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Message from the Editor

Does anyone besides me think it’s ironic that the “Prairie Power” convention is being held in the Rocky Mountains? Ok, I’m writing this a few hours before I board a plane for my vacation after a couple weeks of burning the midnight oil, so I’m a little punchy. The “this is God’s country” Jasper scenery is only one reason why the IBAA convention has so much to offer; for the other nine, turn to IBAA CEO George Hodgson’s top ten list on page 24.

Of course, there’s no suspense on the reveal of George’s number one reason; everyone’s talking about it: Arlene Dickinson, she of business and Dragon’s Den fame, is headlining the IBAA convention. I had the good fortune of interviewing her for an article to what your appetite for what is sure to be an inspiring and insightful presentation (page 6). Confession time: I was more than a little intimidated and in awe of Arlene in anticipation of our talk. Post interview? Not as intimidated, as she speaks in a very “real” manner, but just as in awe.

Like the IBAA convention, this magazine strives to deliver content to appeal to a variety of reader interests. For example:

• Want ideas on how to attract and service construction industry clients? Read Karen Rutherford’s “Building Business” (page 14).

• Proving the old adage that “It ain’t over until …” our “Legal-Ease” article examines the result of an appealed court decision first reported in August 2012 on the case of the absentee homeowner vs. Wawanesa (page 18).

• Did you know that brokers can increase their E&O risk exposure by not offering equipment breakdown coverage (boiler & machinery) to more of their commercial clients? Find out why in “Commercial Break” (page 20).

And, still on the fence about whether to register for the IBAA convention? PYIB member Scott Romans’s personal account of his inaugural convention experience last year delivers an excellent broker-centric answer to the question, “What’s really in it for me?” (page 12).

As always, I welcome your comments on the magazine and suggestions for future articles. Drop me a line: albertabroker@linkpr.ca.

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Wow! 2013 can definitely be described as the year of extreme weather, and 2014 seems to be starting off the same way—floods, hail, wind, ice storms and extreme cold. Fortunately, we Canadians are a hearty bunch.

As I was watching one of the national news programs’ year-end wrap up, I was encouraged to hear the newscaster talk about how the “ever-resilient” Albertans recovered from the summer floods. We always envision ourselves this way, but it’s always nice to see that our fellow Canadians view us in the same light.

Our industry is based on resiliency. We help ensure our clients, industries and marketplace are able to come back from tragedy, rebuilding lives, businesses and the economy.

As brokers, we are also resilient, strengthened by the backbone of entrepreneurial spirit—and it’s a good thing we are as 2014 will hold some challenges for us. We know property insurance is changing, and that means we have to prepare our businesses for it. IBAA continues to work with insurers for moderation in approaches, but brokers do have to prepare.

Some of the items brokers will need to think about:
• Informing clients of changing limits
• Documenting changing limits and discussions with clients
• E & O exposures:
  – At what point does a client with changing limits need to be moved?
  – With companies potentially changing limits at different times, what are “duty of care” and responsibility in remarketing clients or books of business?
• What are the additional costs for the extra work involved?
• How will these costs be recouped?
• What impact will this have on client retention?
• How will profit share programs be impacted?

These are just a few questions we need to be reviewing and answering. Each brokerage needs a plan—the potential impact to our businesses could be devastating without a strong approach to risk management.

The upside to all of this? The broker value proposition is stronger than ever. Clients need our professional advice to protect themselves and their assets, and they need us to advocate to insurance companies and regulators to ensure they are treated fairly and equitably.

IBAA advocacy efforts on property insurance continue with insurers and other stakeholders.

In discussions with insurers, we continue to focus on multi-faceted solutions that would see shared responsibility for changes amongst insurers, clients, claims operations and claims providers. The end result cannot simply be increase premiums, reduced coverage and higher deductibles. Your individual efforts and messages back to company representatives are effective—keep up the great work!

The other area on which IBAA is working diligently is telematics and auto insurance. IBAA has presented the type of solution we believe will best serve Alberta
consumers to the superintendent’s office. The model presented is based on the Insurance Brokers Association of Ontario (IBAO) solution. This model offers a broker-provided solution that ensures the privacy of the data for the individual client. The data would be portable and owned by the client (similar to the information contained in an MVR or Autoplus).

The presentation was well received and was for information purposes only, as only insurance companies can seek approval on insurance rating models. With this area developing so rapidly, our next steps include due diligence on the programs currently available as well as research on telematics as a whole. It’s an important initiative that we need to focus on to ensure the broker remains integral to the sharing, distribution and protection of client data.

That’s it for now … back to answering those property questions above for my own office.
Dragon Power

Arlene Dickinson—Keynote at IBAA’s “Prairie Power” Convention

By Annette Hubick
Her rags-to-riches story is the stuff of business legend.

Arlene Dickinson—broke, unemployed, single mom with no post-secondary education—parlayed her keen people and observational skills, relentless drive and an entrepreneurial spirit inherited from her father into a business empire.

Dickinson married at age 19 and is the mother of four children (and grandmother of five), who were the driving force behind her fierce determination to succeed. When she became divorced at age 31, a judge would not award her full custody of her children because she was unemployed and could not provide for them financially. The desire to have her children with her full time and never risk losing them again motivated her to work tirelessly to achieve financial independence.

Her path to success began when she landed a job selling advertising for a Calgary-based TV station. One of her colleagues left the company to join Venture Communications and in 1998, he and his partner invited Arlene to join the fledgling marketing consulting firm. Approximately ten years in, she became the sole owner CEO of what is now recognized as one of Canada’s top independent marketing agencies, with offices in Calgary and Toronto.

Although long recognized in business circles, it was Dickinson’s role on CBC’s top-rated television program Dragon’s Den that catapulted her into the national public spotlight and made her a household name. To many viewers, she is known as “the soft dragon” (perhaps because she is seated next to the tough, abrupt dragon, Kevin O’Leary?) but make no mistake, she is a shrewd business person and investor, known for her keen ability to recognize emerging trends.

In 2012, she founded Arlene Dickinson Enterprises, a company dedicated to promoting the advancement of entrepreneurs. It does that through funding investments in entrepreneurial businesses and by creating entertaining and educational media aimed at entrepreneurs. The manifestation of the latter is the recently launched website, YouInc.com, self-described as an online community for entrepreneurs to connect, share their stories and find resources and support.

