

The State of Canadian General Insurance in 1991

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[See table of contents](#)

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Article abstract

Nous remercions notre collaborateur Mr. Christopher J. Robey qui, selon une tradition bien établie, présente annuellement aux lecteurs de la Revue, les résultats de l'assurance générale au Canada. Son étude nous donne une vue globale et détaillée des résultats provinciaux et ceux du domaine de la réassurance pour l'année 1991. La première partie de cet article relative aux résultats des assureurs canadiens a été publiée dans le numéro précédent.

The State of Canadian General Insurance in 1991

by

Christopher J. Robey *

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187

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Part 2: Provincial Results and Results for Reinsurers

Results of property and casualty insurance in Canada vary widely across the country, both by province and by class within each province.

Results in the smaller provinces can be volatile because of the small premium base, but a consistently poor result can cause serious problems for a local company relying on that province for the bulk of its business.

For national companies, only poor results in the largest provinces are a major concern but again consistently bad results in

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one of the smaller provinces can be an unwelcome addition to a loss in a major province.

The following is a look at the results in 1990 across the country by province, from west to east.

British Columbia

188

With a total area of 947,800 sq. km.¹ and a population of 3 05 million², British Columbia is the third largest province in both size and population. There are 2.4 million registered vehicles³ in the province, however most of the automobile business is written by a crown corporation. As a result, it is only the fourth largest private insurance market, with 5.9% of the total premium.

The seismic zoning map (1970) for Canada⁴ places the coast in zone 3, the mountains in zone 2 and the interior in zone 1. Because of the exposure to earthquake in the Greater Vancouver area, it is the focus for most companies in establishing their catastrophe limits.

However, it is not susceptible to frequent smaller catastrophes, none of the ten multi-payment occurrences identified by the Insurance Bureau of Canada (IBC)⁵ between 1985 and 1990 having occurred in the province.

¹ For comparison purposes, the following is the area and population of some other countries:

France:	543,965 sq. km.	56.0 million (1989)
Germany:	357,041 sq. km.	77.6 million (1989)
Italy:	301,277 sq. km.	57.5 million (1989)
United Kingdom:	244,103 sq. km.	57.0 million (1989)
United States:	9,384,694 sq. km.	249.2 million (est. 1990)

² Population figures are from the preliminary postcensal estimates following the 1989 census.

³ The number of registered vehicles is for 1989 and includes road vehicles only.

⁴ *Earthquakes, Volcanoes, and Tsunamis; An Anatomy of Hazards* by Karl V. Steinbrugge, published by Skandia America Group.

⁵ Taken from *Facts of the General Insurance Industry in Canada*, published by the Insurance Bureau of Canada.

The results in 1990 were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$858,870	71.05%
Personal property	\$300,805	70.20%
Commercial property	\$252,560	85.22%
Liability	\$145,931	53.73%

All figures in thousands of dollars

The largest companies in the province are, for the most part, not those normally thought of as the major national writers, but rather, with the exception of Lloyd's, groups with British Columbia subsidiaries. The largest is Canadian Northern Shield, part of the CUMIS group. It is the former general insurance division of the crown corporation, Insurance Corporation of British Columbia.

189

Company	Direct premiums	Loss Ratio
Canadian Northern Shield	\$51,382	66.39%
Lloyd's	\$50,840	40.93%
Simcoe Erie	\$47,954	80.40%
Laurentian General	\$44,383	57.07%
Guardian	\$40,675	65.07%

All figures in thousands of dollars

However, different names appear amongst the largest writers of individual classes:

Personal Property	Direct premiums	Loss Ratio
Canadian Northern Shield	\$29,030	70.16%
Wawanesa	\$22,587	77.65%
Guardian	\$20,923	79.45%
Zurich	\$15,996	67.99%
Wellington	\$14,520	70.96%
Commercial Property	Direct premiums	Loss Ratio
Lloyd's	\$21,071	31.67%
Continental	\$15,995	143.26%
Commonwealth	\$14,804	146.53%

Simcoe Erie	\$13,026	72.85%
Canadian Northern Shield	\$12,245	69.15%
Liability	Direct premiums	Loss Ratio
Simcoe Erie	\$18,210	85.34%
Laurentian General	\$11,868	59.40%
American Home	\$10,456	-59.00%
Canadian Northern Shield	\$9,364	55.02%
Zurich	\$9,156	54.27%

All figures in thousands of dollars

190

Alberta

Alberta has a population of 2.43 million in an area of 661,190 sq. km. It is the fourth largest province in size and population and the third largest insurance market, with 10% of the premium. There are 1.8 million registered vehicles in the province.

Unlike British Columbia, it is not subject to a billion dollar catastrophic loss, but it is prone to multi-million dollar occurrences, including four of the ten recorded by the IBC between 1985 and 1990. Two of them are the largest catastrophe losses in Canada to date, the Edmonton tornado in 1987 (\$252.7 million) and the Calgary hailstorm in 1991 (estimated at \$350 million). An earlier Calgary hailstorm, in 1981, is probably also in the top five.

Despite the lack of a major catastrophe, the results in 1990 were poor, except in liability:

Class	Direct Premiums	Loss Ratio
All classes	\$1,456,971	88.09%
Automobile	\$848,486	96.82%
Personal property	\$181,692	89.22%
Commercial property	\$226,250	87.39%
Liability	\$121,292	49.15%

All figures in thousands of dollars

The largest writers in the province are three large national groups, followed by two local companies. Western Union is part of the Nationale Nederlanden group, but Alberta Motor is an Alberta company writing only in the province.

Company	Direct premiums	Loss Ratio
Wawanesa	\$130,546	103.29%
Co-operators	\$115,910	84.27%
Zurich	\$100,311	89.21%
Western Union	\$72,700	87.97%
Alberta Motor	\$62,221	103.05%

191

All figures in thousands of dollars

Automobile results have been particularly poor for some time and the class is the subject of a study of alternative compensation methods. Both automobile and property results are affected by the frequent weather losses and, following the Calgary hailstorm in 1991, substantial rate increases in both classes are anticipated.

The largest insurers by class in 1990 were:

Automobile	Direct premiums	Loss Ratio
Wawanesa	\$97,614	111.49%
Co-operators	\$79,471	93.58%
Zurich	\$68,941	95.27%
Alberta Motor	\$56,776	105.76%
Western Union	\$53,585	92.39%

Personal Property	Direct premiums	Loss Ratio
Wawanesa	\$18,262	82.74%
Co-operators	\$17,738	74.00%
Western Union	\$10,061	93.09%
Simcoe Erie	\$9,718	70.93%
Zurich	\$9,211	104.51%

Commercial Property	Direct premiums	Loss Ratio
Lloyd's	\$14,826	79.58%
Co-operators	\$13,580	56.69%
Wawanesa	\$13,569	77.56%

Canadian Home	\$13,323	148.53%
Zurich	\$12,810	68.41%
Liability	Direct premiums	Loss Ratio
Royal	\$9,786	76.10%
General Accident	\$9,476	40.21%
Simcoe Erie	\$8,309	28.70%
Zurich	\$8,293	55.49%
Chubb	\$7,369	28.74%

All figures in thousands of dollars

192

Saskatchewan

Saskatchewan's population is just over 1 million in 652,330 sq. km. It is the sixth largest province in size and fifth in population. However, like British Columbia, most of the automobile business is written by a crown corporation, so it is eighth in insurance premium volume, with 1.3% of the total.

It is not in an earthquake zone, nor is it susceptible to frequent smaller catastrophes, none having been identified by the IBC between 1985 and 1990.

The results in 1990 were as follows⁶:

Class	Direct Premiums	Loss Ratio
All classes	\$311,935	62.08%
Personal property	\$40,778	77.16%
Commercial property	\$73,089	72.18%
Liability	\$33,975	37.18%

All figures in thousands of dollars

⁶ The loss ratios for all classes and liability, but not the direct premiums, include the results of Saskatchewan Government Insurance, the crown corporation. Its loss ratio was as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$124,319,000	56.13%
Property	\$69,514,000	56.16%
Liability	\$11,417,000	36.38%

The four largest private companies in the province are major national writers, the fifth a local mutual.

Company	Direct premiums	Loss Ratio
Co-operators	\$35,184	62.01%
Wawanesa	\$22,840	62.42%
Royal	\$12,514	79.34%
Continental	\$8,886	81.11%
Saskatchewan Mutual	\$7,402	69.83%

All figures in thousands of dollars

193

Largest private companies in the main classes are:

Personal Property	Direct premiums	Loss Ratio
Co-operators	\$14,079	70.39%
Wawanesa	\$9,673	65.67%
Saskatchewan Mutual	\$4,890	72.09%
Prudential Assurance	\$2,068	59.28%
Canadian Home	\$1,441	356.21%
Commercial Property	Direct premiums	Loss Ratio
Co-operators	\$10,774	53.94%
Wawanesa	\$10,537	61.39%
Royal	\$6,121	87.78%
Continental	\$4,334	39.16%
Pool	\$3,653	61.05%
Liability	Direct premiums	Loss Ratio
Co-operators	\$2,709	44.96%
Royal	\$2,062	47.33%
Continental	\$1,637	104.15
General Accident	\$1,496	38.10%
Simcoe Erie	\$1,426	-23.63%

All figures in thousands of dollars

Manitoba

Like British Columbia and Saskatchewan, Manitoba has a crown corporation handling most automobile coverage for its 775,200 registered vehicles. It has a population of just over 1 million, the fifth largest, in an area of 649,950 sq. km., the sixth in size. It is the seventh largest insurance market, with 1.7% of the premium.

Like Saskatchewan, it is not in an earthquake zone, nor susceptible to frequent smaller catastrophes.

The results in 1990 were as follows⁷:

Class	Direct Premiums	Loss Ratio
All classes	\$280,768	67.93%
Personal property	\$95,816	67.34%
Commercial property	\$69,519	83.22%
Liability	\$36,027	46.89%

All figures in thousands of dollars

By far the largest company is the locally-based Wawanesa and two local mutuals also appear in the top five, giving a strong local flavour to the market. Being local also seemed to help the underwriting.

The five largest private companies are:

Company	Direct premiums	Loss Ratio
Wawanesa	\$24,137	62.83%
Royal	\$15,837	73.66%
Continental	\$14,519	106.89%

⁷The loss ratio, but not the direct premiums, include the results of Manitoba Public Insurance Corporation, the crown corporation. Its results were:

Class	Direct Premiums	Loss Ratio
All classes	\$35,340,000	51.64%
Personal property	\$7,253,000	54.17%
Commercial property	\$2,954,000	43.94%
Liability	\$2,853,000	62.64%

Portage La Prairie	\$14,252	63.51%
Red River Valley	\$11,855	67.57%

All figures in thousands of dollars

Manitoba Public Insurance Corporation, the crown corporation, has a monopoly on basic automobile insurance and competed with private companies in other lines until the fall of 1990, when it sold the business of its general division to General Accident.

Red River Valley Mutual is amongst the largest writers of property business, with direct premiums of \$8,444,000, but its published figures do not provide a split between personal and commercial, so it does not appear in the following tables.

195

Personal Property	Direct premiums	Loss Ratio
Wawanesa	\$16,700	62.29%
Portage La Prairie	\$13,049	62.64%
General Accident	\$5,045	42.58%
Co-operators	\$4,181	109.97%
Prudential Assurance	\$4,038	56.44%

Commercial Property	Direct premiums	Loss Ratio
Continental	\$7,359	116.50%
Wawanesa	\$7,001	67.86%
Royal	\$6,845	95.50%
Sovereign	\$3,993	73.38%
Prudential Assurance	\$3,505	42.31%

Liability	Direct premiums	Loss Ratio
Royal	\$2,648	73.26%
Simcoe Erie	\$2,516	56.76%
Sovereign General	\$2,182	57.79%
Prudential Assurance	\$2,142	29.74%
General Accident	\$2,109	20.15%

All figures in thousands of dollars

Ontario

Ontario is the most populous province, with 9.56 million inhabitants, and the second largest in size at 1,068,580 sq. km. It is also the largest insurance market, with premiums of \$7.5 billion, half the total written by private insurers nationally. There are 5.9 million vehicles registered in the province.

196

The western part of the province is not exposed to earthquakes and the most densely populated and industrial area around Lake Ontario is in zone 1. The eastern part of the province, along the St. Lawrence valley bordering Quebec, is a zone 2.

It has had three of the ten multi-payment occurrences recorded by the IBC between 1985 and 1990. However, one of these, flooding in 1990, is the smallest listed and the other two, hail in Leamington and tornadoes in Barrie, occurred on consecutive days in 1985 and were the subject of debate as to whether they were one loss or two for reinsurance purposes.

There is also a remote hurricane exposure, Hurricane Hazel having caused serious flooding in 1954.

Automobile drives the overall results. For several years, rates have been tightly controlled by government action, resulting in very poor results. In 1990, the Ontario Motorist Protection Plan, a threshold tort plan, was introduced and an improvement in the results began. However, before the end of the year, an election brought in a government pledged to take over automobile insurance, which plunged the industry into a major debate on its future.

In the spring of 1991, the government announced a change in its plans, leaving automobile insurance with private industry, but proposed a revised product, to include fully indexed salary replacement benefits and unlimited medical and rehabilitation coverage. This new plan is now the subject of parliamentary debate and public hearings, with its future, and particularly the timing of its introduction, under question. The results in the major classes were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$7,514,762	73.95%
Automobile	\$4,608,889	82.46%
Personal property	\$1,050,736	59.60%
Commercial property	\$768,567	65.65%
Liability	\$731,351	61.31%

All figures in thousands of dollars

Inevitably, the largest writers in the province are also amongst the largest in the country:

197

Company	Direct premiums	Loss Ratio
Zurich	\$561,706	63.36%
Co-operators	\$474,479	87.03%
Royal	\$464,605	78.32%
State Farm	\$447,687	81.45%
Economical	\$413,858	74.17%

All figures in thousands of dollars

Other companies, however, appear amongst the largest in each class.

Automobile	Direct premiums	Loss Ratio
Zurich	\$385,750	70.43%
Co-operators	\$371,772	92.02%
State Farm	\$354,915	84.69%
Royal	\$289,804	84.30%
Economical	\$265,232	85.67%

Personal Property	Direct premiums	Loss Ratio
Economical	\$100,809	57.12%
State Farm	\$80,895	73.85%
Co-operators	\$68,702	67.33%
Pilot	\$62,587	63.03%
Royal	\$54,771	50.64%

Commercial Property	Direct premiums	Loss Ratio
Continental	\$63,308	55.72%
Royal	\$61,760	68.87%

Zurich	\$49,740	40.93%
General Accident	\$32,638	50.12%
Commercial Union	\$32,113	84.63%
Liability	Direct premiums	Loss Ratio
Zurich	\$57,895	53.47%
Motors	\$46,662	70.64%
General Accident	\$43,895	62.53%
Simcoe Erie	\$42,515	62.43%
American Home	\$41,514	79.53%

198

All figures in thousands of dollars

Quebec

Quebec has the largest area of any province of Canada, at 1,540,680 sq. km., over 15% of the total. Its population is second largest, after Ontario, at 6.7 million. It is also the second largest insurance market, with premiums of \$3.3 billion, despite the fact that bodily injury coverage on the 3.5 million registered vehicles is provided by a government agency.

The government took over this coverage in 1978, but, as if to remind the industry that not everyone is obsessed with its problems, a Montreal law firm went to court in 1991 to collect \$175,000 in damages for a client injured in a car accident, having presumably forgotten the change in law thirteen years earlier. The lawyers are now being sued by their client⁸.

The St. Lawrence Valley, including the two largest cities, Montreal and Quebec City, is in an earthquake zone 3, presenting the greatest catastrophe potential in the country, after the Vancouver area.

Three of the IBC's ten multi-payment occurrences also occurred in Montreal, hail in 1986 and flooding in 1986 and 1987. A tornado in Maskinongé in 1991 will probably be added to the next list.

⁸ *Canadian Lawyer magazine*, December 1991/January 1992.

The results in 1990 in the major classes were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$3,353,360	78.12%
Automobile	\$1,642,092	82.35%
Personal property	\$682,681	61.24%
Commercial property	\$521,690	85.94%
Liability	\$305,440	68.74%

All figures in thousands of dollars

Four of the five largest companies have their head offices in the province and two of them, Groupe Desjardins and Groupe Commerce, write only in Quebec.

199

The largest companies are:

Company	Direct premiums	Loss Ratio
Laurentian General	\$280,704	70.30%
Groupe Desjardins	\$267,977	69.03%
Groupe Commerce	\$246,260	67.26%
Zurich	\$144,286	73.95%
Prudential Assurance	\$139,000	75.24%

All figures in thousands of dollars

The provincially based giants, Laurentian General, Groupe Desjardins and Groupe Commerce, dominate the personal lines market, but only the Laurentian shows equally strongly in commercial business.

The largest companies in the principal classes are:

Automobile	Direct premiums	Loss Ratio
Groupe Desjardins	\$179,852	75.48%
Groupe Commerce	\$157,582	74.56%
Laurentian General	\$112,219	82.99%
Prudential Assurance	\$89,245	78.58%
Guardian	\$75,297	80.87%
Personal Property	Direct premiums	Loss Ratio
Groupe Desjardins	\$72,104	58.77%

Laurentian General	\$63,509	64.59%
Groupes Commerce	\$43,847	55.77%
Lloyd's	\$33,410	57.86%
Prudential Assurance	\$28,834	52.91%
Commercial Property	Direct premiums	Loss Ratio
Laurentian General	\$52,837	79.51%
Continental	\$40,494	93.41%
Royal	\$36,369	90.97%
Zurich	\$31,112	88.19%
Lloyd's	\$26,346	42.04%
Liability	Direct premiums	Loss Ratio
Laurentian General	\$34,043	39.87%
Continental	\$24,406	105.08%
Zurich	\$19,366	51.05%
Simcoe Erie	\$17,129	141.17%
Royal	\$16,524	69.27%

All figures in thousands of dollars

New Brunswick

The four eastern most provinces are the smallest in area and population. New Brunswick has a population of 718,500 in an area of 73,440 sq. km. However, it is the sixth largest insurance market, ahead of Manitoba and Saskatchewan, with 2.5% of the premium. There are a total of 455,000 registered vehicles in the province.

Although all the Atlantic provinces are prone to winter storms and the tail end of some Atlantic hurricanes, they are not powerful enough to do serious damage and none of the ten largest multi-payment occurrences identified by the IBC have occurred there. Most of the province is in zone 2 for earthquakes.

The results in the major classes were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$366,251	84.30%
Automobile	\$219,501	99.60%

Personal property	\$52,639	66.03%
Commercial property	\$44,989	55.01%
Liability	\$20,602	74.22%

All figures in thousands of dollars

The major writers in the province are all major national companies.

Company	Direct premiums	Loss Ratio
Co-operators	\$37,809	101.32%
Commercial Union	\$23,761	80.42%
Royal	\$21,627	77.24%
Zurich	\$21,500	85.52%
Economical	\$18,139	88.05%

All figures in thousands of dollars

The national companies also dominate each of the main classes, though not necessarily always the same ones.

The largest by class are:

Automobile	Direct premiums	Loss Ratio
Co-operators	\$23,721	126.10%
Zurich	\$16,407	94.53%
Commercial Union	\$14,245	92.18%
Allstate	\$14,136	89.38%
Wawanesa	\$13,294	76.00%

Personal Property	Direct premiums	Loss Ratio
Co-operators	\$8,682	58.64%
Commercial Union	\$5,748	71.71%
Economical	\$4,411	50.99%
Allstate	\$3,521	84.12%
Wawanesa	\$2,830	44.20%

Commercial Property	Direct premiums	Loss Ratio
Royal	\$4,110	18.83%
Co-operators	\$3,508	53.73%
Continental	\$2,539	61.48%

Commercial Union	\$2,394	35.51%
Zurich	\$2,073	53.98%
Liability	Direct premiums	Loss Ratio
Royal	\$2,116	134.69%
CIGNA	\$1,430	47.90%
Co-operators	\$1,236	66.02%
Guardian	\$1,236	43.38%
Simcoe Erie	\$1,219	56.93%

All figures in thousands of dollars

202

Nova Scotia

Nova Scotia is the fifth largest insurance market in the country, with 2.7% of the total premium, although only the seventh in population, at 886,800, and the ninth in area, 55,490 sq. km. It has 566,900 registered vehicles.

As for New Brunswick, although strong storms hit the province from time to time, damage is not at a level to cause a major insurance loss. Most of the province is in an earthquake zone 1, except the eastern tip, which is in a zone 2.

The results in the major classes were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$393,706	84.52%
Automobile	\$218,705	92.70%
Personal property	\$75,262	75.28%
Commercial property	\$46,906	60.81%
Liability	\$24,071	83.07%

All figures in thousands of dollars

The largest writers are all major national companies, although one of them, the Halifax, had its origins in the province.

Company	Direct premiums	Loss Ratio
Royal	\$38,981	96.42%
Co-operators	\$31,965	104.57%
Halifax	\$25,497	70.91%

Zurich	\$24,834	83.62%
Continental	\$24,119	83.66%

All figures in thousands of dollars

However, it is clear from the leaders by class that no one company dominates the market.

Automobile	Direct premiums	Loss Ratio
Co-operators	\$22,442	115.08%
Royal	\$22,341	103.08%
Zurich	\$15,679	88.18%
Halifax	\$15,076	74.12%
Continental	\$12,497	85.48%

203

Personal Property	Direct premiums	Loss Ratio
Halifax	\$7,558	62.73%
Co-operators	\$5,951	84.32%
Economical	\$5,909	86.12%
Royal	\$5,528	69.41%
Wellington	\$4,569	87.59%

Commercial Property	Direct premiums	Loss Ratio
Royal	\$5,770	60.54%
Continental	\$5,581	56.64%
Zurich	\$3,267	109.06%
Commercial Union	\$2,983	36.67%
Sun Alliance	\$2,126	63.50%

Liability	Direct premiums	Loss Ratio
Canadian General	\$2,641	86.14%
Continental	\$2,457	147.21%
Royal	\$2,090	151.48%
Commercial Union	\$1,845	69.39%
Zurich	\$1,515	27.72%

All figures in thousands of dollars

Prince Edward Island

Prince Edward Island is the smallest province in the country. Its total area is 5,660 sq. km., with a population of 130,200 and 88,370 registered vehicles. It is also the smallest insurance market amongst the provinces, just 0.4% of the total. Like the other provinces around it, it is not subject to major catastrophic loss.

