BUSINESSES?


BH: HUB has completed more acquisitions across North America in the first part of 2018 compared to the first part of 2017, and 2017 was a record year for us in M&A activity. Our M&A operation grows across North America every year – but buyers seem to be becoming more specific in what they're looking for compared to past years.


MC & RC: It's both easier and harder to find target businesses. Seller demographics and the pace of technology and investment are aligning to create a lot of opportunities, but it's difficult for many independent brokers to acquire given the cost, time, and resources involved. If independent brokers are looking to merge, sell or acquire, they need to ask one another what they are trying to achieve and get to the bottom of mutual and differing interests. Typically, you'll find aspects beyond money that can create win-win situations. In two of our last three acquisitions, the multiple was potentially less than sellers could have achieved elsewhere. A number of other factors aligned to make these deals happen: the continuation of the owner's presence within the brokerage and the community; creating compensation beyond purchase price; and ensuring staff is well looked after. These examples prove that mergers and acquisitions can happen without always paying the highest lump sum.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7 ideas for automating your business to promote growth.

BY GREG MECKBACH

Opportunity exists to automate tasks, allowing you to generate new business by working smarter and not harder. Here are some quick and easy ways to use technology to your advantage.

Ask any broker today how to grow their business, and their response will likely reference the use of new technologies to streamline brokerage operations.

Brokerage competitors are already at work in the digital space. In response to consumer demand, direct writers, multi-channel insurers, and insurtechs have all invested hundreds of millions of dollars in online self-serve models. This is now a gold standard by which the broker channel is measured.

"We tend to think that to deliver good service, you have to have human beings doing it," said Karlyn Carnahan, head of The Americas, property casualty at Celent, a financial services research firm owned by Marsh & McLennan Companies Inc. But if you are a broker, "you can do a good job of delivering personalized service without persons having to be involved, if you think about using technology very smartly."

Brokers are not standing still. Several new digital brokerages have emerged. But many brokers still have some data housekeeping to do before they are fully ready to enter a world of self-service online sales, real-time customer interaction, and advanced analytics. And while some broker functions can be automated, others will "need to have human interaction," said Colin Simpson, CEO of the Insurance Brokers Association of Ontario.

What processes can brokers automate to bring more clients through the door? Here are seven things that brokers can automate right now to generate new business and retain existing clients.

1 Client communications

Brokers need to be in touch with their clients, and there are ways to automate some of this communication.

Brokers are "continuing to get their feet wet when it comes to .... automating communication," says Steve Earle, managing partner of Halifax-based W.C. Bauld Insurance Brokers.

Consider setting up your systems to follow certain communication triggers. So when a specific event happens, the customer will receive some form of communication from the broker by e-mail or social media.

One such scenario is when a customer buys a policy. When the information is entered into the broker management system, the customer automatically receives something from the broker, "whether it's a document, a thank-you communication, or whatever," Earle says.

When the broker does not have to send each customer a thank-you note manually, this frees up time to contact new prospects or service existing customers.

Another example is alerting customers about pending severe weather events such as a hailstorm, Earle says. In the hailstorm scenario, a brokerage can automatically generate e-mails to all customers in an area for which hail is forecast. Such e-mails may advise customers to get their vehicles under hard cover.

2 Managing relationships: BMS or CRM?

"Virtually every insurance broker out there should have some kind of tool that is their broker management system," says Carnahan. "The larger you are, the more sophisticated you need [the BMS] to be. But a BMS allows [brokers] to more easily manage the relationships they have with their customers and to track the kinds of transactions."

Some broker management systems let brokers reach out to consumers and service consumers electronically, says Simpson.

Many brokers operate some version of a BMS, but not all brokers are necessarily convinced. Some digital brokerages prefer to use customer relationship management [CRM] systems instead.

Broker management systems are "focussed on how insurance policies are managed," Yusuf explains. "Is it a general liability policy? Is it a property policy?"

In contrast, a CRM is more customer-focused. Some brokers, such as Yusuf, "have business models that are more digitally focused and they may find that using a CRM may work better in their offices than a BMS-type model," Simpson says.

"I have personally never used a BMS," Yusuf says. "I have seen them."

In addition to connecting with third-party systems, a good CRM allows a broker to segment customer data. So, for example, one mass e-mail may be sent to contractors in Barrie, Ont., while a different mass e-mail is sent to retailers in Vancouver.

"You could have people calling [clients], but it gets really expensive," said Yusuf. "The challenge is being able to slice and dice customers in a meaningful enough way and then deliver the tailored contents."

To improve customer service, a brokerage could set up a CRM so that when a customer calls, the call is automatically routed to the broker who issued the policy.

Top hotel chains have highly sophisticated call centres that route calls to certain employees based on the incoming phone number. "Some hotel chains even have systems where they profile people by phone numbers," Yusuf says. "For example, they know this [customer] is a really talkative person, she's a girl, she's 25, and she loves to travel to South America." In that instance, the hotel would match the customer to an employee with a similar personality.

"That's an interesting level of sophistication, but we are far away from that today in the insurance world," Yusuf says.

Suppose there is a forecast for heavy snow. In that case, a broker could automate messages to influence people with property insurance to check their coverage, or advise on "anything that's related to what a snowstorm may cause a claim for," said Danish Yusuf, chief executive and co-founder of Toronto-based commercial brokerage Zensurance.

If a commercial client has had a claim denied due to lack of coverage, that could trigger an automated email as well. In that case, the broker could automatically notify all other commercial clients in the same industry segment of a potential coverage gap.

For example, Yusuf knows a broker whose client provided laundry service for its customers' fur clothing. The laundry service firm had a claim denied because the it did not have enough bailee coverage. (Basically, "bailee" insurance provides coverage when there is loss or damage to property belonging to the insured's customer.) An automated message could be sent warning other laundry service clients to double-check their bailee coverage levels.

Automated communication can also save time during the renewal process. For example, brokers can send new customers an automated email with a video link. In the video, the broker can walk through what the new policy covers, how the customer is billed, and what to do if a claim occurs. This way, the customer can replay the video any time they want, even if it is outside the broker's normal working hours, Carnahan says.

This saves time and effort because brokerages often get calls from consumers asking some "fairly basic questions," Carnahan says. Typical questions include whether their policy was issued, or whether the insurance company received the payment. After making the video, the broker can set up the broker management system (BMS) to send the video to a customer as soon as a new policy is entered into the BMS. "By delivering it through a video, you can control the message a little bit better," Carnahan said.

3 Finding markets for clients

Brokers will soon be able to automate their search for commercial insurance carriers on behalf of clients.

"If I get [an application for insurance from a corporate customer,] I have no idea which of 50 markets will actually write it," says Yusuf. "If there were some way to know what each market will write, and there is a way to automate it, that would save us a tremendous amount of time, particularly on the commercial side."

The challenges of finding markets in commercial lines include lack of standardized policy wordings, says Yusuf. "While private passenger auto rates are filed in some provinces with regulators, making it easier for brokers to place auto, other P&C rates, such as in commercial lines, are not filed.

Software allowing brokers to automate their search for markets is here today. But the data needs to be in a form that can be searched by a computer.

"The technology is no different than a database with all of the information in it," Yusuf says, adding that this is the sort of technology that Applied Systems Inc.'s Compu-Quote unit uses to provide personal auto insurance quotes. "The difference is, in auto, the rates are filed, the questions are standardized, the wording is the same. On commercial, nothing is standardized."

4 Image recognition

Scanning insurance applications is one way for brokers to take advantage of image recognition software. A broker can avoid entering data manually, and therefore save labour costs, by scanning the applications and having the data entered automatically into the BMS.

"If you've got a typed application, or you've got a handwritten application, what you want to avoid is having a [customer service representative] sit there with a giant stack of applications entering data," says Carnahan. "Plenty of solutions out there will do the optical character recognition of typed characters."

Recognizing handwriting can be a little bit tougher, but some software will recognize bits of handwriting. In addition to insurance applications, examples of hand-written forms include medical records.

Image recognition can also help with an inventory of contents on a property insurance policy. Clients are now able to walk through their homes and take an inventory by video. The consumer then uses an app with image recognition technology to search the Internet for their items to help determine the price.

5 Omni-channel communications

Communicating through multiple channels – phone, web and mobile – is nothing new, but brokers can do more to automate the process.

Brokerages and carriers who do not force customers to enter their information three or four times during the process of answering a query "are the ones that are going to win," Kathy Corbacio, director of business development at CAA Insurance Company, said at the recent Insurance-canada.ca Technology Conference [ICTC].

Corbacio was a panelist at an ICTC session titled *CX: Today's Reality and the Path Ahead for Insurance*. The moderator was Mark Breading, partner with Boston-based research firm Strategy Meets Action.

"I was going on to the website of one insurer and doing a little investigation of a product and kind of getting myself stuck," Breading said at ICTC. "I realized I needed some help and called the contact centre."

The call centre staff already knew what Breading had done on the insurer's website "so I didn't have to start from scratch and repeat everything," he said.

There is a "massive opportunity" for a carrier or broker who can make a customer's experience as seamless as possible, Janine White, vice president of marketplaces for Kanetix Ltd., said at the ICTC conference session.

"We live in a world today where I don't have to line up for my $3.50 coffee," she said. "Yet I have to stand in line and have a very friction-filled experience to buy a $2,000 product that perhaps I don't even want to buy."

6 Working remotely

Employees can be productive from outside the office through Internet Protocol (IP) telephony. Defined simply, IP telephony uses computer networks to route voice traffic. This way, users do not need two networks, one for phones and a separate one for computers.

A brokerage might have a very dispersed work force. Younger workers especially "want to have a three-week vacation and work remotely," Yusuf observes. "They can just plug in their laptop and work from the hotel room in Mont Tremblant if they want to. You can't do that with a standard phone but you can with IP telephony."

Many businesses use traditional phone systems because it costs too much to rip them out and replace them, Alaa Saayed, information and communication technologies principal analyst for Frost & Sullivan, said in an e-mail to *Canadian Underwriter*. But about 55% of companies worldwide have already migrated to IP telephony. Saayed was commenting on businesses in general, and not on the insurance industry.

When an IP telephony system is connected to CRM software, a brokerage can keep track of many things. Among them:

- the time of a customer's most recent call
- the length of the call, and
- how many calls a broker makes in a given day.

7 Social media

Social media sites such as Facebook, LinkedIn, and Twitter should be part of every broker's marketing activities, Carnahan says. "If you are a broker, and you find, for example, that one of your clients is complaining about one of the insurance companies you placed them with, you might want to intervene," she says. "But you are not going to know [about the complaint] unless you are listening to your customers on social media."

It is a lot of work for a brokerage employee to monitor social media, but tools can help automate this process. "By using a social media platform, you can schedule content in advance, you can post it very easily across multiple platforms, or you can listen for certain things so that you can intervene more quickly," Carnahan says.

Even a broker who does not use social media for making connections can still use it for search engine optimization. This increases the likelihood that a company's website will show higher up in browser search results.

"If you are a broker, you might want to listen to everyone in a particular territory that is complaining about insurance," Carnahan says. "You might want to go to them and say, 'Oh, I am sorry you had a terrible experience. Let me help you. I will be your new broker and I will make sure everything is great.'"

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Webinar—Insuring Unique Homes	June 15
Webinar—ADVANTAGE Live: An Update on Automated Vehicles in Canada	June 19
Calgary—Condominium Insurance Claims	June 20
Webinar—Manufacturers & Wholesalers	August 16

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Markham—At the Forefront	May 24
Lethbridge—Dueling Pianos Industry Night	May 25
Vancouver—Annual Golf Tournament	June 15
Edmonton—Annual Golf Fun Day	June 18
Victoria—Annual Golf Tournament	June 20
Calgary—Battle of the Insurance Bands	June 21
London—Annual Golf Tournament	September 7

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Sowing the seeds of prosperity

David Gambrill
Editor-in-Chief

Carriers offer advice to help brokers grow their business in a challenging pricing environment.

Digital initiatives tend to grab all the headlines when it comes to helping brokers grow their business, but insurers offer a number of other suggestions that run the gamut between strategic, the fundamentals, and the innovative.

Conditions right now are not easy for a broker to find new business. Personal lines pricing is showing signs of firming up. Several major carriers, including Intact, Aviva Canada, RSA Canada, and Economical, have all announced their intention to increase rates in personal auto lines to make up for a deterioration of results due to claims inflation. Auto losses are up throughout the country, and home insurance rate increases are also in the offing to make up for damage losses related to severe storms.

