

# TOP OF MIND

THE INTACT INSURANCE NEWSLETTER FOR BUSINESS INSURANCE BROKERS

LEARN MORE ABOUT THE TRANSPORTATION INDUSTRY IN THIS 2<sup>ND</sup> ISSUE



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## THE INTACT INSURANCE NEWSLETTER FOR BUSINESS INSURANCE BROKERS

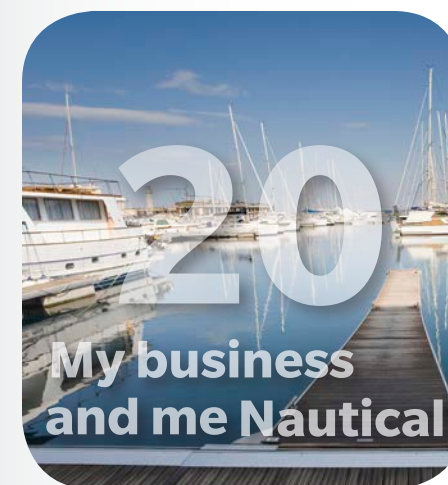
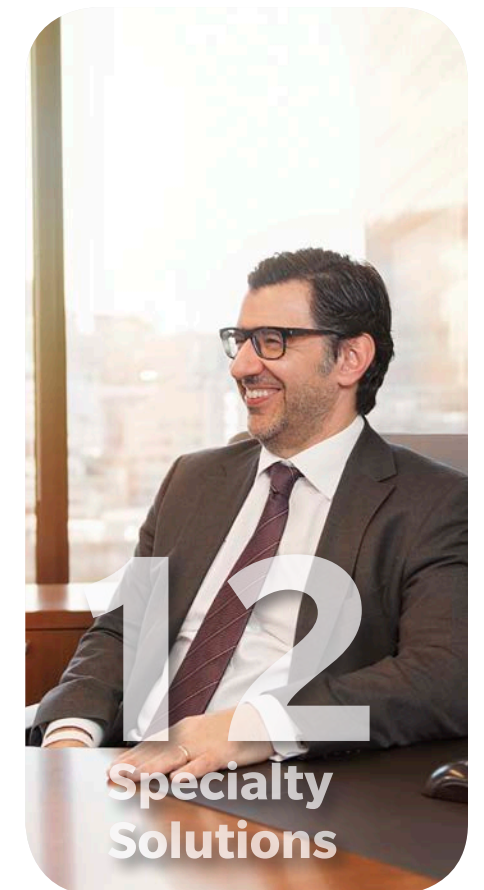
Welcome to the 2<sup>nd</sup> issue of TOP OF MIND. Our main topic is transportation, a major economic growth engine and a key sector where Intact Insurance is committed to maintaining a strong value proposition, especially in trucking.

Our article on the economy provides an overview of the trucking industry. The author, Stéphane Desjardins, is well known in Quebec's economic media, as Editor-in-Chief of the newspaper *Finance et Investissement*, Director of the magazine *Québec inc.* and Assistant Editor of *Journal de l'Assurance*.

You'll also find news about marine insurance, and more ... Enjoy!

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## TRUCKS ARE EVERYWHERE!

*Stéphane Desjardins*

The trucking industry is an economic heavyweight in Quebec worth \$3.7 billion. It is dominated by SMEs.

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More than half of all goods (55%) are moved by truck, according to the *Association du camionnage du Québec* (ACQ). The industry groups 7,100 companies that employ 115,000 individuals. While we may drive past the vans of industry giants that own hundreds of trucks, sporting names like Robert, Guilbault, Boutin or Transforce, fleet carriers on average own 55 to 60 trucks. And 84% of Quebec firms have between one and nine employees.

According to Statistics Canada (2015), Quebec carriers employ 64,000 drivers. ACQ figures show 54,200 truckers working for companies, while more than 26,000 are independents. This is very much a male-dominated industry. However, while women account for fewer than 5% of truck drivers, they hold 57% of administrative jobs and 40% of logistics services jobs.

Not counting drivers, this 38,000 strong labour force includes mechanics, dispatchers, prevention specialists, instructors, as well as sales staff, customer service representatives and safety experts.

Ours is a market economy and supply chain logistics seamlessly coordinate our daily lives. All the goods we consume are trucked in (90% of all trips). Trucking covers three categories: short and long-distance freight hauling, courier services, and moving used goods (household or office).

The trucking industry operates both locally and across the continent. According to ACQ, it accounts for 60% of the value of commercial goods traded between Canada and the U.S.