The results in the major classes were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$59,867	87.87%
Automobile	\$33,844	104.59%
Personal property	\$6,171	73.86%
Commercial property	\$7,240	61.24%
Liability	\$3,467	62.65%

All figures in thousands of dollars

The local company, P.E.I. Mutual, is the only company in the top five which is not a major national writer.

Company	Direct premiums	Loss Ratio
Co-operators	\$9,822	110.64%
P.E.I. Mutual	\$5,892	68.67%
Dominion of Canada	\$5,678	80.31%
Commercial Union	\$4,793	52.31%
General Accident	\$3,273	98.96%

All figures in thousands of dollars

P.E.I. Mutual is the largest writer of property business, however its published figures are not split between personal and commercial, so it does not appear in the following tables.

Automobile	Direct premiums	Loss Ratio
Co-operators	\$7,475	122.31%
Dominion of Canada	\$3,942	77.12%
Commercial Union	\$3,161	58.08%
General Accident	\$2,655	100.38%
Wawanesa	\$2,297	110.32%

Personal Property	Direct premiums	Loss Ratio
Dominion of Canada	\$1,264	57.28%
Co-operators	\$1,007	99.70%
Commercial Union	\$719	56.33%
Wellington	\$366	47.27%
Sun Alliance	\$350	84.57%
Commercial Property	Direct premiums	Loss Ratio
Co-operators	\$681	42.00%
Royal	\$832	137.50%
Continental	\$591	51.78%
Commercial Union	\$514	21.79%
Sun Alliance	\$496	42.74%
Liability	Direct premiums	Loss Ratio
Canadian General	\$554	209.03%
Canadian Insurance Management	\$378	38.62%
Commercial Union	\$284	32.39%
Royal	\$347	66.28%
Simcoe Erie	\$223	30.04%

All figures in thousands of dollars

Newfoundland

Newfoundland is the largest of the eastern provinces, with an area of 405,720 sq. km. Its population, however, is smaller than that of New Brunswick and Nova Scotia, at 570,000; there are 301,000 registered vehicles in the province. It has 1% of the total premium, making it the ninth largest market.

Like its neighbours, it is subject to severe storms, but not enough to produce catastrophic loss. Most of the island part of the province is in an earthquake zone 2, the remainder in a zone 1.

The results in the major classes were as follows:

Class	Direct Premiums	Loss Ratio
All classes	\$153,318	86.49%
Automobile	\$81,919	107.28%

Personal property	\$25,893	70.13%
Commercial property	\$22,712	52.62%
Liability	\$8,349	67.89%

All figures in thousands of dollars

Unifund, a local company, is the largest in the province, and two other local companies, Insurance Corporation of Newfoundland and Metro General, would also appear in the top five, however their figures do not appear in the Stone & Cox Brown Chart, which is the source for this section.

206

Company	Direct premiums	Loss Ratio
Unifund	\$19,409	73.40%
Co-operators	\$16,760	85.24%
Continental	\$13,352	84.91%
Lloyd's	\$10,115	84.91%
Canadian General	\$9,519	92.46%

All figures in thousands of dollars

A variety of companies appear in the list of major insurers by class.

Automobile	Direct premiums	Loss Ratio
Unifund	\$13,197	79.67%
Co-operators	11,046	96.22%
AXA Canada	\$7,241	70.82%
Continental	\$6,846	94.73%
Prudential Assurance	\$5,067	83.90%

Personal Property	Direct premiums	Loss Ratio
Unifund	\$6,212	60.08%
Co-operators	\$3,743	67.83%
Lloyd's	\$3,680	65.54%
Sovereign	\$1,583	96.27%
Canadian General	\$1,477	76.17%

Commercial Property	Direct premiums	Loss Ratio
Continental	\$3,576	51.17%
Royal	\$1,520	67.89%

Canadian General	\$1,359	81.38%
Sovereign	\$1,312	95.68%
Allendale Mutual	\$1,260	-11.27%
Liability	Direct premiums	Loss Ratio
Canadian General	\$1,703	82.68%
Continental	\$1,196	144.15%
Royal	\$689	95.21%
Prudential Assurance	\$451	56.76%
Lloyd's	\$446	38.34%

All figures in thousands of dollars

207

The Territories

The Northwest Territories is the largest administrative district in Canada, at 3.4 million sq. km., while the Yukon has a total area of 483,450 sq. km. However, the inhospitable climate means that combined they only have a population of 78,800 and total insurance premiums of \$43 million, less than Prince Edward Island.

The results in the major classes were as follows:

Yukon	Direct Premiums	Loss Ratio
All classes	\$16,778	78.91%
Automobile	\$8,590	76.41%
Personal property	\$1,929	47.54%
Commercial property	\$3,538	27.76%
Liability	\$1,300	5.23%
Northwest Territories	Direct Premiums	Loss Ratio
All classes	\$26,553	78.54%
Automobile	\$8,827	57.68%
Personal Property	\$2,693	67.69%
Commercial Property	\$8,231	70.74%
Liability	\$2,801	109.57%

All figures in thousands of dollars

It is national writers which operate in the territories, as the list of largest companies shows.

