

HUB 2024

Outlook Q3 Rate Report

Take Advantage of Stable Rates: Prepare Your Business for the Future

Rates are expected to remain steady — but organizations need to stay focused on risk management to avoid losses from business interruption



Risk & Insurance | Employee Benefits | Retirement & Private Wealth



Business insurance rates are likely to remain stable through the remainder of 2024, with the notable exception of organizations located in catastrophe-prone areas. Canadian rates have moderated across many lines of coverage; increases, and in some cases decreases, are far more manageable than the hikes seen in the last few years.

With rates remaining relatively stable across most lines, businesses should turn their attention to managing uncertainty and the impact of business disruption. Recent events — ranging from the global CrowdStrike IT outage to the Jasper wildfire — will not only have far-reaching consequences on insurance rates, but also on how organizations prepare for a halt to their operations.

Organizations who have taken the time to develop a strong business interruption plan and who conduct a thorough simulation exercise to identify gaps or areas to improve will fare much better, not only from a preparation standpoint but also in securing the most favorable rates. These in-depth simulations can be conducted with your broker who can help strengthen your plans and provide guidance on ways to actually be prepared versus just thinking you're prepared.



Disruptive Weather Fuels Business Disruption

As noted in [HUB's Mid-Year 2024 Rate Report](#), the impact of severe weather and natural disasters is the biggest concern for insureds. Wildfires and coastal flooding in Western Canada will continue to drive premiums northward.

[Captive solutions and parametric coverage](#) are viable options to obtain coverage in these catastrophe-prone regions. Creativity, flexibility and thoughtful planning will help those who are in danger of wildfires, coastal flooding, earthquakes and convective storms.

The Growing Risk of Business Interruption

A recent survey of 3,000 risk professionals listed business interruption as their second-greatest risk concern (behind cybercrime). It wasn't just weather and natural disasters that worry them: They also cite cyberattacks, man-made disasters, geopolitical instability, civil unrest and the impact of AI as major areas of concern.¹ No matter where it's located, there's a strong likelihood that one of these events will temporarily sideline your business.

A risk management plan and coverage to insure against losses are essential elements to minimizing the effects of business interruption. Given the increased frequency and severity of events that can disrupt business operations, it's critical to reassess the duration of your BI coverage, as a standard 12 months is proving to not be sufficient following major weather events.

While rates for the remainder of 2024 are likely to remain stable, businesses still must remain vigilant when managing their risk and should look for creative solutions for additional coverage as they begin planning for 2025 and beyond.

¹PropertyCasualty 360, "[Business interruption risks continue in 2024](#)," March 4, 2024.

Make a Plan

Maintaining a strong risk management strategy remains imperative for building organizational resilience, for enhancing profitability and maintaining the vitality of your workforce.

To reduce your total cost of risk, consider the following best practices as your next steps:



Educate yourself on the insurance marketplace.

HUB's proprietary Third Quarter 2024 Rate Report provides the latest information on rates and exposures for each insurance line and a wide range of industries. This information will help you and your broker prioritize risk and mitigation measures.



