



Your Premium at Work

Inflation may be sky high and house prices through the roof, but there's one number that remains unchanged – your premium.

For the fifth year in a row, REIX is maintaining its premium for your errors and omissions insurance coverage at \$175 per agent.

If you've ever wondered how the REIX Advisory Board decides the amount of your annual premium, you may be interested to learn that plenty of thought – and calculations – go into it.

For every claim that REIX opens, we enter a lot of data into our claims management database, including the type of claim and the reserves (such as legal expense and indemnity). At year end, we provide our actuaries with a download of that data – information that dates all the way back to REIX's Day 1, October 1, 1991.

Then, the actuaries get to work crunching the numbers:

1. They certify that the reserves on our financial statements are sufficient to cover our open claims. Claims can take several years to resolve so it is imperative that we have sufficient reserves to cover the ultimate cost of these claims plus a safety cushion.
2. Next, they ensure the current premium is sufficient to cover all claims reported to us for that policy year.
3. Finally, they calculate the renewal premium. This calculation includes REIX prior claims experience, current industry trends, the anticipated real estate sales volumes for Alberta and Saskatchewan, and the cost of running REIX. This amount is divided by the anticipated number of renewing subscribers to arrive at the final premium per individual subscriber.

The Magic Number

Armed with this magic number, the Advisory Board meets to discuss the next year's premium. The board's decision is based on the actuaries' recommendation and whether REIX is in a financial position to deplete some of the surplus to lower the premium.

Based on year-end results for 2021, the actuaries recommended a premium of \$249 per agent. After discussion, the Advisory Board decided to maintain the premium at \$175 per agent by subsidizing each subscriber's premium by \$74.

Return on investments and claims results are crucial factors in decisions pertaining to the premium. As subscribers, you can do your part by ensuring you follow good risk management practices which lowers claims. Remember, REIX is here for you!

[The Real Estate Insurance Exchange \(REIX\)](#) provides mandatory errors and omissions insurance to approximately 13,500 Alberta and Saskatchewan real estate industry members and protects them from financial loss due to negligent acts while performing their real estate duties. Be sure to follow us on [Facebook](#)!