Canadian Underwriter reached out to carriers to ask if they had any advice for the advice-based channel in this tough business climate. (For suggestions related to digital growth, please see the cover feature on Page 26.)

STRATEGIC

Given the current environment of rate increases, retaining existing clients might actually be a lucrative growth strategy for brokers going forward, Aviva Canada says.

"The opportunity to get more rate from existing clients is one important lever of a growth strategy for brokers," says Jason Storah, executive vice president of broker distribution for Aviva Canada.

This may seem counterintuitive, Storah acknowledges. "Typically, when you are with a group of salespeople, everybody focuses on the sale and the importance of the new business sale," he says. "We want people to be as focused on getting the right premium for their existing customer as they are on getting a new customer. You need a balance of both. It can't just be one or another."

If existing clients leave the broker's book of business, that puts additional pressure on a brokerage to make up for that loss by attracting new business. "One thing I've heard numerous times in my career is that retention is a great growth strategy," Storah says. "Quite often, if companies have retention levels in the 80 per cent range, they need to write a lot of new business to offset the business that goes out the door. The same applies to brokers."

Ultimately, brokers will know which growth strategy works for them, whether it is to focus on retention versus new business, says Luisa Currie, regional vice president of Intact Insurance in Calgary. "As there are definite advantages to both, what is most important in either scenario is that the right coverage and subsequent rate are being applied to the risk to ensure that the business is appropriate and profitable," she says. "What we have seen across markets is that the rates that have been offered are not truly reflective of the risk and this has caught up to us as an industry."

Currie observes that growth related to mergers and acquisitions continues to be dynamic. It's the broker's call whether to pursue growth organically or through M&A. "What we are seeing is that brokerages that have scale are often more equipped to compete in the changing environment," she says. "Brokerages can achieve this through strong organic growth, although mergers can be the faster route to getting there."

If brokers choose the organic route, are there some immediate opportunities for new business?

THE FUNDAMENTALS

Fine-tuning the referral process can be a simple, often overlooked method for brokers looking to find new business, says Tom Reikman, chief distribution officer at Economical Insurance.

"There are different elements to attracting new business," he says. "A lot of times, it's something as simple as asking to be referred to another client's friends or family. A lot of brokers are uncomfortable asking for that or saying, 'If you are happy with my service, I would appreciate it if you were able to refer me.' But it's a big area."

Brokers have made great gains by capitalizing on referrals in the social media space, Reikman adds. He notes that a broker offering great service to a client could follow up on a glowing review by the client to their friends on Facebook or act quickly on a tweet to followers.

"Retention is a great growth strategy. If companies have retention levels in the 80% range, they need to write a lot of new business to offset the business that goes out the door."

However, brokers seeking to benefit from social media referrals will need to structure themselves to get into that segment, Reikman cautions.

"You can see brokers are leveraging the whole social media outlet of the marketing strategy and saying, 'Hey, we need to be able to jump in there,'" he says. "At the same time, if you are going to play in that space, you also have to be resourced to play in that space. You can't respond three days later to somebody when they fire out a Twitter comment or ask something on Facebook. You want people to know you got right back to them."

INNOVATION

It is commonly said in the digital age that people don't actually want to meet brokers face to face anymore. Paul Jackson, chief marketing and distribution officer at Gore Mutual Insurance Company, doesn't buy that narrative. "I think the advice-based channel can be very modern, very customer-oriented, and very efficient," he says. But the face-to-face experience will need to be reinvented to generate long-term new customers for the broker channel, he adds.

"I think brokers need to start thinking about it in terms of a retail storefront as opposed to an office," Jackson says. "If you have a suite on the 14th floor of an office building, that's not conducive to a retail experience for individuals and small businesses. But if you have a storefront in a plaza or in a small community on the main street, and you are presenting a value proposition in that storefront that is based on the digitized experience – where customers can go on your website, or go in your store and get a similar sort of experience – that is really going to change the way the insurance industry interacts with its customers."

Inspiration may come from the retail experiences offered by Apple or Rogers stores. In the banking sector, Scotiabank has launched two new retail branch formats to meet the changing needs of its customers. One features digital tools, self-service options such as 'smart' ABMs, and staff available to help customers with services such as opening a new bank account or applying for a credit card. The other is an "advice and learning branch," where customers meet with advisors to build financial plans and attend free financial literacy classes.

A retail version of the "future broker" may not be suitable for some insurance clients, Jackson said. For larger corporate commercial clients, for example, a large tower office may be more appropriate place to discuss those types of complex transactions. But for brokers dealing with home or car insurance clients, or small business clients, the point is to make the process of providing advice fun and friendly.

Opinion/Analysis

Tech Report: Is 2018 the Year of the Broker?

Eric Fenton
Head of Insurance
EPAM

Canadian insurers have emphasized work on their front-end systems to provide a direct-to-consumer experience. Now that carriers are working on their legacy systems to better integrate with brokers, will a direct broker-to-consumer experience be far behind?

To remain competitive in the current fast-paced insurance market, carriers have made significant investments to solve some of the key challenges faced by brokers.

Largely known as the "age of the customer," 2017 was the beginning of the largest wave of technological innovation in the insurance industry. Brokers are starting to feel the positive effects of change as they move into 2018. Some carriers, as early adopters, completed their initial customer-centric omnichannel digital transformation. Now their focus is on back-end technologies and processes, where the broker community can gain the greatest benefit.

This begs the question: Will 2018 be the Year of the Broker?

The focus on innovation has mostly affected carriers, who are looking to take advantage of the direct-to-consumer sales approach. To be effective, brokers, like their agent peers, will need digital solutions to reduce the sales cycle time and increase revenue potential.

Successful brokers will need to transition to a digital-first approach, including digital workflows from carriers, thus moving away from the traditional policy of the past. In fact, most brokers are moving in this direction anyway with an online digital persona.

Major carriers today have already navigated omnichannel front-end digital transformation with ePolicy, eDelivery, and claims automation. Recently, we've found that many of our insurance industry customers are focused on developing solutions for agents and brokers that provide the greatest marketing value and sales generation for carriers. For example, an all-digital customer acquisition system can replace the legacy, multi-visit relationship with one single visit. These solutions can result in sales increases and higher customer retention, and further illustrate the focus on innovation for carriers.

Will this broker-based innovation help with increased sales among Millennials?

At first, analysts viewed Millennials as digital-savvy young individuals with minimal understanding of the value of insurance and savings as a whole. But recently, Millennials have proven that they are better at saving then most. In fact, digital platforms allow them to quietly invest and take control of their lives.

Although the broker's role has shifted from an in-person handshake to an online persona, it's still important for brokers to assure their customers (including Millennials) that their assets are secure and that they will be able to provide for their families when they are gone. The reality is, without insurance, providing a legacy would be much more difficult due to increasing higher education debt. The security and planning that brokers provide exemplifies their greatest value, giving customers a reason to pay a premium over the cost of digital products.

Some carriers have already completed their initial customer-centric omnichannel digital transformation. Now their focus is on back-end technologies and processes, where brokers can gain the greatest benefit.

As we continue into 2018, brokers should capitalize on technology-enabled innovations to cultivate a seamless and trusted relationship with their customers. By leveraging digital solutions, the industry can transition from multiple in-person meetings to a single, more effective appointment that ultimately leaves the customer walking away thinking, 'That was easy.'

Keeping your Millennials Engaged

Marchella Barbero
Communications Specialist
Sharp Insurance

Create a digitized culture at your brokerage that emphasizes, fun, innovation, and recognition for a job well done.

How do you attract and retain Millennials to the 'boring' property and casualty insurance industry?

First of all, start dispelling the myth that the P&C industry is boring – It isn't. Working in insurance allows Millennials, the generation born between 1980 and 2000, an opportunity to help people while at the same time meeting new challenges each day – two things about which Millennials are passionate.

Other things Millennials like in a workplace culture? Fun, innovation, recognition, and a digital culture.

FOSTER A FUN CULTURE

Based in Calgary, Alberta, Sharp Insurance is among fastest growing insurance brokerages in Canada. Privately owned and operated, Sharp currently has a workforce made up of 79% Millennials, 56% whom have been working there for two years or more.

What makes Sharp such an attractive place to be for talented young people? Staff are encouraged to feel like they are part of a large family. They participate in social events at least once a month, planned by an internal committee. From cookie exchanges to pub nights, there is always an upcoming event to anticipate. The events create a sense of belonging and foster a culture of excitement and fun. In terms of environment, the office comes fully equipped with a ping pong table, TVs, massage chairs, and root beer on tap. There is more to employees' daily experience than what is at the desk. Staff members are encouraged to connect with each other and with the community. By doing so, they develop loyalty to the company and deeper relationships with peers.

ENCOURAGE INNOVATION AND CONVERSATION

Sharp's Innovation Lab Program cultivates innovation and creativity within the company. Implemented in 2016, the program encourages employees to pitch an idea for business development similar to Dragons' Den. If their idea is chosen, they are given the opportunity to bring the idea to life through project management and mentorship. One participant formalized a loyalty program to reward long-time customers and partners. The idea was not only a positive exercise for the employee, but beneficial to the business. The program identifies leaders within the group and aids their growth, even if that is not necessarily defined by a change in position.

ADOPT A DIGITAL FOCUS

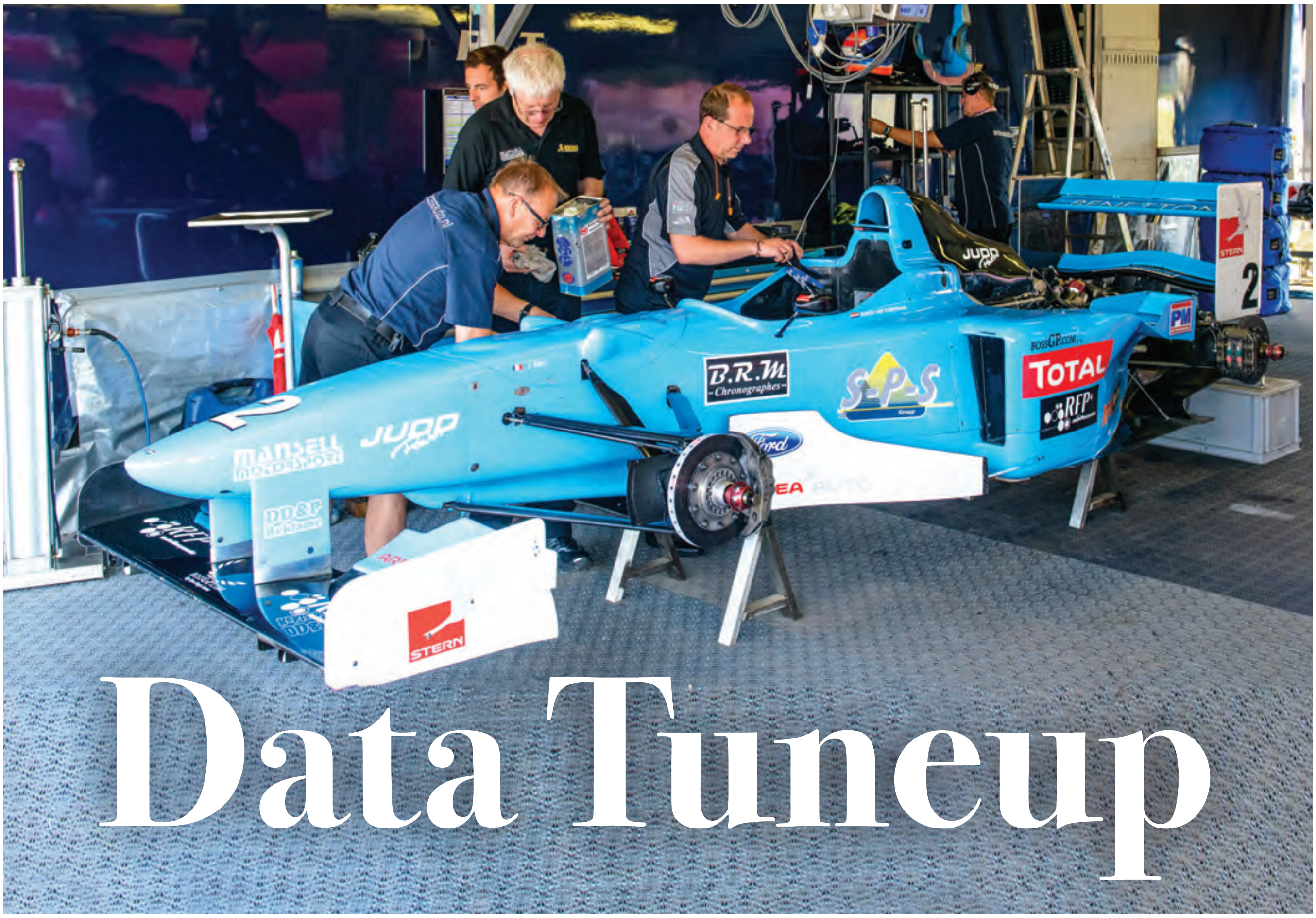
Not equipping insurance agents with digital tools contributes to a high turnover rate in the industry, as noted in an article by agencybloc.com. Embracing technology obviously has more benefits than just engaging young employees. It increases efficiency, security, streamlines processes, and attracts more clients. Sharp therefore invested in cutting-edge lead management tools, digital marketing, and sophisticated self-service options for clients. Millennial staff are keen to promote Sharp's digital app and portal; they are uniquely positioned to explain and champion the new technology, having grown up with these tools throughout their lives. Offering self-service options for clients ultimately makes their job as a broker easier and makes their customers happier.

RECOGNIZE, RECRUIT, AND REFER

Everyone appreciates being recognized for doing a good job. Millennials demand it. Sharp makes sure to appropriately nominate staff for key industry awards, as well as celebrate achievements on social media and at a company ceremony at the end of each year. If an employee is a good fit for the industry, and brings energy and enthusiasm to their work, there is a good chance they know someone with a similar outlook. Sharp developed an internal referral system allowing staff to build their community, identify a good fit for the type of work available, and be recognized for their efforts. Millennials bore the brunt of recent economic recessions, so there is also an advantage to promoting the security of an industry that is considered stable.

DISPEL THE 'BORING' MYTH

Gear your job postings towards the larger picture. Working in insurance requires a lot of attention to small details. But it also encompasses an opportunity to help others while bringing new challenges every day – something about which millennials are passionate. Highlight the job that offers the ability to help clients protect their assets, assist them in times of emergency, and recommend services and products that safeguard their financial wellbeing. No day is ever the same. Ultimately, we are building relationships; approaching the industry from that point of view will strongly resonate with a Millennial audience.



Data Tuneup

Brenda Rose
Vice President, Partner
Firstbrook Cassie & Anderson Ltd.

Data maintenance will help keep your business running at top speed and efficiency

Business automation still requires human direction.

Consider the prudent motorist, who makes use of vehicle technologies to reach a destination, while retaining overall control. The most careful drivers choose options that best cope with expected and changing conditions. For example, when winter comes, provisions include snow tires and anti-freeze, and perhaps a set of chains in the trunk. If traffic is congested, drivers may leverage information from a navigation app to help them best deploy time, fuel, and vehicle resources.

The vehicle can be a metaphor for a brokerage business. The tools selected require maintenance to be most effective. Careful preparation is needed to travel without ending up in gridlock or at a dead end. To best position brokerages for successful future road trips – i.e. to retain and grow business, and to adapt the business to an evolving marketplace – broker principals cannot run on cruise control. They must source and refine technologies that support their business objectives.

CUSTOMIZING THE RIDE

Part of a broker's unparalleled value proposition is providing individual customer choice in products, insurers, and for service delivery. Brokerage leaders make choices that suit their own client mix, including existing customers and the intended future clientele.

Recently, tech development has produced a steady stream of new options for brokers to meet customers' service preferences. A constantly growing menu of options includes digital platforms, mobile apps, enhanced telephony, and e-wallets.

Choices providing the broadest customer-service capability often result from improved communication and integration between broker and insurer information systems. Both BMS and carrier development cycles are accelerating to accommodate industry partners' needs.

One example of progress is digital proof of insurance for automobiles, which furthers existing paperless trends. Brokers can now deliver liability cards with other services, information and advice in whatever medium the client prefers, mixing and matching preferences at an individual level.

The challenge for brokers is selecting which tools to deploy for multi-channel communication. A few years ago, the options were scarce. Now, however, CSIO's newly-launched E-slips solution sits alongside an array of possibilities from BMS and other software companies. For each brokerage, research to determine the right choice is essential.

Respectful discussions with carrier partners can help to ensure no technology is allowed to disadvantage clients or undermine essential roles. Useful brokerage tools will enhance robust customer communication, ensuring that dialogue with a broker advisor is always available.

WORKFLOW OVERHAUL

To prepare a brokerage's internal engine for peak performance, a tune-up of work processes is advisable to resolve bottlenecks and eliminate outdated practices.

When reviewing all the steps taken, both for transactions and for other service and advice delivery, consider exceptions associated with particular carriers. Most importantly, evaluate customer experience at every point. Brokers must query the purpose and client benefit of each task performed and identify where additional value could be added. Carefully account for time spent, noting especially where processes slow down or change hands. The potential number of workflows will necessarily increase even as they are simplified, to allow for clients' multi-channel selections.

Various methods can be used for the analysis, ranging from complex software to low-tech sticky notes; they might include workshops either online or in-person. Outside consultants can bring additional experience and see operations with fresh perspectives. Once processes are mapped out, there may be some obvious changes to make.

Broker planners can look ahead to future process abbreviations and redesign. With the rapidly improving integration of systems, straight-through automation will largely eliminate duplicate data entry. A lot of paper sorting, printing and mailing will morph into fast electronic delivery. The timelines for reviewing incoming information and responding to clients will shrink even further.

Time savings can be re-invested. Brokers can then re-focus on enriching their advisory role, helping clients understand their choices and manage their risks. A better use of resources also means more capacity for planned growth by whatever strategies — traditional or digital — that best fit a brokerage's intended audience.

INFORMATION QUALITY CONTROL:

The fuel on which brokerage operations run – the system data composing all communications to clients or insurers – can also be upgraded to prepare for higher performance.

Implementing data best practices to ensure that the information traded with insurers is as consistent and accurate as possible reduces errors and friction. It also helps facilitate electronic transactions.

In Canada, the industry primarily endorses CSIO standards as the cornerstone of consistency. However, disciplined in-house practices must perpetuate good data hygiene. BMS vendors can assist brokers to survey and clean databases. Many insurers are also anxious to help, recognizing the common prerequisite for a successful deployment of all digital tools.

Dawn Bloom, chief digital and information systems officer for customer, digital and information systems at SGI Canada comments: "All businesses must become more efficient and responsive … (and) not be the barrier for partners. SGI Canada has prioritized the data exchange initiatives, providing us the opportunity to streamline our own processes, ensure our required data is CSIO compliant, and provide a more responsive way of doing business to our brokers."

For insurance brokerages, catering to the requirements of each customer while considering the brokerage's individual appetites and capacities when planning the route forward is especially important. Each brokerage has its own unique roadmap ahead, its own definition of success. Regardless of the destination, however, whether the goal is a Grand Prix trophy or simply the most effective transit from one point to another, broker navigators are well advised to choose their technologies carefully, and provide the right foundation for them, to facilitate their journeys.

DATA TUNEUP

For brokers, best practices related to information include:

- Ensuring that the latest release of BMS software or other tools is in place.
- Establishing a routine for installing future updates, patches, and new releases of software.
- Surveying systems for database errors and clean-up, with the assistance of consultants as necessary.
- Creating a data culture, communicating with staff to increase understanding of the importance of complete and correct information, without exceptions.
- Reviewing brokerage procedures and detailing clearly how all data is to be recorded.
- Instituting regular quality control routines for checkpoints and reinforcing expectations.
- Involving and empowering in-house champions to embed quality control in everyday activity.
- Diligently flagging download or other data integration issues for carriers and/or software vendors.
- Measuring and documenting results, as well as celebrating progress.

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Sales Incentives

The CIP Society Ethics Series

The CIP Society
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The CIP Society represents more than 17,000 graduates of the Insurance Institute of Canada's Fellow Chartered Insurance Professional (FCIP) and Chartered Insurance Professional (CIP) Programs. The CIP Society, through articles such as this, is working to bring ethical issues to the forefront and provide learning opportunities that enhance the professional ethics of all insurance professionals.

If a company raises broker awareness of a product through incentives, does that cast doubt on a spike in sales production?

THE ETHICAL DILEMMA

The owner of a suburban insurance brokerage reviews the firm's monthly production figures and is pleased with a recent spike in sales. Over the past several years, his brokerage has been very consistent in terms of premium allocation by carrier and by product line, almost to within three percentage points month after month. This past month, however, has been different.

He digs deeper into the origin of the sales, checking by product line and by carrier. He notices more sales than usual were allocated in favour of a smaller insurance company. What's more, sales peaked for a product that has not been a big seller historically.

After further investigation, he finds this specific insurance company had a sales campaign running last month with lucrative incentives available. He is instantly conflicted. He trusts his salespeople are ethical, honest individuals who would not do anything to harm clients or to provide an inferior solution for them. However, this previous month demonstrated a stark variance in the sales pattern.

He is concerned about what to do next. Should he allow carriers to offer incentives to his staff in the future? Is that fair to his team and to the clients?

THE ANALYSIS

Mark MacDonald, B. Comm, FCIP, CRM
Vice President, Broker
Atlantic Public Sector Broking
Aon Risk Solutions

This is a challenging scenario for the owner, since it is unclear whether the insurer's campaign simply raised awareness of this product – and the salespeople realized how the product would benefit their clients – or if the salespeople were motivated by the insurer's incentives.

Even if the salespeople were motivated by these incentives, it is doubtful they would admit it to the owner if asked. And if the salespeople are ethical and honest, the owner may still question the reasons behind the sales increase.

The owner must also consider difficult questions that may come from his clients should they become aware of this campaign and question the motivation behind the sale of this product.

To avoid any potential or perceived conflicts in the first place, I believe the owner should decline to take part in any sale campaigns in which additional incentives are offered for the sale of a certain product or certain insurer's products.

There is no harm if insurers educate brokers and raise awareness of their products and features. This should be encouraged. However, additional incentives will lead to doubt – either on part of the brokerage's owners or clients, or both – about whether the salespeople were solely looking out for the best interests of their clients, or whether they were instead using this as an opportunity to increase their own income.

"Any potential conflict of interest, or a change in a brokerage's circumstances that may give rise to a potential conflict of interest, must be disclosed to the clients at point of sale."

Arthur Kosikowski, CIP
Senior Investigator
Complaints and Investigations
RIBO

A sudden spike in the previous month's production with the insurer offering the sales incentives may be of concern to the brokerage owner. But it appears the owner has a lot more data to gather and analyze before determining whether the smaller insurance company played any part in the brokerage's production spike. There are many factors to be considered before an educated conclusion can be reached, including:

- the brokers' knowledge of the product;
- the product's availability from the smaller insurer;
- changes to the product offered by the smaller insurer;
- changes in business opportunities within the brokerage's service area;
- sales incentives from the other carriers in the office;
- policy benefits to the clients;
- newly imposed restrictions on the other insurance companies; and
- other brokerages in the area no longer offering similar products.

The above factors, however, would not play any part in the brokers' obligation to disclose the sales incentives to their clients at point of sale. The brokerage and individual brokers are obligated to provide the commission, as well as any potential conflict of interest disclosure – including any sales incentives – prior to the transaction taking place.

The owner may need to examine whether the individual brokers are doing this, and whether the brokerage's disclosure to its clients is adequate. Any potential conflict of interest, or a change in a brokerage's circumstances that may give rise to a potential conflict of interest, must be disclosed to the clients at point of sale or at the time of remarketing the policy.

There is of course no harm when insurers educate brokers and raise awareness of their products and policy features. To determine whether the brokerage or its brokers are engaged in any possible unethical behavior, the owner should examine whether:

- broker incentives and commissions are disclosed to clients;
- quotes from other carriers are provided to clients; and
- clients are allowed to make the final decision about which carriers will provide the coverage.

THE FINAL WORD

What is the purpose of a sales incentive? In a highly competitive insurance market, a sales incentive can create buzz about a product, helping to raise awareness about how it meets client needs. However, this scenario demonstrates how easily a sales incentive can also create ambiguity in the sales transaction.

The brokerage owner is facing a difficult task sifting through all the various factors contributing to the sales increase of the specific product. Although the owner may conclude his brokers acted in the best interest of the clients, he may also have to acknowledge that the sales incentive contributed to a perception of a conflict of interest. In an industry that relies so heavily on trust, that little bit of uncertainty can contribute to an erosion of that trust.

In an effort to promote a culture of transparency within the brokerage, the owner should be intentionally clear with his brokers about why the marginal sales increase is a potential concern. He must also ascertain whether his brokers are having frank conversations about compensation with clients; if required, he can provide additional support in the form of training or materials. Based on his experience, the owner can decide whether it's worth introducing that little bit of uncertainty in the future, or if it's best to decline sales incentives for his team in the first place.

Steering Change

Leading innovation in your brokerage?
Here are **6 steps** for successfully directing change in your organization without making waves.

Kris Hackney
Executive Vice President
Customer Experience
Applied Systems

Brokerages today must evolve their business operations and adopt technology to keep pace with consumer demands. But adopting the latest innovation requires change and, there's no way around it, change can sometimes be difficult. Large or small, changes must be managed with strategy and proper direction. About 70% of all change initiatives fail because of inadequate planning. Don't let your business fall in that majority.

WHY DO SO MANY CHANGE INITIATIVES FAIL?

Many leaders fail to recognize that change takes time. Instead of preparing their culture for change, they simply jump right into it. About a week later, they realize (too late) that they should have spent more time preparing their culture because they don't have any support. You can change technologies very quickly in the right circumstances. But altering the way employees think about their roles, the business, and your culture doesn't happen overnight. The time required to transform hearts and minds must be built into your change management plan.

KEY PRINCIPLES TO CHANGE MANAGEMENT

Change management is the discipline of leading individuals, teams and entire organizations through organizational change through a combination of behavioral and social sciences, information technology, and business solutions. By understanding the basic phases of change and valuing your staff, you can prepare your culture for change and avoid common pitfalls of failed change efforts.

3 CORE PRINCIPLES FOR SUCCESSFULLY MANAGING CHANGE

People

The people in your organization are a crucial element of change management success. People must acknowledge and buy into the need to change at the most basic level. Once buy-in is established, employee engagement at each stage needs to be closely monitored to address any resistance and create a shared sense of urgency for change. Continual, transparent communications will foster listening and provide a sounding board for issues and concerns. To help create a more receptive environment, include employees in the planning process then clearly define goals, roles, and processes.

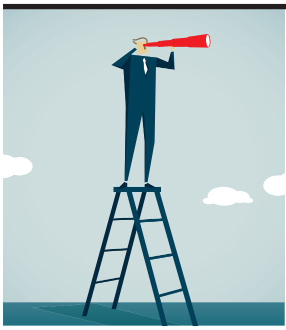
Process

Processes detail how the work gets done, providing a plan for introducing and systemizing your technology strategy. Risk can be managed by putting in place a robust governance structure, in which processes are documented to establish a foundation for ongoing growth. Finally, processes should be continuously updated based on best practices and lessons learned.

Technology

Technology investment must encompass all aspects of your business, from managing internal staff to connecting to customers and insurer partners. It must integrate all applications to deliver a consistent user experience and create a single view of your business. Brokerages will not succeed managing separate, disparate systems that create multiple sources of data. When selecting a technology right for your business, consider a technology that is flexible and scalable to support current and future growth.

In too many situations, change within an organization results in a significant amount of wasted time and unnecessary anguish. Useful change tends to be associated with a multi-step process that creates power and motivation. It requires dedication and must be driven by high-quality leadership who demonstrate commitment to its success. Rewards for organizations that successfully manage their change efforts include improved competitive standing and a solid foundation for building a far better future.



6 steps for managing change successfully

Instead of diving in head first, it's important to have a clear conception of what you're trying to achieve. Guided by this vision, below are six guiding principles to help you map out a successful change management program.

1 Begin the journey with the end in mind

First, you need to determine the ideal end state and create a game plan to achieve the goals. The ideal state can't be static: you need to allow for alterations along the way. That said, you need a clear vision of the end state to get everyone moving in the same direction. Staff need to be able to visualize a better place waiting for them out there, and they need to be able to imagine themselves in that place.

2 Define technology requirements and design

Once you have your end goal, begin to identify the areas of deficiency in the brokerage's current technology strategy. Rethink how the business leverages its IT investment, weaving digital technology into the fabric of daily operations to become a digital brokerage. When considering which solution(s) to adopt, be sure to invest in technology that both your customers and staff expect in today's digital age.

3 Identify and manage key stakeholders

Identify the people who will be most affected by your proposed changes. These people will become either the strongest resisters or your most powerful champions for change. Ensure their commitment and enthusiasm by involving them in the creation of your change management vision.

4 Develop metrics and milestones

To know if your changes were successful, you need to define the keys to success and employ the necessary tools for tracking your progress. It's also important to schedule milestones that people will be able to see and celebrate. This provides proof that efforts are working; also, it adds to the motivation to keep going.

5 Deploy communications and training

Do everything in your power to get your vision across and instill a sense of mission in employees. It's important to remember that communication isn't one way. The stakeholders closest to the thing or process you are seeking to change often have insights that you don't. It's important to encourage their feedback and continuous dialogue throughout this process. As things change, continue to educate your entire organization on how the change will benefit them. Offer training on new procedures and systems.

6 Reassess continually and adjust

Understand that no change program goes completely according to plan. As you lead your organization through change, new and unexpected challenges will arise. The success of your change management depends upon adjusting to those challenges.

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Patrick McNally, FCIP (2009)
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Nominations will be accepted until June 30.

For more information about the leadership awards and the nomination process, please visit the CIP Society website.

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1 **Carol Jardine** has been appointed president of Wawanesa's Canadian Property and Casualty (P&C) operation. Prior to her appointment, she was senior vice president and chief strategy officer, a position she assumed when joining the company in 2016. "Among my top objectives for the business is to strengthen our relationship with the 1,700 brokerages that offer our products to Canadians," Jardine said. "As our industry moves further into the digital age, I look forward to creating innovative partnerships with our brokers for mutual success." In addition to her leadership role at Wawanesa in strategy development, Jardine played a key role in the acquisition of Western Financial Group and Western Life Assurance in 2017. Prior to joining Wawanesa, Jardine held executive roles at Canadian Northern Shield, TD Insurance, CUMIS Group and RSA Insurance.

