

REAL ESTATE DIVISION

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**Strata
PROTECT**

MARKET INSIGHTS

December 2018

Property Insurance Premiums on the Rise

Claims on Rise Globally

Weather-related catastrophic events continue to become more frequent and severe. In 2017, hurricanes, earthquake and wildfires cost insurers in excess of USD 200 billion. In 2018, Hurricane Florence is nearing USD 27 billion and insured losses for the California wildfires are estimated to be at about USD 13 billion.

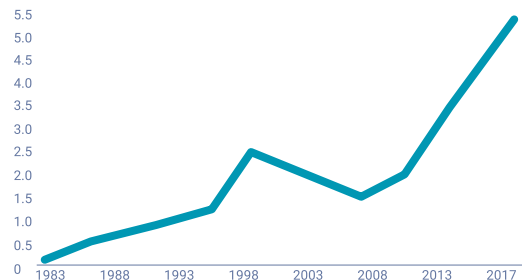


We are a Globally Connected Economy

The insurance companies involved in the Canadian Strata and Condominium market are for the most part global insurers and/or exposed to global re-insurance rates. Therefore, large insurable events globally will affect things closer to home, and cause the insurance rates to go up.

Canadian Claims

Catastrophic Losses in Canada 1983 to 2017 and trend in \$Billion



Source: 1983 to 2017 - IBC, PCS Canada, Swiss Re and Deloitte

\$500M
damage

The 2018 Eastern Canadian wind storms estimated to cause **CAD 500M** of damage

50%

50% of Canadian catastrophes occurred in Alberta



Claims experienced in the first **half of 2018** were higher than all of 2017

Impact on Strata and Condo Corporations

In addition to increased catastrophe costs, claims in the Strata and Condo industry are becoming more expensive.

EXAMPLES OF LARGE INDUSTRY INSURED LOSSES IN 2018 (STRATA/CONDO)

Region/Claim Type	Amount
British Columbia/Fire	\$29,360,000
Alberta/Fire	\$23,508,000
British Columbia/Vandalism	\$1,777,000
Alberta/Water	\$1,550,000

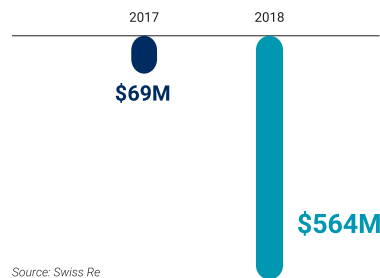
Other factors impacting Stratas and Condos

- Replacement cost valuations are increasing on average by 7-10%
- 30% of Stratas/Condos make a claim
- Repair bills have increased on average by 10%

Canadian Insurers

Most Canadian insurers have lost money due to claims in 2018.

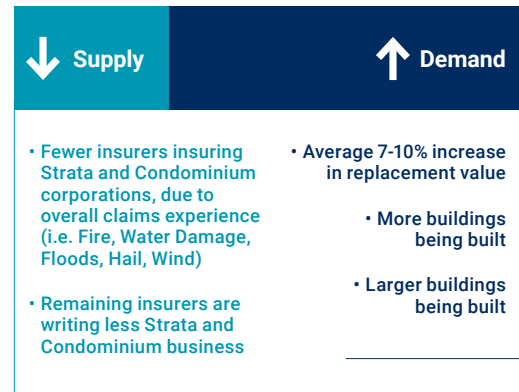
Underwriting Losses



Source: Swiss Re

Less Supply, High Demands

Fewer insurance companies in Canada are agreeing to insure property for Strata and Condominium Corporations. The remaining insurers are restricting their capacity for the Strata and Condominium class. This is creating less insurance supply and high demand, which will also lead to increased premiums.



What that means to Strata and Condo Corporations

- Increased premiums
- Higher values
- Higher deductibles
- Fewer number of insurers
- Decreasing insurers interest

- ✓ All this is pointing to increased rates in 2019
- ✓ Insurance rates need to increase to improve performance and attract insurers

Contact our Claims Department
1-866-669-9602 | After Hours Emergency: 1-866-938-5691
realestateclaims@bflcanada.ca

For more information on our people and our services: bflrealstate.ca

WORRY NO MORE, BFL CANADA'S GOT YOUR BACK.



We do all the Shopping and Negotiating for You with **40+ Insurance Companies.**

We are insurance brokers; we do not work for an insurance company. We go the extra mile to get the best result from the market.

- We work for YOU!
- We gather your property's information.
- We shop for your insurance.
- We invite over 40 companies to provide a quote.
- We negotiate on your behalf to get the best protection, rate and deductibles.
- **Once satisfied we provide you with the best quote on the market.**
- But that's not all. We are always there to answer questions and to attend condo council meetings. And when you need us most... *in a claim!*
- But that's not all: we are always there.

Good People

90 Skilled Condo Insurance Experts

Our national team consists of over 90 skilled condo insurance professionals.

Great Coverage

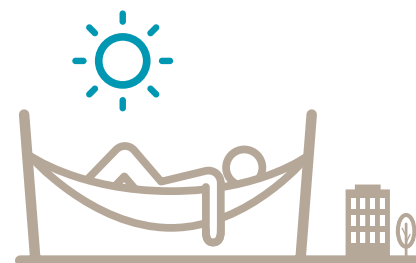
No. 1 Strata/Condo Program

No. 1 most popular coverage in Canada for a reason. More Strata and Condos buy from BFL than any other broker.

Peace of Mind

24/7 Claims Concierge Services

We offer you 24/7 access to our in-house claims concierge team who provide expert guidance to help you navigate through the complexities of condo legislation.



since 1987

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