Dickinson is a successful, much-sought-after public speaker and will be delivering the keynote address at the 2014 IBAA Convention in Jasper on May 5. She is the author of two books: Persuasion, a best seller published in 2011 (also the name of a line of her products including wine) and All In, which was released on December 9, 2013—the day we engaged in our telephone interview.

“I understand that your Calgary office was hit by the floods in June and that you’ve just re-located and re-opened your office. What was the experience like for you and your staff?”

Horrible. We’re still dealing with it. The broker and the company have been fantastic but the experience was awful and overwhelming. I also felt a lot of gratitude that I had an insurance broker who crafted a policy that worked well for our business. It’s complex—my policy is as thick as a binder. I’m grateful we had flood insurance but the hard part came with the process of proving the loss, especially when we had lost so many records. Both the broker and the company representatives have worked with us to help us through this experience.

Your keynote topic at the IBAA convention will be “Leadership and Strategic Marketing.” The topic outline states: “… why marketing must be a top concern of leadership, and why creativity and accountability must go hand in hand.” How do you define accountability?

It’s about more than just financial accountability. In fact, it often doesn’t work well to measure marketing against solely financial metrics like ROI. Instead, marketing should be evaluated against what I like to call VOI—value on investment. It’s about being accountable to what the business cares about whether that’s brand awareness, customer retention, etc. It all starts with having a plan in place.

How do you ensure that creativity and accountability go hand in hand when marketing your own businesses?

Creativity and accountability are the very DNA of our business; they are at the root of Venture’s philosophy of “marketing driven by business minds.”

continued on page 8

KEYNOTE ADDRESS

Arlene Dickinson will be the keynote speaker at the 2014 IBAA convention in Jasper. Her topic is titled: Leadership and Strategic Marketing.

“Like laying bricks to build a house, each dollar you spend on marketing should measurably build your business.” Marketing plays a fundamental role in all businesses—yet it is seldom held accountable the way other departments are. A superstar marketer driven by corporate objectives, Arlene Dickinson shows us why marketing must be a top concern of leadership, and why creativity and accountability must go hand in hand. Otherwise, why bother with marketing at all? Dickinson, as she does weekly on Dragons’ Den, will help decision-makers grasp the essential strategic function of marketing in an insightful, accessible and frank talk, anchored squarely to the bottom line.

—David Lavin Agency
Have you ever had clients in the insurance industry? If yes, what did you learn about the industry, and marketing’s role in it?

Yes. I learned that it’s very operations and sales driven, more so than marketing driven. But with online platforms, regulatory changes requiring plain language usage, commoditization, etc., with all these changes, marketing will be more important than ever.

A marketing challenge for insurance brokers is that they are selling the intangible role of the advisor (to a public that generally views insurance as a commodity) on a typically small business budget. What are some tips you could share?

You need to define what it is that you offer before you can differentiate yourself from others. The fact that many insurance brokerages don’t invest in marketing] is an opportunity for those who do.

The large majority of brokerage owners are insurance brokers, not marketers, by profession—how do they address that challenge?

All business owners are in fact marketers as owning a business is inherently about taking a product or service to the marketplace. For small business owners, it’s especially important that they own the brand themselves. They have to be the voice of the brand and not delegate the definition of their brand to someone else. They have to ensure their staff is making decisions that are true to the brand. Now, they may not be marketing experts, and that’s okay. There are people whom they can hire, or they can work through the process with their team. What’s important is to have a plan.

How much should a brokerage expect to spend on marketing?

This is hard to answer without knowing a particular brokerage’s goals and operations but, like most businesses, if you’re not spending 5–10% of revenue on marketing, you could be in trouble.

The best business comes from referrals; any referral marketing tips to share?

Leverage social media platforms. People look there to get recommendations on where to do business. Used well, it can be a very effective tool especially for businesses on a budget. They should also consider how they reward existing clients. New clients are often offered deals and perks that existing clients aren’t.

In today’s labour market, how do you attract people to your organization?

By building your brand and ensuring it’s not just being said properly but being lived properly. It’s about being the kind of place that people would want to work in. It’s as much of a pull as a push strategy.

What’s the biggest marketing mistake that business owners make?

Not having a plan. Not taking the time to think about strategy—for big thinking. What I often see is a lot of tactical activity without the context of strategy—what I call “random acts of hope.”

How did your role on Dragon’s Den come about?

POWER PLAYER

Arlene was chosen as a keynote because she is innovative, entrepreneurial, extremely successful and from Alberta. She embodies our theme of Prairie Power—Blazing New Trails and should be able to offer some excellent insight into leadership and marketing that will provide some takeaway lessons for our members to utilize in their own businesses.

—Rikki McBride, IBAA director of operations

They called me out of the blue to audition. My response was “Are you kidding?” But I did it, and they asked me to be on the show.

What do you like best about doing the Dragon’s Den show?

Seeing the very best parts of what Canada has to offer and what it’s all about. I get to deal with entrepreneurs across Canada who are a reflection of this great country.

There’s Venture, Dragon’s Den, books, investments and speaking engagements … what’s next for Arlene Dickinson?

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The response has been great and we’re really excited about it.

How do you find the balance between your family and work?
I think “balance” is not a good term because it implies 50-50, which isn’t reality and it’s different for everybody. I believe that entrepreneurship is a lifestyle choice, where the personal and professional become intertwined. You can’t separate the two, so the secret is finding fulfilment in whatever moment you’re in. I don’t wake up in the morning and feel guilty if the first thought in my head is about work, and the same goes if I’m doing something with my family instead of working. I’ve been blessed with a lot of energy and the ability to compartmentalize.

What’s tops on your bucket list?
Launching You Inc. was on my bucket list. But really, I don’t feel like there’s something out there that I need to do because I get up every day, looking forward to what’s in store, no matter what that is. Continuing to enjoy life and be healthy is what’s most important to me.

