

# CANADA IS OPEN FOR PROGRAM BUSINESS

PRESENTED BY:

**GARY HIRST – PRESIDENT**

CANADIAN ASSOCIATION OF MANAGING GENERAL AGENTS



**Canadian Managing  
General Agents**

# CAMGA WAS FOUNDED IN 2018 TO REPRESENT OVER 140 MANAGING GENERAL AGENTS, WITH 3 FOUNDING PILLARS



EDUCATION



REGULATION



ADVOCACY



# EDUCATION

We have been working with the Insurance Institute of Canada to craft a curriculum and examination, leading to a designation, specific to the MGA industry.

The first course will be ready for release in January 2020.



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# REGULATION

The MGA space in Canada is generally not well regulated, but we've seen indications that regulation is coming.

Our vision is to have a professional representative voice so that we can guide the regulator rather than be told how we are to conduct our business, to this end we have established a code of ethics.



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# ADVOCACY

The MGA space in Canada has been growing in recent years and we are seeking to create a forum where key issues can be promoted and information shared, such as technology and insurer relations.



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## What Canadian MGA's offer their Retail Broker distribution

- Generally MGA's are a comprehensive provider of Products, that is to say that they offer many and varied Product offerings.
- On Line quote and bind is a popular feature
- Turnaround times are a key factor in MGA's winning business
- Canada has two official languages, French and English, certain Provinces require Policy's to be issued in French
- Claims management services.

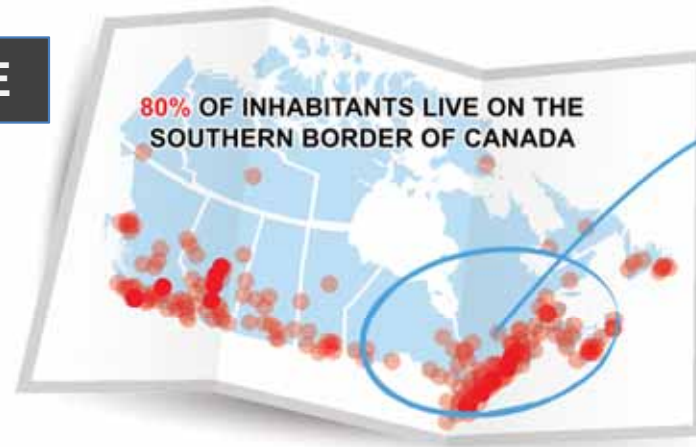


# SIZE OF THE INSURANCE MARKET PLACE



**Total Population of Canada is 37,000,000**

Smaller than the State of California, but with a land mass making it the second largest country in the world, after Russia.



ONTARIO & QUEBEC HOLD OVER 50% OF THE POPULATION OF CANADA

**10 Provinces and 3 Territories – all with their own Regulatory Requirements**



2017 TOTAL NET WRITTEN PREMIUMS:  
CAD  
**\$46,928,000,000**



Split as follows:



AUTO  
CAD

**\$20,857,000,000**



PRIVATE PROPERTY/CASUALTY  
CAD

**\$18,410,000,000**



The largest Private P&C Insurer in Canada is Intact with a **17% MARKET SHARE**, Lloyd's of London are 4th with a 7.3% market share.

2017 and 2018 have produced negative results, in General, for the Insurers.



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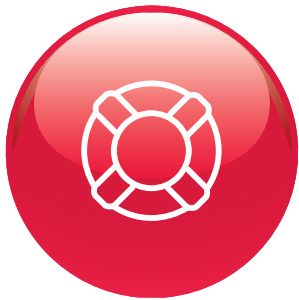
## The Admitted versus E&S Market

The terms 'Admitted' and 'Excess and Surplus' are unique to the USA, the only Product requiring rates to be lodged with the insurance regulators are auto, otherwise the market is open to free rating.

However, Insurance has to be bound and issued with a registered and regulated Insurer, the use of MGA Captive Insurers, as often happens in the USA, is prohibited as the paper will not be licenced and regulated.

## MAJOR MARKET SEGMENTS

Top 4 Segments in the Private P&C market space in \$000



LIABILITY  
CAD \$6,090,393



ACCIDENT AND SICKNESS  
CAD \$925,143



SURETY  
CAD \$622,033



BOILER AND MACHINERY  
CAD \$446,149

## LICENCING REQUIREMENTS

The MGA Corporate Body must be registered with Each Provincial Corporate Body

The Board of Directors must hold a Level one Licence in Each Province, with the Broker Regulatory Authority

Each Underwriter must hold a minimum of a level 2 Licence.

The MGA must hold binding Authority with one or more regulated and Registered Insurer, Broker licences require applications to be sponsored by a Registered and Regulated Insurer in the Province of operation.

MGA Licences require compliance with the laws of each Regulatory Body which covers things such as Fair Treatment of Customers, Fidelity, E&O requirements, Premium Trust Accounts, and monthly, semi-annual and Annual reporting requirements.

## CANADIAN REGULATORY ENVIRONMENT

The number of Regulated Insurers in Canada has reduced over the last 12 years, through a large number of mergers and acquisitions.

Very few new Insurers have emerged, as the Licencing and capitalization requirements are very stringent.

MGA regulation is currently undertaken at Provincial Level by the Broker regulators, each Province and Territory requires an Insurer supported application, which of course requires a Contract.

Licensed Insurers require comprehensive business plans governing Business Type, Risk assessment, policy issuance, data protection and storage requirements, Policy issuance, invoicing, statements, Bordereau production, Claims management, to name but a few areas.

Membership of CAMGA is recognised by a number of the licensing Bodies and of course is encouraged.

# THANK YOU



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