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# Challenges

*The trucking industry is a huge yet fragile link in the economic chain.*

Employers today face a challenge of epic proportions if they are to renew their labour force. Quebec's population is aging and the trucking industry is not exempt from this demographic reality. Thousands of baby boomers are retiring each year. Carriers must multiply strategies to recruit younger workers, especially drivers. That's their number one concern. There could be a shortage of 33,000 drivers in Canada by 2020, according to the Conference Board of Canada.

Is the industry attractive? A trucker, at the wheel of a loaded semi-trailer easily weighing more than 35,000kg, earns on average \$42,500 a year, often for 12-hour days and up to 70 hours a week. Long-haul truck drivers earn about \$15.89 an hour, in addition to premiums (for night driving, double trailers, transport of dangerous goods, transportation to the U.S.) and travel allowances. The hourly wage in the petrochemical and large food sector industries is also more than \$20.

Garbage truck drivers earn between \$18 and \$20 an hour, while truckers who work for retail giants (Jean Coutu, Métro, RONA, SAQ) earn an average of \$15.50 an hour working for private fleets.

"The industry is increasingly targeting high-school students and career advisors with its awareness and recruitment campaigns," stated Marc Cadieux, President of ACQ. "We are focussing on the 15-19 year segment that is in the midst of choosing careers. We need to renew all of the industry's sectors."

The industry must also deal with taxation issues and increased competition, as well as technological change. It needs to extensively implement e-systems to log hours worked. These are now obligatory in the U.S. "Electronic logging devices are a major competitive solution to ensure fairness," added Mr. Cadieux.

# NUMBERS<sup>1</sup>

**\$35.8B**

Canadian trucking industry revenue (2013)

**56,838**

carriers in Canada (2012)

**\$190M**

in goods cross the Quebec/U.S. border every day (2012)

**\$0.142**

Revenue per ton/kilometer (Canada) 2013

**\$39.4B**

Annual revenue of Canadian carriers (2012)

**633 km**

Average distance per trip (2013)

**307,000**

truckers in Canada (nearly 1% of Canada's population, 2012)

**62%**

of Quebec/U.S. trade handled by truck (2012)

**\$21B**

in goods (import/export) moved through the Lacolle, Quebec, border crossing in 2012

**691**

billion kilograms of freight transported in Canada (2013)

# JOB IN THE CANADIAN TRUCKING INDUSTRY<sup>2</sup>

Canada.....	307,000
Quebec.....	64,000
Ontario.....	104,700
Alberta .....	51,900
B.C. ....	39,900
Manitoba.....	17,100

Read more →

<sup>1</sup>Sources: ACQ, Conference Board, Statistics Canada, Transport Canada (latest available data)

<sup>2</sup>Source: Statistics Canada, Labour Force Survey, 2015

## The environment

*In addition to these issues, the industry has received a lot of 'bad press'*

Transportation (by road, air, water and rail) is the largest emitter of greenhouse gases (44.3% in 2011, most recently available stats), according to Quebec's Department of Sustainable Development, Environment and the Fight against Climate Change. Road transportation accounts for 76.3% of these emissions or 33.8% of total greenhouse gas (GHG) emissions in Quebec!

"The industry is aware of this and has already begun to reduce its carbon footprint," noted Mr. Cadieux. "A new generation of less polluting engines is coming on line. More new trucks are now fuelled by natural gas, which is much less polluting. Quebec's Department of Transport provides subsidies for installing various GHG reduction tools on trucks, including instruments to manage fuel savings, aerodynamic drag reduction devices and onboard generators."

Cross border transportation must also address the new efficiency standards set by the U.S. Environmental Protection Agency (EPA), which take effect in 2021. Our U.S. neighbours are looking for fuel savings of 24% for heavy vehicles by 2027, the equivalent of that country's total annual oil imports from OPEC.

## Insurance claims

A number of insurers, attracted by the prospect of significant premiums, have over the years tried to break into the trucking market. Inadequate data and rates based on a flawed vision of how things really work led to hit-or-miss risk management. Many insurers underestimated their indemnity costs. Wrongly believing their offer would be profitable, a number of players reduced their premiums over the years in order to bolster market share, as claims rose. In recent years, this underrating generated losses for several insurers, with some pulling out of this niche market, while others simply disappeared.