Arlene Dickinson
Honour Roll

Some of Arlene Dickinson’s accomplishments include:

- Ad Rodeo’s Lifetime Achievement Award
- Canada’s Most Powerful Women Top 100 Hall of Fame
- Global Television Woman of Vision
- Honorary Captain of the Royal Canadian Navy
- McGill University’s Management Achievement Award
- National spokesperson for Breakfast Clubs of Canada
- Pinnacle Award for Entrepreneurial Excellence
- PROFIT and Chatelaine Magazine’s TOP 100 Business Owners

- Recipient of honorary degrees from Mount Saint Vincent University, Saint Mary’s University and the Northern Alberta Institute of Technology
- Recipient of the Queen Elizabeth II Diamond Jubilee Medal
- Seat on the Leadership Council of the Perimeter Institute for Theoretical Physics
- Venture has been recognized by the National Post as one of Canada’s 50 Best Managed Companies three times.

NORTHERN EXPOSURE

Hopefully everyone has had some time to work off the Christmas turkey and is still on track to fulfill those New Year’s resolutions. It is pretty amazing how time flies as most people are already starting to look ahead to the IBAA convention and the planning is well underway. This year’s event has Arlene Dickinson as a guest speaker, and from personal experience I can tell you that she truly is an amazing speaker. Please make sure to register yourself for the convention that will be held this year in Jasper (May 4–7).

What’s new?

The Blue Goose charity lunch was held on Monday, December 9. As always, this event was another sell out and a huge success. The event was held at the Royal Glenora, and the patrons were lucky enough to be serenaded by the Nikamosisak Choir from Prince Charles School. The charity of choice was the E4C Edmonton school lunch program.

The Blue Goose also hosted its annual poker tournament on November 6. Thirty-four competitors battled to see who was going to win the big bucks and be crowned the champion of the Blue Goose. Congratulations to Andrew Happer of Sintra Engineering for winning this year’s poker tournament.

The annual Face Off Against Hunger luncheon in support of the Christmas Bureau took place on December 13, at the Shaw Conference Centre. This event always seems to have a huge contingent of insurance industry companies. A big thank you to Peace Hills and Intact Insurance for being two major sponsors of this event. Thanks also to Doug Morrow (Excel Insurance) who plays a major role in ensuring this event is a huge success.

Who? What? Where? When?

• A huge congratulations must go to Diane Brickner on being named the Alberta Venture Business Person of the Year. For those who don’t know Diane (which would be amazing, as I think Diane knows everyone), she is currently the president and CEO of Peace Hills Insurance. Now, as I’m sure you are thinking that I am sucking up to my boss in hopes of getting a big raise or promotion, I think everyone would agree with me that Diane is one of the most inspirational and well-respected people—not only in the insurance industry but in the province. Most of you know the story of little Peace Hills Insurance—how it started back in 1982 with not one policy in hand and Diane was able to build this Alberta-based company into a $200 million organization that employs 200 people. While her successes with Peace Hills numerous, you would need to write a book to list her generosities to various charities and nonprofit organizations. She serves as a director on several high-profile boards—NAIT and the Edmonton Eskimos to name just two. If you have a moment, I highly recommend reading the December 1, 2013, article at www.albertaventure.com.
• Pratt Lambert sold its office to Johnsons.
• Everyone’s favourite Michael Jackson dancer, Roger Marcello left Economical Insurance and headed back to RSA.
• Veronica Hipkiss left Boulevard Insurance and joined Peace Hills Insurance in the ROC Branch.
• Asik Ali joined Lundgren & Young in its Edmonton office.
• Clarke Insurance opened up offices in Swan Hills, Eaglesham and Manning.
• Matt Bergin moved from the Edmonton to the Whitehorse office of HUB International.
• Cathy Mundt left Roberts McClure Insurance to try her hand at something outside the industry.
• Amanda Pratt joined Peace Hills Insurance as a commercial underwriter.
• Bill Doig left Economical Insurance.
• Ryan Fowler joined Access Insurance.

Retirement

Enjoying the good life are:
• Rosalie Cederstand, retired from HUB International (Hinton).
• Laureen Bida, retired from HUB
International (Drayton Valley).
• Brenda Lindsay, retired from Aviva Canada.

**On a Sad Note**

I'm sad to report the passing of Ross Stevenson. Ross was around the insurance industry for a long time and certainly left his stamp. We extend condolences to the Stevenson family during this difficult time.

In other sad news, Monika Vogel of Brokerlink also passed away. We wish the Vogel family all the best during this very difficult time.
Convention 101

After about ten years in the insurance industry, I finally had the opportunity to attend the IBAA convention in Banff last year. The occasion came with my new position on the IBAA board of directors (chair of the central local council), and I have to say that I didn’t know what I was missing.

It was a fantastic experience with much to be gained in just a few days. Where else can you earn CE credits, browse a trade show, see celebrity keynote speakers, attend the annual general meeting and network with other insurance professionals—all in one gathering? The string of venues for future conventions in Banff, Jasper and Lake Louise are quite impressive as well.

As far as the education sessions were concerned, I liked how the convention program offered a series of short lectures to cover a variety of topics, instead of much longer versions of less subjects and fewer speakers. It kept things interesting and dynamic. There were nice breaks in between sessions and the speakers were able to give us the “meat and potatoes” of current and impending issues within our industry.

Understanding today’s risks and exposures is great, but the best ways to insure them is not always clear. In this respect, I found the convention’s trade show to be particularly helpful. I had at least a few risks in mind while visiting the various specialty underwriters and even managed to place one or two of them. Some of the contractors had good “hands-on” demonstrations of their newest materials, tools and services, which gave me a better idea of how consumers are being indemnified following a loss. And, just touching base with a few regular markets and exchanging feedback is never a bad idea.

“I felt that the longevity of the event and the blend of activities were far more effective in developing rapport among colleagues compared to a series of chance encounters at different functions throughout the year.”

I was pleasantly surprised last year when I learned that the keynote speaker was Mike Holmes from Holmes on Homes, and now this year we have Arlene Dickinson from Dragon’s Den! While I was aware that the convention is a fairly large event within our industry, I was not expecting international celebrities to be making an appearance. With that appeal aside, I think it’s interesting how these speakers, who are the top professionals in their fields, might relate their knowledge and experience to the insurance industry. It gives a unique perspective that can only be gleaned at the convention.

Different speakers may have different viewpoints and I can appreciate that kind of diversity in giving us a broader view of the issues being discussed. Mike Holmes, for example, gave a great talk last year and, given his particular skill set, opined that the solution to our challenges in property insurance is simply to build better homes. I remember leaving the room thinking, “He’s right, why don’t we just beef up our building codes to mitigate future losses?” However, Jim Rivait (from the Canadian Home Builders Association) soon followed with a
presentation that raised some interesting counter-points on how such measures could adversely affect consumers and the economy. The solution is undoubtedly complex and probably lies somewhere in the middle, but the additional perspective may have saved some of us from walking away with an overly simplified view of the issue.

We, as brokers, each have a unique business aspect based on our experience, business models and ideals. I found the annual general meeting to be an effective forum for member brokers to voice their individual thoughts and opinions on the issues of the day, while others could simply observe and absorb the various discussions. With last year being my first AGM it was interesting to see how the meeting was formatted, meet some of the board members and learn how their initiatives are shaping certain elements of our business.

And, of course, we all enjoyed a fair bit of networking. The convention offered no shortage of social events for us to make connections, “talk shop” and get to know one another. I felt that the longevity of the event and the blend of activities were far more effective in developing rapport among colleagues compared to a series of chance encounters at different functions throughout the year.

I believe you can only get from the event what you put into it—by the end, I was somewhat exhausted. After all, three days of networking with other insurance professionals and industry partners, jam-packed with education sessions, trade booths, guest speakers, meetings, dinners and socials—all with our business of insurance at the forefront—the IBAA convention proved to be a truly immersive and productive experience.

If you’re not able to catch this year’s convention, or you want to reimmerse yourself in a new line-up of education sessions, speakers and socials, don’t hesitate to check out the IBAA Fall Conference—hosted by PYIB, which welcomes brokers and industry partners of all ages!
Attracting and Servicing Construction Clients

By Karen Rutherford

With the New Year underway, many of you will be looking at growing your book of business. To help your salespeople get the clients you want, consider spending a little time with them to ensure the right names are on their target list.

CONSTRUCTION CLIENTS ARE SOME OF MY FAVOURITES.

If you pick carefully, you can get clients that will grow with you and have a broad spectrum of needs. A client that needs all the basics, as well as wrap-up liability, course of construction coverage, bonding and/or default insurance will be a client that provides your salespeople with a great commission plus be an interesting client to work with who will connect you into the construction industry in a meaningful way.

Let’s consider the best way to find the construction clients in your community. JOIN the local construction association! Once there, volunteer to be on a committee. Help them with their issues; they are always looking for help with a wide variety of topics. If you have already been a member for a while, then try to become a member of the board of directors. Brokers who are known in construction associations have a certain amount of instant credibility that brokers on the outside just do not have. For the price of an associate membership, in a short period of time you can really help your salespeople become recognized—so sign up!

If you do not have a local construction association, then create a list of all your clients that are already in the construction business and use them to help establish your credibility with other clients. For example, approach your concrete contractor to find out the names of the other contractors he normally works with and for, pair that with a testimonial from your existing client and now your staff have a warm door opener.

Before you send your sales force to approach new clients, make sure they have an understanding of the client’s business. I work with contractors on a regular basis and I can say with a fair degree of certainty, that a cold call on a client where you do not understand his business is an absolute waste of time—both yours and theirs.

What types of things do you need to know? Start with the basics of the industry you are approaching. If you are going after a mechanical contractor, then you need to understand the pros and cons of a client who works in new construction verses a client who works in maintenance and repair. Your salespeople should know the business down side of a contractor who works in new construction. For those contractors, they may struggle with accounts receivable issues as they can easily be held up on a job site by other contractors who need to come before and after them, which can seriously impact progress payments. A knowledgeable salesperson will understand that and be in a position to offer support to the contractor. Offering credit insurance shows that you are well informed of the client’s risks. A key benefit of credit insurance is that it allows your construction client to leverage accounts receivable with his banker to keep his line of credit available when he needs it most. I recently spent some time with a contractor who did not have credit insurance, had extended credit to a client by doing $500,000 dollars’ worth of work, was having serious trouble collecting and was into 180 days of extended credit. This was impacting his line of credit and his annual bonding review was coming up.

You and I know that accounts receivables dated over 30 days are going to affect his bonding capacity. The last issue that the credit crunch will impact is the contractor’s bottom line and the $500,000 outstanding will influence the contractor’s ability to take some profit out of his business this year. All of these could have been avoided either the proper risk management or an actual credit insurance policy.

A broker talking to a contractor that understands the flow of business, offering a solution to a real pain point has a much better chance of getting a new client than a sales guy that offers the same old insurance program at a better price.

How can your sales force get a better understanding of the different types of construction businesses? Spending time

continued on page 16
Kim McKay is your insurance personnel expert.

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For more information regarding the 2014 convention, please contact Margaret Rubay at convention@ibaa.ca. Phone: 780.569.5121

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with existing clients is one way. If you can spend a few hours talking about their business, and not use any of that time to talk about insurance, you can learn a lot that you can use with other prospects. What topics would you want to cover? Here are a few that I would find helpful:

• What are the pros and cons of focusing on new construction?
• Who are key competitors and where do they come from?
• Are the workers skilled or unskilled and what is the turnover?
• Does the workforce stability or lack of stability impact the business?
• Where does the client’s equipment come from?
• Are there lots of alternate sources of suppliers?
• Does the client have equipment that must be custom built?
• Where does your client’s client get funding for the work?
• How does the banking community view the industry?
• What is the client’s point of view on occupational health and safety issues?

If I were a working broker today, I would try to have this type of conversation while driving my client to a job site or a meeting and not while he was busy at his office. With those points explored, I would be in a position to have a good conversation with other contractors in the same or similar sectors.

There are 12,000 associations in Canada. Virtually every sector of the construction industry has an association to represent its interests. Your salespeople can learn a lot by reviewing those websites, reading newsletters and following links.

Are construction clients loyal to their existing brokers? Sort of but not really. In my discussions with contractors, they all say similar things about changing brokers. If a new broker offers a better price, that is not very interesting to most successful contractors. They all despise the time it takes to make a change, and know that their staff will have to spend hours getting the information up to date, checking values, details of coverage, etc. A savings in premiums is often not enough to pay for the client’s time to make the change.

Brokers have to offer something that will take care of a pain problem the client is having and find a way to make the change using the minimum amount of your client’s staff time.

Now, sometimes you just get lucky and find a client who has recently had a bad claims experience or bad broker experience and is ready to make a change. Unfortunately, that is the slowest way to grow your book of business. Therefore, to capture the prospect’s attention, you need to find helpful value added services, risk management and coverage strategies.

