

Premium Perspectives

Rising Commercial Insurance Costs in Peterborough

Purpose

Commercial insurance rates nation-wide, and in this region, have seen notable increases. The financial burden associated with high insurance costs has largely inhibited the potential for successful business. The purpose of this research is to better understand commercial insurance rate trends in Peterborough and to make recommendations that can be used for advocacy by the Peterborough and Kawartha Chamber of Commerce and the larger Chamber network.



Research Questions

- What are commercial insurance rate trends in Peterborough?
- Why have rates been increasing?
- What recommendations can be made to reduce insurance costs for businesses?

Methodology

- Surveyed businesses in this area.
- Interviewed insurance industry professionals.
- Secondary data research.

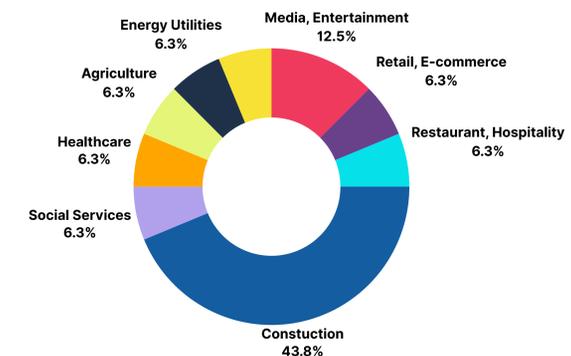
Limitations

This research is limited by its small sample size and may not be representative of the aggregate.

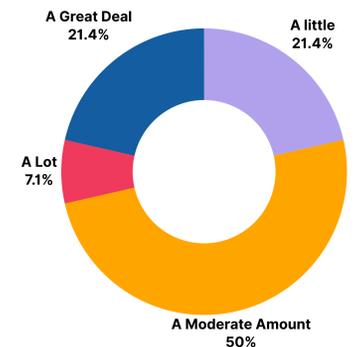
Preliminary Findings

- 93% of business participants indicate that their insurance premiums have increased in the last 5 years.
- 47% of business participants believe that insurance premium increases have not been justified.
- Insurance premiums in Peterborough are rising, however, most increases have been on par with previous trends in a hard-market.
- Commercial insurance premium increases have largely been due to inflation and an increase in the number of large insurance claims, often due to extreme weather events.
- Large insurance premium increases and non-renewals tend to come from changing business operations.
- The restaurant/hospitality and construction sectors have some of the most dramatic increases in premium prices.
- Insurance underwriting on restaurant businesses serving alcohol is typically based on revenue alone.

Survey Respondents



Magnitude of Premium Increases



Recommendations

- 1) Municipal bylaw requiring the use of building materials that make buildings more structurally sound.
 - This may reduce potential damage resulting from uncontrollable natural events.
 - Insurance carriers often offer premium discounts for similar upgrades.
 - Example: Hurricane Roof Straps.
- 2) Policy that requires insurance companies to base underwriting in the hospitality sector on units of alcohol sold rather than a percentage of revenue.
 - This helps to more accurately gauge liquor exposure and ensures fair insurance premiums in the hospitality sector.