

› March 29, 2017

Residential Flood Insurance in Canada

› Product Development Challenges

Something New

In 2013, Residential Flood coverage was excluded from all Personal Property policies in Canada. Developing a product where none previously existed had several challenges:

- › Legal – wordings cover only what is meant to be
- › Marketing – broker/client understanding, product comparable to competitors
- › Reinsurance – proper coverage in place for a new peril
- › Education – other departments (distribution/claims) fully trained, prepared

› Implementation Challenges

E&O for Brokers
Brokers are responsible for selling insurance products that best meet each individual client's needs. Once Residential Flood coverage became available, even from just one company, brokers began pressing other insurers to follow suit.

Negative Option Billing
Companies are not permitted to simply add a new product and begin billing a customer for it without their consent.

Broker Education
Several insurers all released their products around the same time. As nothing existed in the marketplace, products were very different from one another. Some had limits, some did not, some companies would write in one particular postal code while others would not. Pricing varied, sometimes significantly. With all this noise, it is no wonder that some confusion remains in the marketplace.

› Implementation Options

Offer & Accept

Brokers need to contact all of their insureds individually, educate them on the coverage, and process the insured's decision as appropriate.

Read-in / Roll-on

Coverage is provided to all insureds, regardless of their renewal date (for no charge, until their renewal comes up). Then, pricing applies as required.