Risk management strategies can come in many forms, but I encourage brokers to use what has been designed by your insurance companies. These address real issues and your clients will recognize the truth in your offer. Most of the programs can be branded to your brokerage and make you look smart in your prospect’s eyes. The programs cover a broad spectrum of businesses and I recommend you pick only one or two that speak directly to your prospect’s issues and not overwhelm them with everything that is available.

For contractors, I particularly like the credit risk management strategy. Every contractor has been stung at one time and, as a result, will listen to your offer. I also like the fleet management programs. Every single business owner I have ever interviewed admits to worrying about employees who are in the company’s vehicles. Having a program that reinforces good risk management for drivers is welcomed.

There are other risk management programs and you should evaluate them for each sector to see what you would like to offer.
A value added service that resonates with contractors is supporting them with all of the various online pre-qualification services such as ISNetworld or PICS, or Pre-Qual. Contractors have to meet a wide variety of their clients’ requirements and a good broker can make a few of these problems go away.

Another value added service you can provide is support for their mandatory safety programs. Contractors are obligated to hold regular tailgate safety meetings. A good broker can lead a number of these safety meetings, using the information from the risk management tools provided by insurance companies. This takes a little pressure off the contractor and makes you an asset.

So will contractors be loyal to their existing broker? Not if you sound different, solve problems and maintain a competitive price. If you only offer a better price, then I am sure they will keep their loyalty with the incumbent!

Contractors are a great class of business. With a little preparation, your brokerage can grow its business in this sector. Good luck!

KAREN RUTHERFORD
International Accelerated Learning
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Absence Homeowner vs. Wawanesa: Round Two

In an article published in the August 2012 issue of The Alberta Broker, we wrote about a case in which the trial judge had to consider whether a dwelling was “vacant” when the insureds had kept a supply of beer in the refrigerator but had not hung any pictures on the walls. The British Columbia Court of Appeal recently heard the appeal by the two young men who were the insureds in that case. This is the latest chapter.

The basic facts were that Tor Quinn (“Quinn”) was a young man living in Edmonton when his mother, living on Vancouver Island, was diagnosed with cancer. Quinn decided to buy a house in Vancouver to be closer to her. His friend, Peebles, agreed to invest in the property with him. Quinn and Peebles purchased a house in Surrey and obtained a homeowner’s policy from Wawanesa Mutual Insurance Company (“Wawanesa”). The Wawanesa policy was effective as of June 29, 2006, and was renewed for a second term from June 29, 2007, to June 29, 2008. On April 26, 2008, the house in Surrey was completely destroyed by an explosion and fire.

The Wawanesa policy was written on a “Homeowner’s Special Form” that guaranteed replacement cost coverage for the house and personal property therein. The Section 1 Conditions excluded various losses, including:

(2) Loss or damage occurring after your dwelling bas, to your knowledge been vacant for more than 30 consecutive days;

The term “Vacant” was defined in the Policy as follows:

“Vacant” refers to the circumstance where, regardless of the presence of furnishings: all occupants have moved out with no intention of returning and no new occupant has taken up residence …

In addition, Statutory Condition 4, prescribed by the Insurance Act, R.S.B.C. 1996, c. 226, provided:

Material change
Any change material to the risk and within the control and knowledge of the insured avoids the contract as to the part affected by the change, unless the change is promptly notified in writing to the insurer or its local agent …

Following the explosion, Wawanesa denied coverage on the twin bases that the property had been “vacant” and that Peebles and Quinn had failed to advise it of a change in the dwelling’s occupation and use, which was material to the risk insured.

Quinn and Peebles were busy young men with various vocational and personal pressures. Peebles lived elsewhere, but came by to check the house often. Quinn had moved into the house with his possessions in order to be closer to his ailing mother. However, Quinn had a girlfriend, Ms. Barlas, who had her own residence in the area. Since she resented Peebles dropping by the Surrey house unexpectedly, she and Quinn tended to spend their leisure time at her place. Sometime late in 2007, Quinn and Peebles decided to sell the property, although they were in no rush to do so. By the spring of 2008, Quinn had taken a job in the Northwest Territories, working three weeks out of every four, and was maintaining an “on-and-off” relationship with Ms. Barlas. When the two of them argued—which happened frequently—he returned to the Surrey house, where there were some minimal furnishings and what he referred to as “survival food,” being Mr. Noodle and beer. In fact, during the 30 days before
the explosion, Quinn had slept one night at the Surrey house in his sleeping bag following an argument with Ms. Barlas.

When the case came to trial, the judge observed that Quinn had left some possessions and some furnishings in the house; the house had been maintained and not left to deteriorate; the utilities were hooked up; and there was some food in the house, including beer in the fridge. Quinn had no other home, he owned no furnishings at his girlfriend’s house, and his personal possessions were in a hockey bag. Quinn intended to return to the Surrey house to sleep occasionally if and when he fought with his girlfriend, and to reside there if the house did not sell. The trial judge found that Quinn had not permanently removed himself from and abandoned the Surrey house as a place of residence more than 30 days before the loss. Therefore, Wawanesa could not rely on the vacancy exclusion.

However, the trial judge reached a different and admittedly harsh result with respect to the issue of a material change to the risk. With respect to this issue, Ricky Grass, one of Wawanesa’s underwriting managers, testified that if Wawanesa had been advised of the state of affairs existing in early February 2008, it would have continued the policy only to the next renewal date with changes to coverage, additional exclusions and a higher premium. The trial judge observed that the house in Surrey had been insured as a principal residence. When the policy was first obtained, and again at the time of renewal, Quinn was living in the house and slept there most of the time. However, by the time of the explosion the nature of his occupancy had changed dramatically. The fact that he was absent for long periods gave rise to risks which were reasonably regarded by Wawanesa as material. The trial judge held that the policy was therefore void with respect to the coverage at issue.

