

# REIX

**JUNE 21, 2023**

## **Increase in Deductibles**

To better align with rising inflation and higher expenses, the REIX Advisory Board has approved an increase to subscriber deductibles. This is only the second increase in 32 years.

The purpose of deductibles is to act as a deterrent. They help keep premiums low, offset the cost of significant claims, and help prevent subscribers from incurring higher insurance rates by deterring them from filing more frequently. [Risk management](#) can help subscribers avoid the need to file an insurance claim.

The decision to increase deductibles was made following extensive Advisory Board discussion, taking into account rising inflation, the increased costs of administering claims, and the fact that there has only been one previous increase – in 2015 – since REIX started in 1991.

### **Yearly Deductibles Increase**

<b>Year</b>	<b>1991-2014</b>	<b>2015</b>	<b>2016-2022</b>	<b>2023</b>	<b>32 Year Average</b>
<b>Increase</b>	0%	40%	0%	42.9%	<b>2.6%</b>

Deductibles are being increased from \$3,500 to \$5,000 for the first claim and from \$7,000 to \$10,000 for any subsequent claim within three years.

<b>Claim</b>	<b>Current Deductible</b>	<b>New Deductible</b>
<b>First Claim</b>	\$3,500	\$5,000
<b>Subsequent Claims</b>	\$7,000	\$10,000

**This change is effective July 1, 2023 for Saskatchewan subscribers and October 1, 2023 for Alberta subscribers.**

#### **Timing of Deductibles Collection**

In addition to increasing deductibles, the Advisory Board has agreed to change when and how deductibles are collected.

The collection of deductibles will change from when REIX opens a file to (if and when) an indemnity payment is made. Previously, deductibles were held in lawyers' trust accounts, sometimes for years, only to be returned at the conclusion of the file when defence expenses were incurred but no indemnity payment was made, which occurs in more than 80% of claims.

#### **Responsibility for Deductibles Collection**

Changes to who is responsible for collecting deductibles will also change.

REIX defence counsel will no longer be responsible for collecting and holding deductibles in their trust accounts. As part of their business processes, brokerages will now be responsible for collecting deductibles. This aligns with general insurance industry practice.

Going forward, if an indemnity payment is made on a claims file, defence counsel will request the deductible be paid as part of the claim settlement.

## Help with Changes to Deductibles

To help navigate these changes, REIX will provide materials to support subscribers.

A new [Brokers Series](#) PowerPoint presentation is available to help brokers explain the changes to their team, and brokerages will soon be provided with a page highlighting the changes for their policies and procedures manuals.

Please feel free to [contact REIX](#) with any questions you may have.

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*[The Real Estate Insurance Exchange \(REIX\)](#) provides mandatory errors and omissions insurance to over 14,800 Alberta and Saskatchewan real estate industry members and nearly 1,200 brokerages. We're dedicated to providing high value to our subscribers through exceptional claims, risk and financial management. