

Business



**Recognize your
exposures to weather
an erratic insurance
marketplace**

Fluctuating Insurance Marketplace Continues to Present Challenges

The insurance market is in flux, with rates increasing in many lines of coverage.

The extreme weather events of 2023 continue to drive property rates upward. Increased claim frequency and severity, elevated natural catastrophe activity and supply chain delays are also contributing to rate increases.

With disasters increasing in geographic scope and severity — including unprecedented wildfires in all provinces and a once-in-a-thousand-year flood in Nova Scotia — underwriters are carefully scrutinizing exposures and cautiously deploying limited capacity.

Commercial auto premiums also continue to accelerate, albeit at a slower pace. The line continues to experience some inflationary claims costs and supply chain pressures that will drive up rates between 5% and 10%.

Cyber, too, remains elevated, with many businesses expected to see increases of 10% at renewal. However, the line is showing signs of stabilizing, and companies able to demonstrate a strong security posture could see rates flatten or decline as much as 10%.

Canadian companies without adverse claims history or financial challenges also will benefit from flat to decreasing directors and officers (D&O) insurance.

Creating an effective risk management strategy requires an understanding of fluctuations in the insurance market. HUB's Third-Quarter Rate Report provides detailed rate forecasts based on proprietary insurance premium data to help guide you through your 2024 insurance renewals.

Insured losses from summer wildfires likely to be between

**\$700M –
\$1.5B**

Source: [Canadian Underwriter](#)

Manage your risk to improve attractiveness to insurers

The insurance marketplace is improving, but owners and operators may still see elevated rates in many lines of insurance at renewal. To reduce your total cost of risk, take the time now to implement these best practices:



Start renewals early.

For a traditional renewal, plan to start the process 120 to 150 days out. Be sure to provide carriers with detailed information on any upgrades to property or equipment, changes to organizational structure, newly identified risks and claims information. Failing to provide information could negatively affect your risk profile and lead to higher premiums.



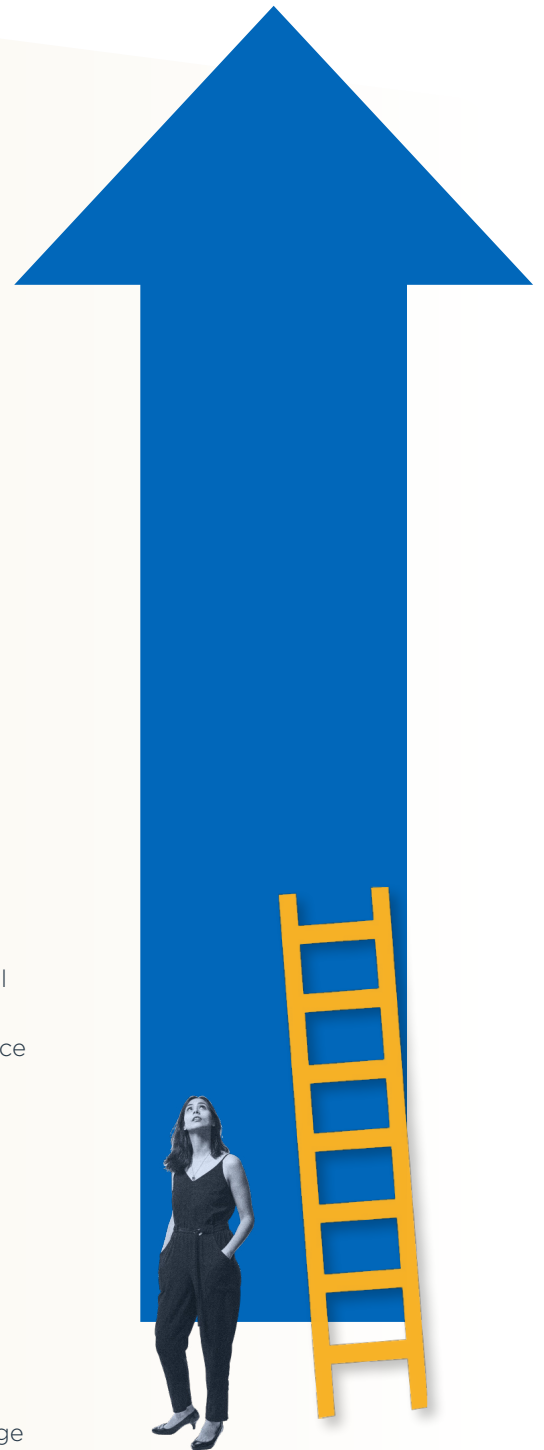
Improve the resiliency of your properties.

Evaluate your property risks and consider technological upgrades to reduce exposures, such as water sensors, sump pumps, electrical backups and outdoor property improvements to reduce damage from wildfires, erosion and flooding. Completing a business insurance worksheet may provide a better picture of exposures and how they can be mitigated. Provide insurers with data that shows your properties are best-in-class risks and deserving of better terms and rates.



Review commercial auto exposures.

Discuss strategies to reduce premiums with your broker, such as shouldering more risk by increasing deductibles or implementing technologies such as telematics. Be prepared to share your risk management program with underwriters to obtain the best coverage and pricing.





Don't forget about cyber.

Cyber is becoming increasingly more affordable, but don't become complacent. Be sure you are consistently training employees on how to identify scams, regularly upgrading protective tools and reviewing your incident response plan at least annually.



Work in partnership with your broker.

Always consult your insurance broker before purchasing a commercial building or building a new one, even in the concept development phase. It's essential to understand the risks and to leverage your risk advisors' experience to identify exposures and develop risk mitigation plans. Your broker can show how to make your properties more attractive during both the construction phase and for the lifetime of the asset and find the right insurance with the best possible terms and price.



Commercial Rate Outlook — Canada

HUB International analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants throughout North America each quarter to bring you our Third-Quarter 2023 Business Lines Rate Report for Canada.

Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	Q3 2023 Canadian Commercial Rate Outlook	Insights
Commercial Automobile: 5 Vehicles or Less	↑ 5% to 10%	Some inflationary claims cost pressures remain. Given the higher frequency of claims and greater repair costs, rate filings are increasing in most provinces.
Commercial Automobile: > 5 Vehicles	↑ 1% to 5%	Underwriting performance remains profitable, but the cost of some claims has risen due to inflation. Supply chain delays have stretched timelines to resolve claims.
Liability	↑ 5% to 10%	Improved performance in general liability has helped insurers offset poor performance on property lines. Carrier appetite has broadened as insurers look to underwrite more liability to diversify their book.
Excess Liability	↑ 5% to 10%	Excess casualty remains fairly stable with some variability depending on exposure and attachment point. Given increases on primary coverage, some excess layers are increasing accordingly. Some classes of business with favorable loss history might see rate reductions.
Commercial Property	↑ 5% to 25% (varies by geography)	Commercial property rates will continue to increase, and in some locales, they could rise substantially as a result of increased reinsurance costs. Capacity will be challenging in CAT-prone zones. Increased claim frequency and severity, supply chain delays and unprecedented catastrophic activity — including wildfires across the country and a 1,000-year flood event in Nova Scotia — will also affect rate. As the cost to rebuild has increased, focus remains on insurance-to-value, which will affect overall premiums.
Residential/ Habitational Property	↑ 5% to 10%	Rising reinsurance rates, construction costs, and supply backlogs are pushing up rates and elongating claims timelines. Additional attention on insurance-to-value will also affect overall premiums given the increased reconstruction costs.

**Catastrophic
Perils**

↑ 11% to 20%

Increases will be much higher in CAT-prone areas. Unprecedented wildfires across the country and the catastrophic flood in Nova Scotia were indicative of the increased severity and frequency of perils.

Environmental

↔ Flat

Rates for Pollution Legal Liability (PLL) and Contractors' Pollution Liability (CPL) coverage are projected to remain flat. However, there is increasingly restrictive coverage for PLL coverage of emerging contaminants. Insureds should carefully review any new restrictions or exclusions in policies before renewals. Pollution policies combined with general liability are likely to see rate increases due to the GL exposure.

**Directors & Officers:
Private**

↓ -5% to ↑ 5%

Insureds with no major changes can expect to see no rate increases at renewal or even slight decreases. Those with claims or significant exposure changes will see a modest premium increase. Note that financially challenged accounts will have a difficult time finding D&O insurance.

**Directors & Officers:
Public**

↓ -15% to Flat

Capacity has increased for D&O coverage at publicly held companies, leading to rate decreases on both primary and excess layers, with excess layers seeing the greatest reductions. Organizations that trade on U.S. exchanges or have gone public in the past two years will see the greatest reductions.

Cyber Liability

↓ -10% to ↑ 10%

The cyber insurance market has shown signs of stabilizing through the third quarter of 2023. Some public sectors, such as higher education, healthcare and municipalities, remain problematic for underwriters, while some technology companies face additional scrutiny due to recent attacks on software and managed service providers. Insurers are focusing on information security controls when assessing risks and making pricing decisions.

Inland Marine

↑ 5% to 10%

Frequency and severity of claims remain an issue, while supply chain delays and continued catastrophic events are leading to rate increases.

Marine

↑ 5% to 10%

The commercial marine insurance market is hardening, leading to rate increases. As clients approach fourth-quarter renewals, insureds need to accurately assess risks, understand changing coverage terms and consider alternative options. Active risk management remains crucial to keeping premium hikes to a minimum.

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses, expenses, and provide an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces for calculating insurance premiums.

HUB Business Insurance

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB business insurance specialist.

HUB by the
Numbers

\$37B+

premium placed
by HUB

1.5M+

clients

3M+

policies managed

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