Peebles and Quinn argued on their appeal to the British Columbia Court of Appeal that the trial judge had erred in failing to apply the 1931 decision of the Supreme Court of Canada in the case of Laurentian Insurance Co. v. Davidion (“Laurentian”). In Laurentian, a farm house was destroyed by fire the night of March 20–21, 1930. The owner had moved most of his furniture out of the house on February 20 and thereafter tried to rent or sell the farm, but without success. The insurer took the position that the policy became void once the premises were vacant because the vacancy was material to the risk. However, the Supreme Court of Canada ruled that a condition of insurance protecting an insurer from liability when a building was vacant or unoccupied for more than 30 consecutive days meant that vacancy for a period of 30 days or less was a risk contemplated by the policy. Therefore, a second condition that required the insured to give notice of any change material to the insurer’s risk did not apply in respect of a vacancy during the 30-day period.

The British Columbia Court of Appeal agreed with Peebles and Quinn that the reasoning of the Supreme Court of Canada in Laurentian applied to their case. Wawanesa had impliedly accepted the risk of vacancy or non-occupancy for up to 30 days. Therefore, the failure to notify Wawanesa of the reduced occupancy was not fatal to their claim since the explosion occurred within the 30-day period.

In the result, the British Columbia Court of Appeal allowed the appeal and granted Peebles and Quinn judgment against Wawanesa.
Having a **BREAKDOWN**

**More Clients Need Boiler & Machinery Coverage Than You Think**

Back in the olden days when I was an underwriter, we provided coverage for “boilers and machinery.” Because the world has become more sophisticated and we rely upon technology to control most industrial machinery, the insurance industry now refers to “equipment breakdown” coverage.

I still recall, with a combination of amusement and terror, the thick Glaswegian brogues of underwriters and steam engineers who became highly enervated about pressure vessels, accidents and objects. They knew their stuff.

Some of you may want to ignore this topic entirely, thinking that you mainly sell personal lines and small commercial coverage, so why the heck would this be relevant?

Because it’s important. Because many brokers don’t sell it and suffer errors and omissions losses after their clients’ claims. Because equipment breakdown coverage is underutilized, and it’s part of a sound insurance program.

A few years ago, I personally came to the rescue of some brand new cheese merchants, whose cooling units conked out during their first week in business. Their broker had sold them property insurance, thinking about fires and thefts, but didn’t even think about a catastrophic cooler failure destroying their precious inventory.

**“Anything bigger than a domestic hot water tank may require coverage.”**

Some VERY large wheels of cheese were in my fridge for the weekend. I had to explain to my partner, a cheese neophyte, that blue mold on cheese is a good sign, not an indication that it’s gone bad.

The equipment breakdown policy covers “objects,” which broadly includes boilers and pressure vessels, refrigerating or cooling equipment, and mechanical or electrical machines or apparatus generating, transmitting or utilizing mechanical or electrical power.

Coverage is triggered by an “accident,” which means the sudden and accidental breakdown of an object or part thereof, while in use or connected and ready for use.

**Helpful Hints and Suggestions**

1. Anything bigger than a domestic hot water tank may require coverage. Have your clients describe, or better yet, SHOW YOU, their HVAC system (that’s heating, ventilation and air conditioning for those of you not up on your acronyms). I found it helpful to have an engineer from an insurer show me examples of each of the types of objects that are typically covered, so I had a visual concept of what we were talking about.

2. Most policy forms have three sections: direct damage, consequential damage and business interruption. Consequential damage is the commercial equivalent of food freezer coverage found on homeowner’s forms. Direct damage and business interruption operate exactly the same as property forms; they just insure different types of property and triggering events.

3. Small stores often need the coverage for refrigeration units on the premises. Any business that sells soft drinks has a cooler with a compressor that can accidentally fail. Farms may need the coverage for conveyor systems, process control equipment, or heating/cooling equipment in barns.
Like property forms, business interruption coverage is available on a gross earnings or profits basis, with options for extra expense and expediting expense.

The standard indemnity period is 12 months. The bigger the object, the longer it may take to replace. During my stint in the forest products industry, some of our objects were 10 stories high, with replacement times of 18 months. Discuss replacement times with clients.

Heating systems are evolving. Discuss green alternatives like wind power, geothermal heat and borrowed steam with the underwriter to understand how the coverage applies. Blades shearing off from a wayward new-age windmill won’t be covered by a commercial property policy.

The equipment breakdown policy excludes fire, smoke and combustion explosions external to the object, since these are property perils. In fact, all of the named perils found in a commercial property policy are excluded to minimize the likelihood of coverage duplications.

Property and equipment breakdown coverages may be best placed with the same insurer however, if they’re not, the insurance industry has a “Joint Loss Agreement,” specifying the rules of the game for losses covered under both property and equipment breakdown policies. Be aware that the rules apply to coverage AND deductibles, so it may not be the lowest deductible that applies after a loss.

Most wordings give insurers the right to suspend or cancel coverage on certain objects if a dangerous condition exists. Accordingly, many insurers insist on annual inspections, meaning preventative maintenance and risk control programs are essential for clients.

The premiums for most risks are quite affordable and significant capacity is available in Canada. This policy is not generally a budget buster.

If you haven’t interacted with an equipment breakdown insurance underwriter before, don’t be frightened. Most folks who specialize are highly knowledgeable and can answer any questions that you or your client may have. Most property underwriters can provide a quote themselves or can refer you quickly to someone who can.

Feel free to have a breakdown now.

KAREN MacWILLIAM is an insurance and risk management consultant karen_macwilliam@telus.net

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Tough Year for Fundraisers

It has been a tough year for fundraisers in Alberta. The floods that hit our southern Alberta communities were unprecedented. The sheer immediate need drew a great deal of the available fundraising dollars away from groups like WICC as everyone pitched in to help Alberta recover. The insurance community was impacted in ways that were unimaginable as it faced the overwhelming onslaught of property insurance claims. We are pleased to say that, despite the odds, we were still able to uphold our commitment to provide another $100,000 in support to the Canadian Cancer Society in 2013.

Thanks to you, our supporters, we continue to fight cancer by funding select Alberta research projects. As we do every year, we came together on January 23, 2014, to celebrate some of the groups who have chosen to send their fundraising dollars to WICC. At yet another elegant and engaging luncheon, the WICC Alberta executive was pleased to celebrate this year’s Gold Flame Award Winners: Intact Edmonton, Intact Calgary, The Sinclair Golf Tournament Committee, the Insurance Brokers Association of Alberta, Johnson Insurance and Marsh Canada.