Most claims are for equipment breakdown, the cost of which has risen as on-board technology multiplies and becomes increasingly complex, lawsuits related to bodily injury (especially in Ontario and the U.S.), environmental losses, loss of reputation when carriers incorrectly evaluate the application of government standards or, just simply, road accidents. These include side swiping (badly-adjusted rear-view mirrors, lack of appropriate markers in the yards of carriers or clients), collisions (drivers overestimating braking

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capacity or no ABS brakes), rollovers as a result of driving tired, accidents when reversing or collisions (motorcycles, animals, other stopped trucks, badly-negotiated turns).

In 2014, the ACQ and Insurance Bureau of Canada launched the Programme provincial de déclaration de vol de cargaison, a cargo theft reporting program, in Quebec, in collaboration with the Service du renseignement criminel du Québec (SRCQ), the Sûreté du Québec (SQ) and the Service de police de la ville de Montréal (SPVM). In just a few months, the program helped recover \$1.4 million in stolen goods, as reported by the Journal de l'Assurance, adding that cargo theft costs an estimated \$5 billion every year in Canada.

As you can see, the industry is a key economic engine and, despite the difficulties and challenges it faces, it will keep on trucking!

## ELITE BUSINESS CLASS CONTEST: A RESOUNDING SUCCESS!

*Congratulations to Monique Saint-Louis from L.P. Sarrazin & Fils inc. Winner of the Grand Prize: The Ultimate Habs experience!*

The big winner of our Elite Business Class contest is about to enjoy a unique experience! On March 16, Monique Saint-Louis from L.P. Sarrazin & Fils inc., and a guest will board a private jet, along with a member of the Montreal Canadiens' organization, to see the team play the Buffalo Sabres. A dinner and gifts are included. Members of Intact Insurance's management team were very pleased to be at the Montreal offices of L.P. Sarrazin & Fils in January to congratulate Monique. We were able to offer this amazing prize thanks to our partnership with the Canadiens.



Marc-André Sarrazin (L.P. Sarrazin), Karen Larochelle (Intact Insurance), André Sarrazin (L.P. Sarrazin), Monique St-Louis (L.P. Sarrazin), Denis Ouellette (Intact Insurance) and Marc Dufresne (Intact Insurance)

Crédit photo : Le Studio K

## Other winners of prestigious prizes!

Twenty other lucky contestants won a VIP Weekend in the magnificent Charlevoix region. They will spend two nights in the luxurious Hôtel Le Germain Charlevoix. And to top it off, their stay includes breakfast, lunch, cocktails, a gourmet dinner and activities for two on the weekend of March 11 and 12.

The prestigious team prize was won by two firms for their business development efforts. On March 26, the brokers from Assurance Maralaud and Hub International, Crémazie branch, will share a box at the Bell Centre to watch a Canadiens game, along with the members of the Business Development teams of their respective regions (Montreal and 2020).

[Click here](#) for the list of all the winners, including the 30 lucky winners of a Bose Wi-Fi music system or a Samsung Wi-Fi digital camera awarded in bi-monthly draws.

Thanks to everyone for making this Contest a great success. You truly belong to the Intact Insurance Elite Business Class!



**SPECIALTY  
SOLUTIONS**  
TRUCKING,  
COMMERCIAL  
AUTO,  
MARINE

Antonio D'Agostino, Vice-President, Specialty Solutions

If we're to maintain the quality of our business offering, we need to remain focussed on meeting the challenges we face. That's exactly what we've done in trucking. TOP OF MIND met with Antonio D'Agostino, Vice-President, Specialty Solutions, to talk about the initiatives introduced so that we can continue to offer your customers insurance coverage that is viable in the long term, for both trucking and other transportation-related risks.

## Committed to a sustainable offering

There have always been insurers interested in covering trucking risks. However, a number of them are now pulling out of the market because of the economic situation and increasingly more severe losses as a result of increased claims in the U.S. That being said, Intact Insurance intends to provide continued support to you so that you can meet the needs of your trucking sector clientele.

The situation is cause for concern, which is why it's important to act. We're feeling the impact given the number of files with exposure outside Quebec that our trucking team handles. "In the past few years, we've seen the combined ratio deteriorate, mainly in trucking," noted Antonio D'Agostino. "With competition fierce in the network, premiums have continued to fall in recent years, while claims costs have risen significantly," he added. A number of factors explain this. These include the higher cost of parts and heavy equipment, repair shop hourly rates, cost of claims outside Quebec (bodily injury), exchange rate, etc.

The initiatives we've taken are aimed at making sure our offering is sustainable and ensuring the portfolio remains viable in the long term. We therefore need to reduce the spread between the premium paid for certain risks and the target premium, and make sure the latter is well managed, while being extremely disciplined about risk selection.