Company	Direct premiums	Loss Ratio	
		Yukon	N.W.T.
Commercial Union	\$5,784	46.43%	38.80%
Guardian	\$4,856	45.04%	37.15%
Royal	\$4,746	58.10%	39.98%
Co-operators	\$4,584	84.31%	57.52%
Simcoe Erie	\$2,143	33.93%	78.16%

All figures in thousands of dollars

A few other large national writers show up in the major writers by class.

Automobile	Direct premiums	Loss Ratio	
		Yukon	N.W.T.
Royal	\$2,972	60.61%	36.33%
Co-operators	\$2,938	99.68%	67.22%
Guardian	\$2,628	67.98%	51.90%
Commercial Union	\$2,596	52.85%	63.69%
Wawanesa	\$1,146	87.95%	86.96%

Personal Property	Direct premiums	Loss Ratio	
		Yukon	N.W.T.
Commercial Union	\$1,340	46.25%	42.13%
Co-operators	\$882	41.06%	133.63%
Simcoe Erie	\$647	16.35%	59.68%
Dominion of Canada	\$433	20.91%	51.70%
Wawanesa	\$333	99.70%	-

Commercial Property	Direct premiums	Loss Ratio	
		Yukon	N.W.T.
Commercial Union	\$1,132	22.95%	39.08%
Royal	\$1,086	15.22%	47.52%
New Hampshire	\$1,014	91.51%	193.39%
Guardian	\$839	-11.76%	45.80%
Protection Mutual	\$759	-30.17%	84.92%

Liability	Direct premiums	Loss Ratio	
		Yukon	N.W.T.
Simcoe Erie	\$765	4.26%	7.90%
Commercial Union	\$541	13.75%	10.85%
Guardian	\$511	30.86%	-6.27%
Commonwealth	\$321	15.38%	32.58%
Royal	\$295	10.87%	41.38%

All figures in thousands of dollars

Canada

209

Canada as a whole has a total population of 26.2 million in an area of 9.97 million sq. km.

Canadian companies are well represented in personal lines, but less so in commercial business, with only Laurentian General amongst the top five in commercial property and Simcoe Erie in liability.

The principal insurers by class are:

Automobile	Direct premiums	Loss Ratio
Zurich	\$560,415	75.56%
Co-operators	\$525,249	95.09%
Royal	\$432,642	85.60%
State Farm	\$384,191	86.18%
Economical	\$358,672	87.66%
Personal Property	Direct premiums	Loss Ratio
Economical	\$147,793	63.11%
Co-operators	\$134,947	71.35%
Zurich	\$112,200	62.84%
Wawanesa	\$104,074	67.73%
Royal	\$99,837	54.66%
Commercial Property	Direct premiums	Loss Ratio
Continental	\$156,179	78.95%
Royal	\$146,253	76.43%
Zurich	\$113,840	63.88%
Lloyd's	\$92,103	68.17%

Laurentian General	\$83,313	70.48%
Liability	Direct premiums	Loss Ratio
Zurich	\$99,167	52.96%
Simcoe Erie	\$93,927	77.81%
Continental	\$87,915	79.07%
Royal	\$80,442	89.50%
General Accident	\$71,556	55.36%

All figures in thousands of dollars

210



Reinsurers

Reinsurers' results in 1990 continued the decline begun in 1989, with the loss ratio increasing a further four points to 77.69%, making an almost ten point deterioration since 1988 and back close to the levels of the early eighties.

Results for the last five years for professional reinsurers only have been as follows:

Year	Reinsurance Assumed	Net Premiums Written	Net Premiums Earned	Loss Ratio	Underwriting Result
1986	1,115,574	923,064	859,764	76.28%	(53,136)
1987	1,066,994	911,053	918,776	73.10%	(17,484)
1988	1,021,374	872,621	899,739	68.44%	2,941
1989	1,110,294	933,275	908,282	73.84%	(81,015)
1990	1,220,653	1,007,969	964,959	77.69%	(116,810)

All figures in thousands of dollars

These figures do not include the significant amount of reinsurance written by other companies, for which the results of assumed reinsurance only are not published. They do however include some inter-group reinsurance which is not available on the open market.

The following table lists all licensed companies writing open market reinsurance in Canada in 1990, showing the results of those specializing in reinsurance.

Company	Reinsurance		Net		Underwriting		Loss	
	Assumed		Growth	Premiums	Result		ratio	
			Rate	Written	1990	1989	1990	1989
	(\$)	(%)	(\$)	(\$)	(\$)	(%)	(%)	
Canadian Re	226,338	(1)	30.32	133,359	(17,724)	(16,415)	82.37	79.86
Lloyd's	182,030	(2)	8.34					
Munich Re	169,223	(3)	-3.92	152,057	(17,320)	(13,505)	75.59	73.13
M & G	75,329	(4)	4.57	59,124	(7,378)	(537)	71.40	61.22
Zurich	68,196	(5)	130.66					
Abeille Re	68,111	(6)	5.21	66,249	(8,786)	(7,442)	79.37	79.99
SCOR Re	61,661	(7)	8.96	47,061	(6,926)	(4,210)	78.37	74.02
Co-operators	60,550	(8)	383.90					
Prudential Re	52,180	(9)	23.53	51,256	(4,270)	(1,456)	77.63	63.84
Gerling Global Re	44,860	(10)	3.61	31,426	413	2,895	69.60	57.30
General Re	44,808	(11)	-5.19	41,896	(1,464)	1,935	70.72	67.79
Skandia Canada	43,284	(12)	-3.34	39,812	(5,895)	(7,629)	73.05	68.39
Transreco	32,665	(13)	211.87	8,923	(2,012)	(2,568)	73.10	84.24
Simcoe Erie	31,454	(14)	39.87					
National Re	27,082	(15)	32.85	21,696	(4,537)	(2,855)	90.89	81.82
Employers Re ⁹	26,982	(16)	17.75	42,718	(2,615)	(954)	74.41	72.94
SAFR	\$4,377	(17)	50.26	24,377	(3,235)	(1,654)	81.15	73.57
Nationwide Mutual	22,336	(18)	-22.70	19,826	486	466	70.85	72.02
American Re	21,803	(19)	-13.95	21,803	(8,656)	(9,982)	99.64	102.85
Christiania General	20,687	(20)	164.54	18,006	(1,605)	(383)	79.16	61.70
AXA Re	19,539	(21)	-0.94	18,150	(3,162)	(379)	88.18	79.30
St Paul	17,260	(22)	3.12					
Great Lakes ¹⁰	15,748	(23)	-12.92	15,197	(490)	(1,080)	68.73	68.90
Hannover	15,426	(24)	14.34	11,741	(1,954)	(2,778)	80.48	91.15
CIGNA	15,269	(25)	12.85					

