



**IBC**  
Insurance Bureau  
of Canada

# Commercial Insurance Market Update



About this report

Insurance Bureau of Canada’s (IBC’s) annual State of the Commercial Insurance Market Report is part of an ongoing strategy to provide businesses across the country with relevant information about premium trends in the property and casualty insurance market. In addition, this report highlights emerging risks and points to resources available from IBC to assist businesses.

2024 Market in Review

Are we in a soft market? Depends on who you ask.

The Canadian property and casualty (P&C) insurance industry saw improved commercial underwriting results in 2024, along with enhanced investment income returns and increased capacity. This is good news for Canadian businesses, as the market for commercial insurance saw stable pricing and better terms (the length of time an insurance policy is active and provides coverage).

According to [Aon](#), a leading global professional services firm, insurer retention and growth ambitions in Canada fueled buyer-friendly market conditions, characterized by moderate price decreases, healthy competition and capacity increases in target product areas. Multi-year terms are becoming more available.

Global professional services firm [Marsh LLC](#) reported that 2024 commercial market conditions in Canada saw pricing declines in all major product lines. The report attributed this trend to increased competition in commercial property insurance, a moderation of casualty rate increases, stabilizing pricing in financial lines and accelerated rate reductions for cyber risks. In Canada, rates were down on average 2% for casualty and 3% for the property, financial and professional, and cyber lines.

Credit rating service provider [DBRS Morningstar](#) noted that Canada’s P&C insurers weathered some of the worst-ever quarterly insured losses in Q3 2024 due to the worst severe-weather season in the country’s history. In spite of this, DBRS Morningstar reported that “the pace of price increases in 2024 continued to decelerate in some commercial lines.”

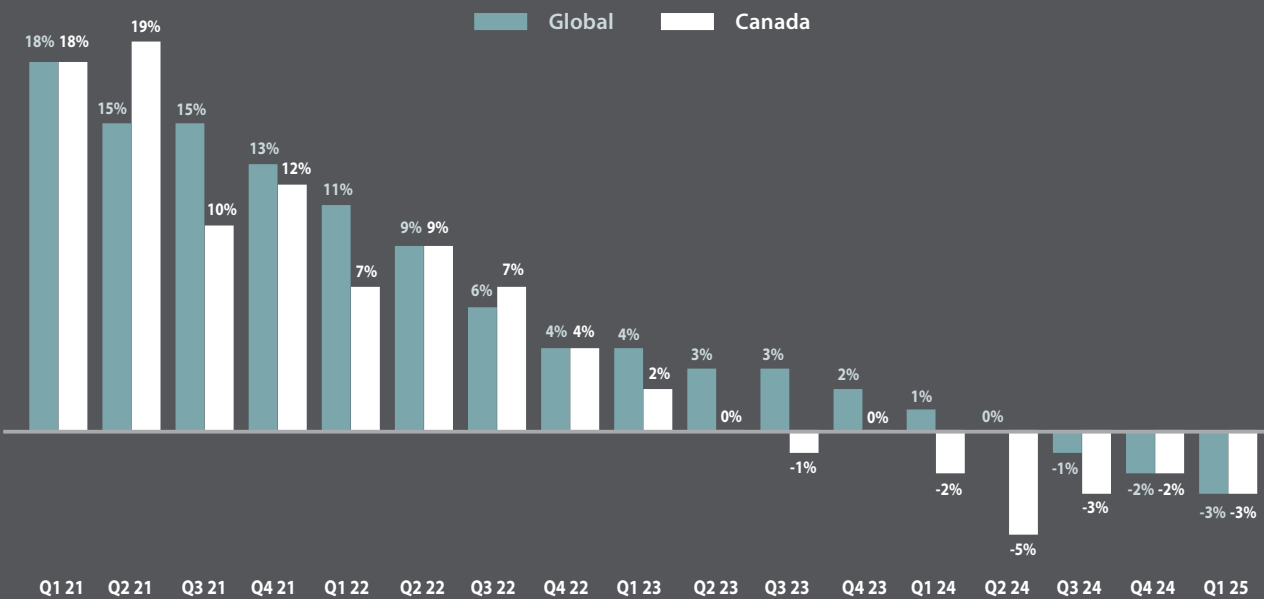
What’s the difference between a hard and soft insurance market?