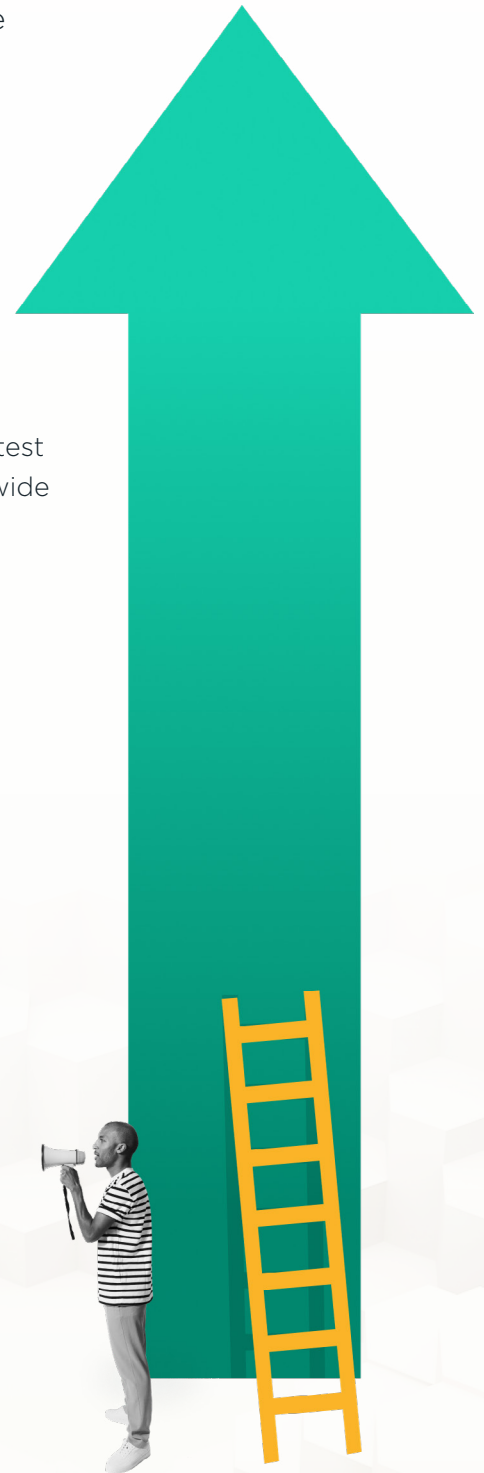
Research your insurers.

Know who is providing you with coverage. Do they have expertise in your sector? How do they manage and respond to claims? Seek out top-rated carriers for coverage, not just the least expensive — your broker can point you to the best for your particular needs.



Review your risk management plan.

There is no time like the present to review your risk management program, with a particular focus on business continuity and disaster recovery plans. Take this time to look at enterprise-wide risk and how your insurance program is protecting you against exposure, including CAT risks. HUB's risk and insurance experts can provide the guidance you need to protect your business against today's risks and be ready for tomorrow.



Canada Rate Outlook

HUB International's rate guidance comprises an analysis of proprietary national survey data and interviews with HUB commercial insurance brokers and risk services consultants who specialize in all industries throughout North America.

We are seeing rate increases for most Property & Casualty coverages, as carriers need additional premium to support increased losses and expenses. Below are average rate increases as of Q3 2024. It is important to discuss your unique business' exposure with your insurance broker and understand what to expect well in advance of your next renewal.

Coverage	Canada Rate Guidance	Insights
Commercial Automobile: One to five vehicles	Flat to ↑ +5%	Inflation and vehicle thefts continue to push rates upward. Rate increases are being filed in most provinces due to an increase in frequency of claims and increased repair costs.
Commercial Automobile: Six or more vehicles	Flat to ↑ +5%	Inflation and theft continue to put pressure on rates. An increase in frequency of claims and increased repair costs have driven rate increases.
Liability	↓ -5% to Flat	Better performance in general liability has helped insurers offset losses in property insurance. Terms and pricing are more flexible as underwriters seek to diversify their business.
Excess Liability	Flat	Excessive liability insurance rates remain stable, with variability depending on exposure and attachment points. Excess layers with U.S. exposure may see rates increase.
Commercial Property	↓ -10% to Flat	Most segments in commercial property are seeing rate reductions, but property in catastrophe-prone zones is still experiencing rate increases. Rebuilding costs have steadied, but undervalued properties remain a concern, as these properties may not be insured to cover full rebuilding or replacement costs.