2 **William Young**, chairman of the board of Aurora, Ont.-based auto parts maker Magna International Inc., has been nominated to serve as an independent director on the board of Toronto-based Intact Insurance. Intact's annual general meeting is scheduled for May 9 in Toronto. Young has a chemical engineering degree from Queen's University of Kingston, Ont. and has been chairman of Magna since 2011. Young "possesses significant operational experience, as well as extensive mergers and acquisitions experience," Intact said in a management information circular. Intact is publicly-traded and its board members are elected by the shareholders.

3 **Carrie Trudeau** is vice president of claims for Canada with Lloyd's managing agent AEGIS (Associated Electric & Gas Insurance Services Limited), bringing 18 years of experience in the Canadian insurance market to the role. "I am essentially following in my father's footsteps," she told *Canadian Underwriter* before she began her new position on April 2. "I sought out a career in the insurance industry at a young age and my first job was in underwriting and claims with a Canadian coverholder for the Lloyd's market." She replaces Spencer Shusterman, who is retiring as senior vice president of claims at the end of the year after seven years with AEGIS. Trudeau says her focus will be on further building a well-established foundation with AEGIS in Canada with a "strong collaborative and customer-centric approach," she said. She attained her Fellow Chartered Insurance Professional (FCIP) designation while working as a senior file examiner at Markel Insurance Company of Canada.


1


2


5b


6

4 **Sharon Ludlow** has joined the board of directors at EIS Group, a global core and digital platform provider for insurers. Based in San Francisco, California, EIS Group counts Desjardins General Insurance and Alliance Industrial among its Canadian clients. Ludlow brings to the role more than 25 years of experience in both the life and health and property and casualty insurance industries. She has served as president of Aviva Insurance Canada, and president and CEO of Swiss Re Canada. She has previously served on the boards of the Insurance Bureau of Canada and the Canadian Life & Health Insurance Association. Ludlow currently serves as the head of insurance investments strategy for OMERS, one of Canada's largest defined benefit pension plans and is responsible for setting and executing the strategic plan with respect to OMERS insurance investments.

5 Claims adjusting firm Kernaghan Adjusters said Monday it has relocated its Whistler, B.C. operation and welcomed two new staff members. **Michael Unger** [5a] will be Sea to Sky manager and executive adjuster. He brings more than 17 years of experience in various markets, including Canada, the United States, and London. He specializes in major commercial property


3


4


5a


8a


8b

losses and is well-versed in catastrophe claims and handling large claim volumes. **David Johnston** [5b] brings 28 years of industry experience to his role as senior adjuster. He has worked in various areas of the insurance industry, including claims adjusting, underwriting, product development, project leadership, and broker management. He is known for his "expertise in handling auto physical damage, third party liability, property damage, bodily injury claims, and exceptional customer service," Kernaghan said in a release.

6 **Daniel E. Pinnington** has been appointed president and CEO and a member of the board of directors of Lawyers' Professional Indemnity Company (LAWPRO). He succeeds Kathleen A. Waters, who announced her retirement last September. Waters has served as president and CEO and on the board of LAWPRO since 2008. She was previously chief privacy officer and vice president with title insurance company TitlePLUS. Pinnington joined LAWPRO in 2001 as director of the practicePRO program, which provides risk management, claims prevention and law practice management information to Ontario lawyers. The following year, he was promoted to vice president, claims prevention and stakeholder relations, where he continued to oversee LAWPRO's claims prevention work. He also took responsibility for the company's communications, stakeholder, and government relations efforts.

7 Errol Pinto has been appointed as the regional director of the marine division of Vericlaim Canada. A wholly owned subsidiary of Sedgwick Claims Management Services, Inc., Vericlaim Canada provides property, liability, auto and specialty claims and adjusting services. Pinto has nearly four decades of experience, split evenly between time at sea as an engineer, followed by handling marine cargo claims. As a marine surveyor, he is well-versed in all aspects of cargo ship claims, including various types of equipment and machinery, as well as small pleasure and commercial craft. Since 2001, Pinto has worked in various surveying and adjusting capacities. He has a Fellow Chartered Insurance Professional (FCIP) designation.

8 Policy Works Inc. has announced an internal reorganization that aligns the company's structure with its strategic vision. Two divisions have been created: one focused on the broker channel and one on strategic partnerships. In the new structure, Susanna Fraser-Kuipers is the director of partner services, responsible for managing the delivery of services relating to all third-party partners. She is a former commercial lines broker and leader of Policy Works' implementation process. Andrew Ting is director of partner products, responsible for managing the development and maintenance of products for third-party partners in the PWI network. Over the last 10 years, Andrew has lead the insurer data exchange initiatives at Policy Works, including Intact, Aviva, Economical, SGI, RSA, L'Unique General Insurance, and Gore Mutual. **Nancy Franchini** [8a] is director of broker services, responsible for managing the delivery of services to all of Policy Works Inc's broker customers. With over 20 years of industry experience, Nancy understands the needs of commercial-lines brokerages. **Lorin McCaffrey** [8b], director of broker products, is responsible for managing the development and maintenance of products for brokers. With over 20 years of experience at Policy Works, Lorin's industry and product knowledge position him well to lead broker product development.

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True to form, the **9th annual St. Patrick's Day Charity Social** hosted by **SCM Insurance Services** packed Toronto's Grace O'Malley's pub with 400 loquacious members of the insurance industry. Held March 15, the event raised more than $6,000 for the Juvenile Diabetes Research Foundation and the Ontario Association of Food Banks.

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Once again this year, The Quarter Century Club plans to continue to make a donations to Children's Charities & the Insurance Institute Scholarship Fund.

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Members and guests of the **Ontario Pond** of the **Honourable Order of the Blue Goose, International** gathered March 22 at the Ritz-Carlton Toronto for the organization's annual **Scotch Nosing** dinner and cocktail, which this year raised funds for Autism Speaks Canada. On the menu were single malts from four of Scotland's whisky-producing regions, served in this order: a 14-year-old The Balvenie Caribbean Cask (Speyside); a 21-year-old thrice-distilled Auchentoshan (Lowlands); a Tullibardine 228 Burgundy Finish (Highlands); and a 16-year-old Lagavulin (Islay).

See all photos from this event at www.canadianunderwriter.ca/gallery

Family-run **AM Fredericks** celebrated 25 years in business with a cocktail reception at Toronto's Rosewater Room on April 5. The Ajax, Ont.-based managing general agent welcomed its customers, business partners and friends to the event, thanking them for their support from the earliest days of the company's existence.

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