⁹ Employers Re also wrote \$15,736,000 of direct business, which is included in the results.

¹⁰ Canadian business only; the bulk of Great Lakes' business is from outside Canada.

Frankona Re	14,363 (26)	-16.13	14,363	(26)	(50)	75.15	79.17
A.G.F. Re	13,446 (27)	26.01	11,551	(1,668)	(1,230)	75.25	73.87
Royal Re	12,777 (28)	6.45	9,274	(1,991)	(2,284)	80.28	85.58
SOREMA	12,267 (29)	363.61	11,579	(1,162)	(360)	76.42	71.75
NRG Victory	10,940 (30)	-4.46	9,668	(2,043)	(976)	75.32	72.70
Citadel	10,344 (31)	-15.75					
Mutuelle Du Mans	9,552 (32)	20.88	8,777	(1,587)	(1,121)	74.10	69.33
NWR Re	9,384 (33)	-52.01	9,371	(57)	1,016	74.46	62.05
Kemper Re	8,064 (34)	12.45	7,711	(930)	(864)	86.33	84.80
US International	7,090 (35)	-6.53	6,146	(3,526)	273	114.18	54.08
Netherlands Re	5,873 (36)	4.07	5,361	(212)	10	66.74	61.88
Unione Italiana	5,216 (37)	79.55	5,216	(487)	247	75.15	60.14
Transcontinentale	4,694 (38)	7.05	4,694	(483)	573	76.18	78.25
General Security	3,981 (39)	1.19	3,981	(59)	(29)	70.78	68.73
Union Re	3,728 (40)	-43.48	3,728	(932)	(1,560)	87.42	90.31
Re Corp of N.Y.	3,658 (41)	-17.50	2,213	(1,039)	(649)	104.31	90.28
Laurentian	2,870 (42)	26.04					
Nippon Fire	2,456 (43)	-10.82	2,456	(140)	(767)	75.18	100.58
Pohjola	2,368 (44)	4.46	2,323	374	(337)	46.99	76.75
Baloise	2,201 (45)	59.96					

All figures in thousands of dollars

The two farm mutual reinsurers do not write on the open market, except within their specialized field.

Their results were as follows:

Company	Insurance		Net		Underwriting		Loss ratio	
	Assumed	Growth	Premiums Written	Result	1989	1990	1990	1989
SMRQ ¹¹	\$42,255	5.28%	\$40,922	(\$1,521)	(\$3,058)	71.23%	74.00%	
Fam Mutual Re	\$29,949	-2.84%	\$20,930	\$2,387	\$3,750	74.44%	70.75%	

All figures in thousands of dollars

¹¹ SMRQ also wrote \$8,897,000 of direct business, which is included in the results.

Undoubtedly some reinsurance other than open market appears in some of the figures. Because of this, as well as changes in the structure of the market, it is difficult to draw conclusions from these figures.

The largest increase in reinsurance assumed was by Co-operators, which went from \$12.5 million to \$60.5 million, a 383% increase, following a 55% drop between 1988 and 1989.

SOREMA also had a substantial increase, 363%, but this was from a base of only \$2.6 million. Nonetheless, it was enough to move them into twenty-ninth spot, well ahead of reinsurers active in the market for much longer.

Third largest increase was by Transreco (211%), which again could include cessions from the AIG companies which were not available on the open market. Christiania General was fourth (164%), reflecting their take-over of the New Zealand portfolio. Fifth was Zurich (130%), perhaps reflecting changes resulting from the purchase of the Travelers' Canadian operations.

The next two largest, were Unione Italiana (79%) and Baloisc (60%), both also from bases of less than \$3 million in 1989. Of the larger companies, SAFR stands out with a 50% increase, from \$16.2 million to \$24.3 million.

Of the companies dropping significantly in volume, the largest drops seemed to have little to do with the open market.

The largest drop was by Norwich Winterthur Re, with 52%. However, its reinsurance assumed had risen from \$7.2 million in 1988 to \$19.5 million in 1989, before dropping back to \$9.3 million in 1990. On the other hand, in 1988 and 1990, its net premiums written and total reinsurance assumed were the same, whereas in 1989, its net premiums written were only 43% of its reinsurance assumed, suggesting some special arrangements that year.

Canadian Re moved into the number one spot in volume, with an increase of 30% to \$226.3 million; of the other two top

companies, Lloyd's increased by 8% while Munich Re dropped by 4%.

Of the thirty-nine active companies specializing in reinsurance, the lowest loss ratio was produced by Pohjola, underwritten for in Canada by Reinsurance Management Company of Canada, at 46.99%.