In the insurance industry, a hard market is characterized by rising premiums, stricter underwriting standards and limited coverage availability. In contrast, a soft market is marked by stable or falling premiums, broader coverage and more competitive conditions.

The Canadian commercial insurance market entered into a period of challenging conditions in 2019, with higher rates and reduced underwriting capacity for certain lines of business and in specific regions. Commercial insurance premium increases peaked in 2020 but have largely stabilized over the past three years. Improved insurer underwriting performance and overall profitability are behind the softening of the market. In 2024, many insurers increased capacity across most lines of business.

Commercial insurance composite pricing

On average, Canada saw commercial insurance rates decline 3% across all lines in Q1 2025. The same decline was observed globally as well.



Source: Marsh Quarterly Global Insurance Market Index

Looking ahead in 2025

Global professional services firm Marsh LLC recently released its [first update of 2025](#) showing Canada insurance rates continue to decline in all major product lines.

The [Allianz Risk Barometer](#) ranks business interruption, natural catastrophes and cyber incidents as Canada’s top threats in 2025, underscoring a volatile mix of economic, environmental and technological challenges.

The [World Economic Forum’s Global Risks Report 2025](#) highlights critical challenges, such as inflation and economic downturns, that Canada faces amid an increasingly volatile global landscape.

In its [Canadian Market Update](#), Gallagher, an insurance brokerage, risk management and consulting firm, highlights commercial market trends in various lines, including property, casualty, auto, executive and financial risk and cyber for 2025.

A recent [insurance market update](#) from global professional services firm Aon concludes favourable market conditions are driving pricing relief for insureds, although there remains a differentiation between loss-free and preferred classes of business versus the more acutely challenged risk profiles.



# Property insurance market challenges

Severe weather in 2024 resulted in over [\\$8.9 billion in insured losses](#) across the country. The tally shattered the previous record of \$6.2 billion in 2016, following the Fort McMurray wildfires. The 2024 total is nearly triple the total insured losses recorded in 2023 and is 12 times the annual average of \$704 million in the 2001 to 2010 decade.

At the same time, recent data from Statistics Canada shows that building-construction costs (a contractor’s price reflecting the value of all materials, labour, equipment, overhead and profit to construct a new building) have soared by 66% over the last five years, vastly outpacing the 19% general inflation rate in the same period.

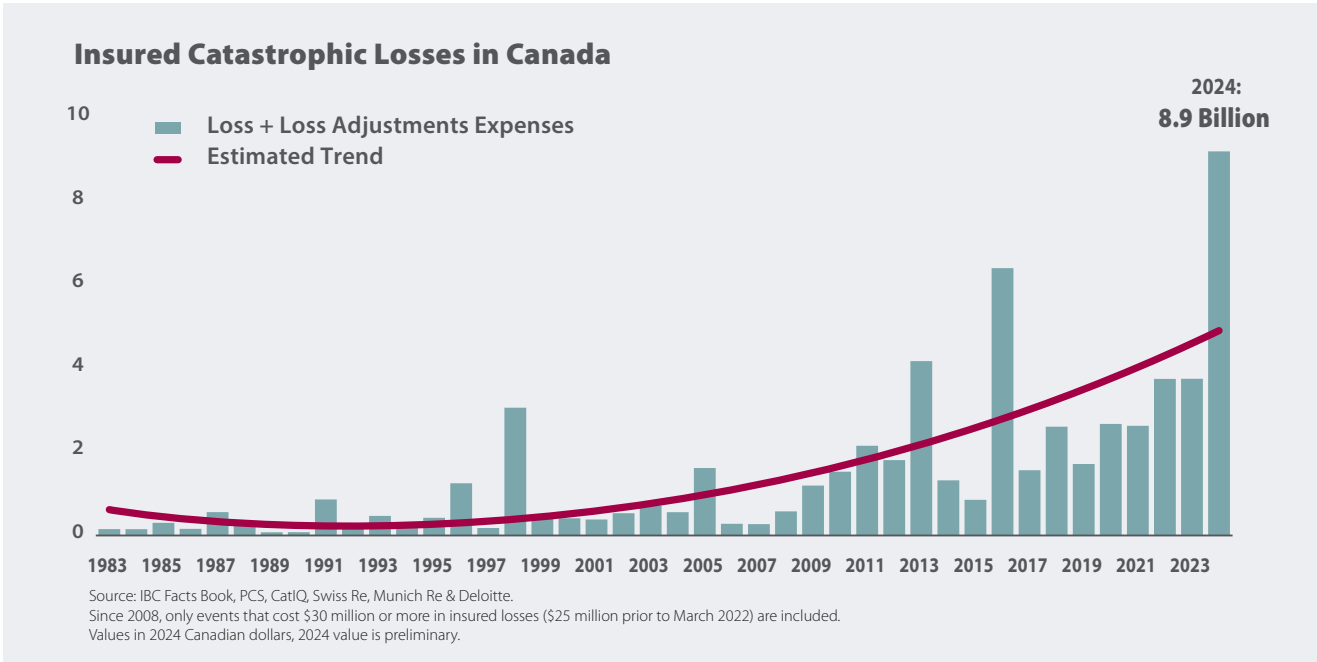
Rising home input costs, skilled labour shortages and increasing losses from severe weather events are having a

disproportionate impact on property insurance relative to other lines of insurance business. Since 2019, [Canada has experienced a 115% increase in the number of claims for personal property damage and a 485% increase](#) in the cost for repairing and replacing personal property damaged by severe weather.

[Four catastrophic weather events in the summer of 2024](#) accounted for the bulk of insured losses. Many insured

businesses in Jasper, Calgary, Toronto and Montreal were impacted, with over 12,000 claims and \$1.7 billion in commercial losses.

However, despite the record losses in 2024, premiums in the commercial property market remained stable, reflecting increased capacity and rate moderation.





# Risk management advice for consumers

- Contact your insurance representative about renewing your insurance policy 3 to 4 months before it expires. Contact a variety of insurance providers to understand what they can offer your business.
- Package your business to avoid stand-alone coverage, such as commercial auto. A commercial package policy is an insurance policy that bundles together multiple commercial insurance coverages into one convenient package. It's a flexible option for businesses, allowing them to customize their coverage to suit their specific needs and risk profile, potentially at a lower cost than purchasing individual policies.
- Ensure that your submission (or package of information) reflects your business as a high-quality risk. Include detailed information that tells your story. The submission provides the underwriter with the necessary data to assess the risk and decide whether to offer coverage.
- Prepare to employ additional insurers to complete your excess liability program.

## Tourism sector braces for fallout from tariffs

A [new report](#) from the Conference Board of Canada highlights the potential impact of tariffs on Canada's tourism sector. The Tourism Industry Association of Canada is [raising](#)

[concerns](#) with government that reduced tourism between both Canada and the US could impact an industry still recovering from the economic impacts of the pandemic.