*"I've no doubt we'll reach our objectives thanks to the strong commitment and expertise of our team. And I'm all the more convinced, now that we have a team focussed solely on transport activities and resources dedicated to business development for Specialty Solutions,"* concluded Antonio D'Agostino.



## TRANSPORTATION BUSINESS CENTRE: A BLENDED TEAM THAT'S STRONGER THAN EVER!

In June 2015, Intact Insurance announced the creation of a business centre dedicated to transportation insurance which groups the Trucking, Large Fleet Commercial Auto and Marine teams. With more than 25 years' experience, Yanike Gaudet has solid expertise in transportation insurance. TOP OF MIND met with her after she was appointed Director of the Transportation Business Centre, Specialty Solutions.

Yanike Gaudet, Director, Transportation Business Centre

*How do you see your role as Director of the Transportation Business Centre?*

As head of the Transportation Business Centre, I'm there to facilitate and encourage exchanges between the three teams, while providing support as they deal with the issues we face. I have to implement the various initiatives required to reach our growth and profitability objectives, while ensuring a high level of synergy within the teams.

Grouping the three units has created an amazing critical mass of expertise. This allows us to offer our brokers all the support they expect from a leading business insurance provider. With Intact Insurance, they have what they need to stand out in a highly competitive market and serve their transportation clientele well. We have the most comprehensive offering on the market provided by a highly competent team.

*Can you tell us more about the units in this dedicated Business Centre?*

Our Trucking team consists of an operations consultant and 12 underwriters, including one at our Quebec City office. This unit is managed by **Nicole Callebert**.

The Large Fleet Commercial Auto team, headed by Johanne Labrèche, has five underwriters, two of whom are at our Quebec City office. Johanne is also in charge of the Marine team, which has one operations consultant and two underwriters.

With Nicole and Johanne heading the teams, you can entrust us with all your specialized transportation risks.

*What does Intact Insurance offer your customers that they wouldn't find elsewhere?*

First of all, Intact's strong financial position and stability, plus our expertise in specialty solutions, combined with the great synergy that exists within our teams. Our customers benefit from a high level of expertise in specialized risk underwriting and have access to our loss prevention consultants. In Claims, they have access to a qualified team that handles transportation outside Quebec and provides a 24/7 Claims Hotline, just like the members of our Rely Network. The final advantage, and not the least, is that we can quickly meet the needs of our brokers' customers since decisions are made here, in Quebec.

To recap, during unsettled economic conditions, Intact Insurance offers not only added value to our customers, it provides sure value.

[Read more →](#)



# TRANSPORTATION BUSINESS CENTRE, SPECIALITY SOLUTIONS

*Our units and the risks they handle*



## Trucking

- Owner-operators of heavy trucks that transport freight for others, with exposure outside Quebec.
- No limit on the number of power units or exposure (Canada and U.S.)



## Large Fleet / Commercial Auto

- 75 or more motor vehicles, registered anywhere in Canada
- Fleets of 5 or more buses
- Auto programs
- Risks managed using a Global Account approach with another Specialty Solutions sector



## Marine

- Cargo
- Boat insurance and liability
- Marina operators and boat dealerships
- Boat repairers
- Professionals working in a port



Simon Charbonneau, Manager of Business Development - Specialty Solutions

## A DEDICATED RESOURCE TO SUPPORT YOUR GROWTH IN SPECIALIZED AND LARGE RISKS

Are you looking to further penetrate and stand out in the large risks market? Do you want to better serve your customers that present specialized risks? Simon Charbonneau is there to support you.

As Manager of Business Development in Specialty Solutions since August 2015, Simon is an important ally to help you grow your portfolio in the specialized insurance and large risks market.

With solid experience in specialty lines, in both underwriting and business development, and as a former business development manager, Simon can support you in your growth efforts and find the right solutions to meet your business clientele's needs.

Thus, for certain accounts or major programs, Simon can help you define a personalized approach unequalled on the market. Here's how it could work for you:

- Marketing plan and marketing support
- Sponsorships and visibility
- Global Account underwriting approach
- Analysis and personalized follow-up.

As part of his mandate, Simon works closely with the Specialty Solutions team, and with all the regions. The objective? To ensure that the actions, strategies and initiatives implemented are closely coordinated to help you stand out from the competition and, above all, grow your business in the specialty lines and large risks market.

# HELPING CUSTOMERS BETTER CONTROL THEIR PREMIUMS

Whether they manage a fleet of vehicles or use vehicles for other business purposes, your customers trust you to find the right solution at the best possible price. Help them control their premiums telematics, through *my Driving Discount* and *my Fleet Solution*.