Canada Rate Outlook

Coverage	Canada Rate Guidance	Insights
Residential/ Habitational Property	↓ -10% to ↑ +5%	Personal insurance and single-family residential properties continue to experience slight rate increases due to continued weather-related catastrophes impacting results. In the multi-family residential space, increased availability of capacity and market correction from prior year over year increases, are now getting rate relief with decreases across most areas.
Catastrophic Perils	Flat to ↑ +5%	Given the increased frequency and severity of weather events, rate increases are expected in catastrophe-prone areas. Climate change continues to push rates higher.
Environmental	↓ -10% to Flat	The environmental insurance market remains favourable as insurers clamour to write new business. However, terms are tightening; insureds need to carefully review exclusions and restrictions at renewal.
Directors & Officers: Private	↓ -10% to Flat	D&O coverage for private companies remains soft with ample capacity as carriers compete to keep business. Rates will be flat at renewal or dropping when there's competition for the business.
Directors & Officers: Public	↓ -10% to Flat	Public companies continue to see rate cuts or no increases at all due to increased competition. There is plenty of capacity, and underwriters are pricing with favourable terms and conditions.
Cyber Liability	↓ -10% to Flat	Rates continue to reflect improvement in the cyber market. Carriers will lean toward flat rates at renewal unless competition for business drives rates downward.
Inland Marine	↓ -5% to Flat	Despite trending downward overall, rates are rising in some geographies, largely due to the increased frequency and severity of weather events in catastrophe-prone locations, as well as an increase in theft.
Small- to Medium-Sized Enterprises (SMEs)	↑ +3% to +5%	Economic headwinds and direct underwriters are resulting in flat or moderate rate increases.

Industry Perspective

Business	Canada Rate Guidance	Insights
Agribusiness	Flat to 5%	Agribusiness market rates remain flat, with minor increases on specific coverages. Limited capacity continues on larger agribusiness exposures.
Cannabis	↓ -5% to -10%	Rates are coming down for the retail segment in cannabis. Micro growers and processors are buying the bare minimum coverage, as they operate with thin margins and in a difficult regulatory environment. Certain niches will see greater rate declines than others, and decreases may be dependent upon improved risk management practices, industry consolidation and competition among insurers.
Construction	Flat to ↓ -5%	Capacity and appetite continue to expand, resulting in flat rates and minor rate decreases for insureds with strong risk management and claims experience.
Education	Flat to ↓ -5%	Property rates in education have stabilized, though inflationary pressures are still affecting premiums. Social inflation continues to be a challenge, particularly for abuse and molestation coverage.
Entertainment	↓ -5% to Flat	Insureds are seeing small increases or none at all. Rates for Abuse Coverage are rising 15% or more and available capacity is more limited with most insurers who provide this coverage. Auto insurance in entertainment is up 5% to 8%.
Financial Institutions	↓ -5% to ↑ +5%	Rates and coverage for representations and warranties (R&W) and tax liability policies remain at historical lows, with plenty of competition. The contingent liability and judgment preservation insurance market has tightened due to a handful of large losses ripping through the market.
Healthcare	↓ -5% to Flat	Continued interest from UK insurers in Canadian healthcare has increased availability. This has created greater competition as new syndicates and new local Managing General Agents (MGAs) enter the sector.

Industry Perspective

Business	Canada Rate Guidance	Insights
Marine	Flat to ↓ -5%	Inflation and increased natural disaster claims have resulted in moderate rate increases. Underwriters emphasize vessel maintenance and operational history, so maintaining complete and thorough records is essential to keep rate increases low.
Nonprofit	Flat to ↑ +5%	D&O and cyber rates for nonprofit organizations have stabilized, but rates for abuse claims have increased as much as 20%. Underwriters continue to focus on nonprofits' insurance-to-value on properties.
Real Estate	↓ -15% to -5%	Significant growth and increased capacity are driving rate decreases. International insurers see Canada as a profitable territory to diversify their business from catastrophic events in the U.S. However, flooding and wildfires in Canada means CAT-exposed and poorly performing properties will continue to face capacity challenges.
Sports	Flat to ↑ +5%	The availability of property insurance will remain difficult for facilities with total insurable values in excess of \$20 million. Limits for abuse liability coverage have been restrictive, and underwriters are increasing their review of protocols and procedures for this coverage.
Transportation	Flat to ↑ +5%	The market is much softer in Eastern Canada. Western Canada clients may see small rate increases, but clients in Ontario, Quebec, and Maritimes are facing a very competitive market.

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 in calculating insurance premiums.



About HUB

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in the world

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employees

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