The David C. Smith Volunteer of the Year Award was awarded to Fran Schmuck of FKS Adjusters for 2013. As a former board member, Fran comes out to all kinds of events to offer her time and effort—selling raffle tickets, greeting supporters at the door and just about anything you ask her to do. Without our volunteers, WICC Alberta simply wouldn’t exist, so we like to show our gratitude.

We can’t recognize everyone every year and we sure appreciate the support of other organizations such as Silvercrest that continues to dedicate the funds from its annual golf tournament year after year. Pictured above are Diane Jones, VP marketing and sales, and Anna Vailancourt, president of Silvercrest.

Whether it is a dress down day like they do at CJ Campbell, or a raffle in the office, every little bit counts.

Things are getting off the ground for WICC to formalize a presence in Northern Alberta with Roger Lestus of Crystal Glass Canada and Julie Lewis of Intact. If you would like to volunteer, please contact Susie.nagy@rsagroup.ca and she will put you in touch with a WICC representative in your region.

In other news, Sherre Newell of Aviva is a new WICC board member and, along with her boundless enthusiasm, she has brought with her Agents of Change, an organization that uses real estate referral fees to generate charitable monies. Watch for more information on this exciting new way to direct your support to WICC in Alberta!

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As you read this column, the Christmas tree has long been put away or thrown out, the house returned to normal, children back to school and the stores all decorated for Valentine’s Day. Below is this year’s entry for my top ten reasons why the IBAA convention is a “can’t miss” event (May 4–7, 2014 in Jasper). Once again, I have to give credit to David Letterman for the concept. In any case, here goes:

10. Rake in up to eight continuing education credits—that’s only two short for what you need for the shortened 2014 year! On Tuesday, May 6, there are morning seminars covering many hot topics.

9. Network with fellow brokers. Great ideas and loads of fun come from your peers!

8. Network with insurance company professionals and industry vendors. Visit with the people you deal with on a regular basis! This is your best opportunity to see industry leaders up close and personal.

7. Golf. On May 4, if there is no blizzard, we are hosting the association’s premier golf tournament with some of the best golfers. OK, maybe that’s stretching it a little, but your resident non-golfer will be on a golf hole again trying to understand how people can find this sport interesting?

6. Enjoy breathtaking Jasper! Jasper has everything—golfing, hiking, trail riding, whitewater rafting, enjoying the facilities of the Jasper Park Lodge and simply some of the most gorgeous mountain scenery in the world. Need I say more?

5. Meet the IBAA staff. IBAA has new faces, old faces (well OK—only the CEO, yours truly, fits this category!) and familiar faces. This is your opportunity to match a face to the voice and the name. Want to talk about E&O, PD, member benefits, government relations, or simply share a joke? We can’t wait!

4. The President’s Gala. It’s “Welcome” to Gord and “Thank You” to Gord! Confusing enough for you? OK, let me explain. Welcome our new president, Gord Cowan, and a big thank you to our past president, Gord Enders. Gord Enders’ year as president has been one of the most event-filled years in recent time and his strong leadership not only got us through it but also saw us take on a number of new initiatives. The president’s gala features a fine dining experience in Fairmont style along with some exciting entertainment. This is the insurance broker social event of the year—don’t miss it!
The title alone, “Prairie Power: Blazing New Trails,” should be enough to excite anyone. Hint: The title and the theme of our new president may require you to dust off your cowboy hat!

Elect, meet, greet and get to know and elect your new executive. Whether they are fresh faces or returning folks, the AGM is the best opportunity to meet these industry leaders.

(cue drum roll and loud music): Arlene Dickinson. The IBAA convention always features a dynamic and topical keynote speaker. One might think last convention’s keynote speaker would be hard to match; but it looks like we have just found one. Arlene Dickinson, entrepreneur and Dragon’s Den co-star, is the recipient of many prestigious awards including Calgary Business Owner of the Year and Canada’s Most Powerful Women Top 100. This truly is a MUST SEE event.

These are my top ten reasons; yours may be different. But I can guarantee that it will be a busy and fun-filled few days. In the end, you will bring a lot of knowledge back to your business and you will learn more about what IBAA does for you and for the insurance consumer in Alberta.

See you in Jasper in May!

GEORGE HODGSON
CEO, IBAA
ghodgson@ibaa.ca

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BROKER NEWS

New to the Calgary broker scene is Gougeon Insurance Brokers West Ltd., opened by a long time Sudbury, Ontario based broker. Heading up the operation here is Angela Dunlop McKenzie, working out of her office in the northwest part of Calgary.

Palliser Insurance moved to new premises just south of its existing office. The new digs are in the Deerfoot Meadows area at 7929 11 Street SE. Ross Bucis was appointed as the Alberta manager by Palliser’s parent company, Westland Insurance, which is based out of BC. Dwayne Bellm, who was looking after Palliser’s personal lines in Alberta, returned to Cranbrook fulltime and is overseeing Westland’s operations in southeastern B.C. At Westland’s Sun Valley McKenzie Insurance office, Heidi Alberto joined the staff, coming over from Van Helden Agencies.

Sharp Insurance also moved locations, leaving its highrise office building space near the airport for one on the main floor at 10th Avenue and Centre Street North in the same building as Rogers Insurance, which has an ownership stake in Sharp. New staff members at Sharp are Nicholas Wong, who was with TD Insurance, Sam Ebrahim and Michael McLamon.

Rogers was busy on the acquisition front, purchasing Calgary West Insurance from Richard Busse who is retiring. Richard’s two daughters, Marla Bondy and Danielle Drescher will be joining Rogers’ staff as part of the deal. New to the staff at Rogers is Tracy Stewart, who was previously with The Insurance Place.

HUB International has a new Calgary branch manager as Carla Spaeth has taken over in that role. Carla was the branch manager for Western Financial Group out in Vulcan for the past several years. Also leaving Western Financial Group was Bruce Barton, who is now with MHK Insurance.

The combined operation of HE Hunt and BKI Risk Management has added to its staff with Tammy Lesnak and Amanda Patzer joining from Toole Peet, along with Jessica Freake, who was at Collis Insurance, and Tammy Van Dyk, who has moved to Alberta from Ontario. Mo Rademacher left BKI and started with Lloyd Sadd and Sue Planden also left BKI to join Van Helden Agencies.

Renfrew Insurance has had new staff come on board: Shelly Baran, previously with Rogers Insurance, and Chris Sharp is returning after being with Zurich Insurance.