## my Fleet Solution

- For your customers with a fleet of five or more vehicles.
- Comprehensive fleet management program.
- Customer purchases the monitoring device.
- Your customer has access to fleet data in real time on a personalized portal, which you can also access.
- Your customers will be able to:
  - Track their fleets more closely
  - Better manage operating expenses
  - Alert their drivers about ways to improve fuel consumption
  - Help improve driver safety
  - Help reduce accident risks
  - Help lower their premiums in the long run based on their good driving habits.

## my Driving Discount

- For customers with one to four light duty vehicles.
- Rewards their good driving habits.
- Intact Insurance provides the monitoring device and owns it.
- Your customers receive a weekly update on the *my Driving Discount* portal.
- Benefits for your customers:
  - Automatic 5% discount on the premium for each vehicle on enrollment.  
Your customers have nothing to lose!
  - After the six-month assessment period, they could potentially receive a performance-based discount of 25%.
  - Effective tool to manage their company's insurance costs.

## *Your entrepreneur clientele is open to the my Driving Discount program!*

A recent survey\* carried out for Intact Insurance among Quebec entrepreneurs confirmed they were open to the *my Driving Discount* program. Here are some of the other survey highlights:

- Many entrepreneurs had heard of *my Driving Discount* for individuals, but few knew the program was available to businesses.
- More than 70% were favourable to the program or only needed to hear some of the selling points to enrol.
- Most entrepreneurs simply need to be convinced of the benefits and simplicity of the program to enrol in *my Driving Discount*.
- The broker's opinion goes a long way in getting them to enrol in the program. Some of the main benefits appreciated by entrepreneurs are the savings and security offered, aspects you should promote to your customers.

## *You have a key role to play as advisor!*

With business insurance premiums trending up across the board, your customers will appreciate your offering them this advantageous solution to help them better control their premiums. It's just one more reason to talk to them about it, given that the survey results confirm that entrepreneurs are interested in *my Driving Discount*. It's an excellent tool to help grow your business. So talk about it to new customers!

For more on ***my Driving Discount*** and ***my Fleet Solution***, go to the [Broker Portal](#) or contact your [Business Development Advisor](#).

## Synchro Insurance

By bundling auto and P&C coverage with Intact Synchro Insurance, your customers protect their business from unforeseen events and save money too.

- Additional discount of up to 10% on their auto insurance;
- Only one deductible for a loss involving both property and a vehicle;
- Insurance policy management simplified.

\*Commercial auto insurance. Quantitative and qualitative study, Ipsos, January 2016.



## A NEW WAVE IN MARINE INSURANCE!

*My Business and me Nautical*

### It's welcome news!

Thanks to My business and me® Nautical, your customers who own a business related to pleasure craft can now sail with peace of mind.

This new coverage, which is added to their property and liability insurance, provides your customers with the most comprehensive and advantageous insurance solution, and avoids coverage "grey zones".

### Additional, must-have coverage

With Intact Insurance, your customers can enjoy their activities worry-free with three solutions that cover all their needs.

**Commercial General Liability**

+

**Commercial Property**

+

**My business and me Nautical**

### How best to present this offer this to your customers?

My business and me Nautical must be purchased in conjunction with an Intact Insurance property and liability policy, which bundles the coverages common to most businesses, regardless of activity sector.

Our new marine protection offers only the coverages that relate to boats, whether owned or non-owned and whether they are on the water or for sale on land.

## Help your customers navigate safely!

A number of businesses can benefit from My Business and Me Nautical to insure their property and customers' boats in their care, custody and control, while benefitting from liability coverage. This well thought-out solution is designed specifically for:

- marinas;
- sailing clubs;
- boat dealers;
- boat repairs or mechanic's workshops;
- boat storage or maintenance facilities.

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## Special benefits on the horizon!

My business and me Nautical offers your customers in the pleasure boating business a number of advantages, including:

- Coverage for all aspects of owned and non-owned boats;
- Policies available in English and in French;
- Streamlined and fast underwriting process with underwriters in your region.



### *For more information on My business and me Nautical...*

Go to the Broker Portal, where you will find all the support material you need, including a **summary of coverages** and **FAQs**.

Do you already have customers insured through Intact Insurance that represent risk classes this product could cover? Contact your region today to add My business and me Nautical to their policies.

Your Business Development Advisor can also answer your questions about this unique product which will make your seafaring customers' day!