## Commercial Insurance Hotspots

Higher risk categories for some insurers include:

- Real estate and construction for apartments, condominiums, or multiunit dwellings, residential and social services
- Several manufacturing sectors, such as sports equipment, chemicals, firearms and pharmaceuticals
- Health care, depending on the setting and loss experience
- Education and nonprofits due to abuse concerns
- Per- and polyfluoroalkyl substances (PFAS)
- Non-profits
- Transportation





# Full impact of “on again, off again” US tariffs

creating uncertainty for Canadian businesses

IBC recently conducted an analysis of tariff impacts on commercial insurance

President Donald Trump, tariffs and trade wars: Since the beginning of 2025, these topics have dominated the airwaves and created uncertainty across Canada. To understand how these issues could affect the economy as well as commercial and personal insurance lines, IBC teamed up with Deloitte, a global professional services firm, to analyze the macroeconomic, pocketbook-level, industry and price impacts of the US tariffs and Canadian reciprocal tariffs.

### The US-Canada tariffs

- On March 4, 2025, U.S. tariffs of 25% on Canadian goods and 10% on energy exports from Canada to the United States came into effect. Canada responded with \$30 billion in reciprocal tariffs on a number of goods imported from the United States.
- On March 12, 2025, the United States imposed tariffs of 25% on Canadian steel and aluminum products. Canada responded with 25% reciprocal tariffs on a list of steel products worth \$12.6 billion and aluminum products worth \$3 billion, as well as additional imported U.S. goods worth \$14.2 billion.
- Tariffs on Canadian and Mexican autos were announced by the US administration on March 26 which was then extended to all foreign made vehicles on April 2.
- On April 2, the US ordered a range of tariffs on a number of countries based on their trade imbalance

with the U.S with a minimum of 10%. This was rolled back a week later to a baseline tariff of 10% on all countries and will be revisited in 90 days. Further tariffs on semiconductors, lumber and pharmaceuticals are expected in the coming weeks.

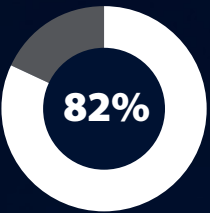
It's no secret that the Canadian economy's deep integration with U.S. supply chains makes both economies vulnerable to increased import tariffs. In 2024, Canada's exports of goods to the United States totalled \$596 billion. This represented 76% of Canadian goods exports, making the United States Canada's largest trading partner. Additionally, there are more than 46,500 companies that ship products to the United States. Exporters to the United States generate substantial income and create jobs across supply chains in Canada. Accounting for the supply chain impacts (i.e., the indirect contributions), Canada's exports to the United States support nearly 2.2 million jobs, or roughly 12% of jobs in Canada.

Tariffs will have an impact on insurance as they add additional costs to the goods used in replacing and repairing homes, cars and businesses. IBC forecasts that the impacts of tariffs will be most pronounced on the personal property and auto lines.

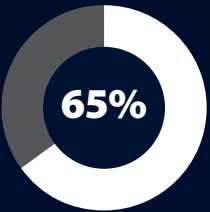
For commercial insurance customers, the negative economic impacts of tariffs will not be felt equally across the different industries in the economy. For example:

- Manufacturing industries, such as those producing transportation equipment and metal products, are expected to be significantly negatively impacted from the tariffs.
- The construction industry, agricultural sector and mining sector will also be negatively impacted through supply chain linkages in the economy.
- The impacts on the service sector are more ambiguous, depending on the particular service industry and tariff scenario.

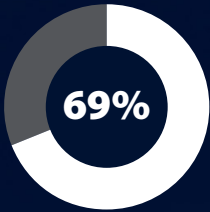
### Key statistics



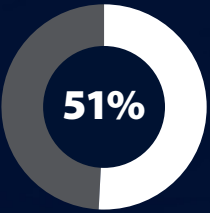
of small businesses expect to be **impacted by tariffs.**



of small businesses expect to **raise prices to off-set tariff impacts.**



of small businesses expect **tariffs to bring higher costs** of doing business.



of small businesses are **directly involved in U.S. exports or imports.**

IBC's analysis also found that commercial property, which accounts for roughly 40% of industry premiums, could see serious demand impacts in an already challenging environment. Tariffs could also impact commercial auto premiums. The silver lining for businesses is that while a softening commercial market combined with tariff-induced impacts could pose profitability challenges for commercial lines insurers, insurers may continue to expand market capacity in response to waning demand.



# Progress on commercial trucking

## Alberta launches enhanced truck driver training

The Alberta government recently announced a new [Class 1 Learning Pathway](#) for commercial truck drivers. The program began on April 1, 2025. Designed to improve driver training and road safety, the pathway replaces the previous Mandatory Entry Level Training program and mirrors many of the recommendations put forward by IBC's Commercial Trucking Working Group, including:

- Adopting a mandatory, apprenticeship-style program with a significant increase in behind-the-wheel and classroom training for new commercial truck operators

- Tailoring educational content to Alberta's unique terrain, weather, cargo and equipment that the commercial trucking industry hauls
- Enhancing oversight of and consistency in how licensed driving schools, carriers, instructors and examiners meet training requirements
- Instituting a new progressive discipline policy for cases in which schools or carriers do not provide training to an acceptable standard
- Investing \$54.1 million over three years to support a grant program for training and transferability, and to attract and retain new commercial drivers in Alberta.

The government also announced an agreement for reciprocal training and testing for Class 1 (including air brake) and Class 6 driver's licences with the Northwest Territories. The agreement allows residents who take the new driver training and testing to be licensed in both jurisdictions.

In 2023, IBC, in cooperation with several stakeholders in the commercial trucking industry, put forth [recommendations](#) to help improve the risk profile of trucking across Canada. The [announcement](#) in Alberta represents a significant step forward for these efforts.





# Resources

## Help for commercial insurance consumers

- [“Eight tips to help navigate the commercial insurance market”](#)
- [“Are you properly insured? What small businesses can learn from a tragic loss”](#)
- [“Inflationary pressures continue to create challenges for property insurance market”](#)
- [“New data shows increased level of competition in the commercial insurance market”](#)
- [“Is your business protected against AI-assisted cyber threats?”](#)
- [“Small business owners: Do you know the full cost of a cyber attack?”](#)
- [“Managing your business insurance premiums”](#)
- [“Will tariffs plunge Canada into a recession? In its March economic forecast, Desjardins predicted a technical recession in the United States and a recession in Canada”](#)

## Recent IBC reports for insurers

- [“InsurEconomy 2024: Measuring the value of the P&C insurance industry to the economy”](#)
- [“Fuelling business prosperity: Government’s role in fostering a sustainable commercial insurance market”](#)
- [“The Canadian cyber insurance market 2024”](#): This market has shown significant growth potential as insurers have adapted their offerings to meet the increasingly sophisticated cyber threats. This report offers an analysis of current cyber insurance coverage, highlights recent insurer financial results, and identifies emerging trends, threats and opportunities within the cyber insurance landscape. Additionally, it details the role of the industry, through IBC, in fostering a cyber-resilient environment through resources for business owners and public education campaigns.