A couple of people have moved from the company to the broker ranks. Craig Sipila, who was with Dominion of Canada, joined Toole Peet as a commercial marketer. Laura Besenyi left Northbridge Insurance to become the new managing director at Thistle Underwriting Services, an MGA for Jardine Lloyd Thompson. At Jardine Lloyd Thompson, Bryan Pitchko joined its ranks, having moved back to Calgary from Edmonton where he had been with Renfrew Insurance.

New staff at Aon are Shawna-Sea McDonald, who was with Lloyd Sadd and Sylvia Heiduk. A couple of other staff additions around town include Carol Rinneard at Lanes Insurance and Lesley Donaldson, who was with Manitoba Public Insurance in Winnipeg, at CRS/Merrill Insurance.

Down in Medicine Hat, Jeremy Rattai left Western Financial Group’s (WFG) south office and took over as
There were two national award winners: Echo Yan of the Co-Operators was the top FCIP graduate in the management major and Quincy Ng of Intact Insurance received the award for being the first runner up for the most deserving CIP graduate. Both Echo and Quincy also received two local awards. A special highlight was Intact’s Ginny Bannerman receiving a Canada-wide recognition for her dedication and service to the industry when she was presented with a CIP Society national leadership award in the established leader category.

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As a huge fan of CBC TV’s Dragon’s Den, I am looking forward to meeting Arlene Dickinson, one of the dragons, at our spring convention. Have you watched Dragon’s Den? It has made aspiring entrepreneurs pitching their business ideas to a panel of venture capitalists (dragons) fun and entertaining. With more than a million viewers every week, the show has struck a chord with Canadians, in spite of Kevin O’Leary’s sometimes snippy and offensive comments. I have watched every single episode in all eight seasons.

I will never forget the blow-up of the JobLoft deal. JobLoft, a Toronto-based job-site company founded by four friends from Ryerson University, got all five dragons on board to invest $40,000 each for 50% of the company. When the deal was just being signed, the students’ mentor took issue with the dragons’ plan to market and started to belittle the price the dragons were paying. As he was talking, the normally cheerful dragon Robert Herjavec reached out and ripped up the $200,000 cheque. The camera zoomed in on the shocked looks of the students: What just happened?

I love the drama—the personalities, the triumph, the heartbreak, the passion, the sweat, the shock and the fun! More importantly, I love learning through entertainment. I once caught myself using the same line of questioning as the dragons when working on a business proposal for a client seeking investors. That is the power of edutainment!

Learning is fun when it is entertaining, even learning about insurance and management. Don’t take my words for it. Take a look at the picture here. This isn’t a screen shot from Back to the Future; it is from the Bullet Proof Manager class held at the IBAA Learning Centre on November 13–14. Are you ready for some edutainment?

Want to improve your brokerage’s top line and bottom line, expanding your market and improving efficiency? Let Glenn White take you on the dynamic learning journey of the IBAC’s Best Practices program. His past students rave about his teaching style:

“Glenn White is a dynamic speaker who makes the course a lot of fun yet informative at the same time!” — Tara Buchanan

“Glenn’s easy-going nature and way of keeping his students’ interest makes this course not only interesting and practical but fun as well!” — Donna Payne

“You … did an excellent job conveying the material, offering insight, and making the subject material fun.” — Matthew Calvin

Have you thought about taking the Canadian Accredited Insurance Broker (CAIB) program? Along with the prestigious industry designation and gazillion CE credits, CAIB offers diverse methods of instruction. Dawn Mickle (Rogers Insurance) tried most of them and found them extremely beneficial. She took the courses through discussion group, immersion, and fast track and was able to pass each CAIB level the first time. Still, some like one method more than others. Lareese Graf (Excel Insurance Group) is “a huge fan of the CAIB immersion program” while Tyson Klassen (Foster Park Basket Insurance) took all of his CAIB exams through the self-study process.

The Keys to Our CAIB Class Success:

The incredible cast: the wonderful and knowledgeable instructors, whose examples were very helpful and who made learning insurance interesting (Dawn Mickle) and the classmates who enabled discussion (Caleb Maksymchuk, Ravenhill Agencies).

The drama: the debates and conversation with other insurance professionals (Lareese Graf).

The story: Tyson Klassen, who has been in the insurance industry for less than a year, said, “I feel that CAIB has helped my career by focusing on concepts that I was familiar with yet would feel uncomfortable having to explain to a client, and after each exam I felt much more confident with the material.”

continued on page 30
WE HAVE GROWN FROM COMMUNITIES LIKE YOURS...
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We are excited to announce we have acquired full ownership of Falkins Insurance Group, the largest general insurance brokerage in the Kootenays. As part of the acquisition, all 11 Falkins branches and more than 100 employees are now part of the Western Financial Group family.

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The ending: the CAIB designation maximizes your potential for promotion and management positions, and gives you advanced standing for the Laurentian University online HBCom and MBA.

So come and join the fun of learning. Are you sure the acronym “CAIB” means “Canadian Accredited Insurance Broker”? Maybe it stands for “Cool Achievement, Incredible Blast.” Yes, you will have FUN while learning. But shh … It’s our secret. You are still on your company’s dime.

I will leave you with the advice Steve Jobs gave at his Stanford University commencement address...

“Stay Hungry. Stay Foolish.”

DIANA DAI
Director of Professional Development, IBAA
ddai@ibaa.ca

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**CANADIAN ACCREDITED INSURANCE BROKER (CAIB)**

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**What Past Students Have to Say About CAIB**

“To get my designation I tried the Discussion Group, Immersion and Fast Track and found all of them to be extremely beneficial and was able to pass each CAIB level the first time. The instructors’ examples were very helpful and they made learning insurance interesting.” — Dawn Mickle

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"Glenn’s easy-going nature and way of keeping his students’ interest makes this course not only interesting and practical but fun as well!” — Donna Payne

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### IBAA COURSE LISTING (February 15 – April 30)—MORE COURSES AT IBAA.CA

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<td>Introduction to Surety</td>
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<td>E&amp;O Webinar</td>
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<td>Mar 13</td>
<td>Insurance Solutions for Residential Condo Unit Owners</td>
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<tr>
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<td>Mar 27</td>
<td>Brokers’ Duty of Care</td>
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<td>Bad Faith Issues in Insurance</td>
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