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## Insurance Market – Outlook 2010

Each year at this time we bring out the “crystal ball” and attempt to assess what the Insurance company market place is going to have in store for our clients in the year(s) ahead.

In recent years we’ve been talking about a change coming to the Canadian insurance marketplace, that of moving towards a ‘hard market cycle’.

This market cycle is not a new phenomena and this periodic adjustment in our industry typically has resulted in violent increases in the cost of insurance and a dramatic decrease in capacity, or the ability for insurers to even write insurance at all.

What’s different this time around is the cycle appears to be coming in quite a bit softer at this point. There is still quite a bit of capacity for insurers to write business and we’d estimate general rate increase for Commercial Insurance in the range of 5-12% and Personal Insurance 7%-15% on average.

**Claims costs propel increases;** In Ontario, the greatest single cause of loss for personal property is water damage (35%-40%), surpassing even fire (30%-35%). The average cost of one water claim is now nearly \$20,000, representing a 25% increase in just one year.

The personal property loss ratio across Canada, between 1999 and 2007 averaged 62.9%, but soared to 77% in 2008 and 80% in 2009.

The increasing prevalence of severe weather conditions – such as wind, hail and rainstorms – is a factor in the increase in these claims costs. Water damage claims continue to have a growing impact on losses. Estimated 2009 Q3 catastrophe losses are up to Cdn\$1 billion.

**The Bottom Line:** As in the past, we will continue to watch the market and compare every single one of our client’s renewals with what else is available. Our goal remains to treat our clients insurance as if it were our own and ‘shop’ for the most competitive and comprehensive insurance products for you.

Thank you for your business over the years, we know you’ve got a choice of where to place your insurance and appreciate the trust you put in us. It is not taken lightly.

*Dick Hubbard*  
Chairman of the Board

*John Hubbard*  
President

*Drew Hubbard*  
Director, Financial Services

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