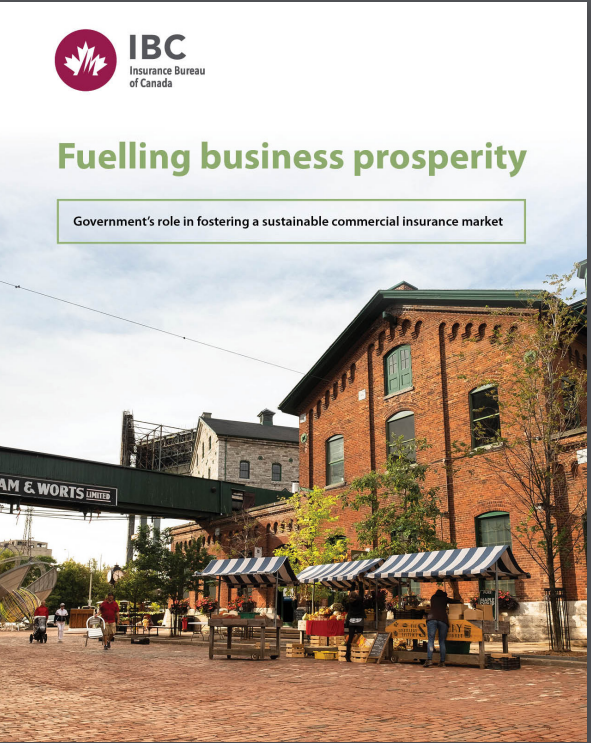
# Recent IBC Reports



Measuring the value of the property and casualty insurance industry to the economy.



Cyber Insurance: The cyber insurance market in Canada has shown significant growth potential as insurers adapted their offerings to meet the increasingly sophisticated cyber threats. This report offers an analysis of current cyber insurance coverage, highlights recent insurer financial results, and identifies emerging trends, threats, and opportunities within the cyber insurance landscape. Additionally, it details the role of industry, through Insurance Bureau of Canada (IBC), in fostering a cyber-resilient environment through resources for business owners and public education campaigns.



Fuelling business prosperity: Government’s role in fostering a sustainable commercial insurance market.



# What is IBC working on in 2025?

The new “Cyber State of the Market Report” will provide a comprehensive look at industry results, trends, challenges and opportunities in Canada’s cyber insurance space. It will also speak to the role of cyber insurance and outline actionable recommendations to build a more resilient cyber ecosystem.

“Emerging Trends in the Canadian Commercial Liability Insurance Market” will analyze the scope and implications of the rapid expansion of litigation exposure in the United States

and the impact on the commercial insurance landscape. This report will provide context on whether the identified liability trends are impacting Canada’s insurance landscape and insurance consumers, and recommend countermeasures to mitigate litigation exposure growth in Canada and to protect the stability of the commercial market.

“Insurance Regulation Switches and Tripwires in an Era of Escalating Risks and Rising Costs” will highlight 10 “switches and tripwires” for regulatory

approaches to the escalating risks and increasing costs facing the P&C insurance sector and their impacts on the insurance industry and consumers. The switches and tripwires represent regulatory changes that have the potential to result in positive or negative impacts on consumers and/or the insurance industry. This report is oriented to regulators who are working to address the escalating risks and rising costs in the insurance sector.

## Adjuster reciprocity across provincial borders

The P&C insurance industry coalition has renewed calls for removal of ‘arbitrary’ barriers impeding the mobility of adjusters. Moves by the U.S. administration to implement tariffs on Canada have generated a new push to consider ways to break down barriers to interprovincial trade and labour mobility.

In response to conversations across Canada about removing barriers to interprovincial trade and the free movement of professionals, a coalition of eight P&C insurance associations has renewed its long-standing plea for Canadian policymakers to eliminate an unnecessary barrier that impacts the industry’s ability to effectively respond to consumers after severe weather events.

In a [February 10, 2025, letter](#) to the Canadian Insurance Services Regulatory Organizations (CISRO),

the coalition calls for major reforms to Canada’s adjuster licensing regime. Currently, each Canadian province has its own licensing requirements. This acts as an impediment to the mobility of adjusters, who are prevented from operating in other provinces without special permission from regulatory authorities. The industry is calling on CISRO and Canadian policymakers to adopt a system of reciprocity, meaning if an adjuster is licensed in one province, their license would be recognized across the country.





# We're here to help

Through its Business Insurance Helpline, IBC offers information to any business owner needing help navigating their commercial insurance needs. This service is provided free of charge and staffed by insurance professionals. If you have questions about your commercial insurance policy or want more details about the current market conditions, call

**1-844-2ask-IBC** (1-844-227-5422).

"Insurance should be perceived not only as a protection mechanism, but more importantly as a partnership that allows individuals and businesses to spread their wings and go where they might otherwise not have dared to go."

– GENEVA ASSOCIATION







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