214 Thirty companies specializing in reinsurance wrote more than \$5 million of Canadian business in 1990, the same number as in 1989. Unione Italiana and SOREMA joined the group, while New Zealand and Union Re dropped off, the former having sold its portfolio to Christiania General and the latter withdrawing in favour of its sister company, Canadian Re.

The lowest loss ratio for these thirty was produced by Netherlands Re, with 66.74%. Great Lakes (68.73%) and Gerling Global Re (69.60%) were also below 70%. Only US International Re was above 100%, at 114.18%, after having had the lowest loss ratio the year before at 54.08%.

Going from lowest to highest gave US International Re the largest change in loss ratio, 60 points. Christiania's deteriorated by 17 points and others with a deterioration of more than 10 points were Unione Italiana (15 points), Prudential Re (13 points), N.W. Re and Gerling Global Re (12 points) and Mercantile & General (10 points).

Only eight of the thirty improved their loss ratio - Transreco (11 points), Hannover (10 points), Royal Re (5 points), Frankona (4 points), American Re (3 points), Nationwide Mutual (1 point) and Abeille Re and Great Lakes (less than one point).

Nationwide Mutual had the best underwriting profit with \$486,000, the same as in 1989, when it was the fourth largest. Only Gerling Global Re also made an underwriting profit (\$413,000), as it has every year since at least 1979.

The reinsurers with the lowest expense ratio (excluding acquisition costs) all operated from outside Canada, Nationwide Mutual coming in lowest at 1.71%.

Of the twenty reinsurers with an office in the country, Employers Re had the lowest expense ratio at 4.06%. Christiania General (4.28%) and Abeille Re (4.36%) were also below 5%, a level Abeille was the only one to achieve in 1989 (4.81%). Three others were below 6% - Great Lakes (5.18%), Prudential Re (5.44%) and Munich Re (5.96%).

Transreco, which is mainly a facultative operation, once again had the highest expense ratio, at 21.06%, down from 23.33% in 1989. Six others were over 10% - American Re (18.11%), General Re (16.12%), Mercantile & General (14.33%), NRG Victory (12.40%), Mutuelle du Mans (10.62%) and National Re (10.32%).

215

Expense ratios can of course vary significantly with the volume of facultative business, the type of treaty business and the cost and level of support provided by an overseas parent or head office.

Property Reinsurance

Reinsurers are not consistent in separating their personal and commercial business, so results are more meaningful for the property class as a whole. Most of the premium is undoubtedly for commercial business, which would be the bulk of proportional cessions.

Because of the importance of proportional cessions, this is the major class for reinsurers in terms of premium volume, though not necessarily in terms of underwriting result, where excess of loss business can have an impact far greater than its proportion of written premium.

The results of companies specializing in reinsurance have been as follows:

Year	Net Written Premium	Net Earned Premium	Loss Ratio
1986	\$475,174	\$446,494	63.04%
1987	\$442,190	\$445,383	60.30%
1988	\$422,530	\$428,961	55.15%

1989	\$485,013	\$466,981	74.01%
1990	\$516,393	\$491,376	79.71%

The brunt of the Calgary hailstorm losses fell on reinsurers, so 1991 will certainly have been worse.

Automobile Reinsurance

216

Much of automobile reinsurance, in number of treaties if not in premium volume, is excess of loss, on which reinsurers are in a better position to apply their own rating, rather than follow the primary rating. As a result, their experience has been better than that of the market as a whole since 1987.

Reinsurers' results in the last five years have been as follows:

Year	Net Written Premium	Net Earned Premium	Loss Ratio
1986	\$172,651	\$165,338	97.44%
1987	\$178,021	\$186,289	92.33%
1988	\$160,463	\$165,487	83.84%
1989	\$163,171	\$157,140	83.95%
1990	\$204,091	\$182,111	76.44%

Liability Reinsurance

Most treaty liability reinsurance is written in conjunction with automobile, except for those ceding companies specializing in the class. However, the reinsurance written premium was at about the same level as that of automobile until 1989, whereas the total market premium is less than 15% of the total for automobile. This reflects the fact that there is little automobile reinsurance out of British Columbia, Saskatchewan and Manitoba and no bodily injury coverage in Quebec. It also suggests that the volume of facultative liability reinsurance placed is substantial.

Reinsurers' results were worse than those of the market as a whole through the mid-eighties, but have improved to better them by the end of the decade.

For the last five years, they have been as follows:

Year	Net Written Premium	Net Earned Premium	Loss Ratio
1986	\$175,223	\$149,151	103.69%
1987	\$191,971	\$185,780	95.26%
1988	\$164,655	\$176,741	87.51%
1989	\$151,677	\$152,139	54.36%
1990	\$148,869	\$152,348	59.11%

All figures in thousands of dollars



Conclusion

Following what looked like the first year of recovery for the market as a whole in 1990, 1991 has been mixed. For reinsurers alone, however, it has been little short of disastrous.

The improvement in automobile will have passed most of them by, since few write it on a quota share basis. The new plan for Ontario, with uncapped indexation of weekly benefits and unlimited medical and rehabilitation benefits, will challenge their ingenuity to design a product with which they can live, while providing their clients with adequate protection.

On the property side, most of their proportional business is commercial, the worst class in the market, and they paid the bulk of the Calgary loss. As a result, some reinsurers will probably show an operating loss for the year, a rarity for them.

However, all that had an impact on the renewal of reinsurance contracts for January 1, 1992, which should result in a major swing back. Unless derailed by another major catastrophe, 1992 will certainly be better for reinsurers, but their world is changing and the long-term winners will be those best able to foresee the changes coming and adapt to them.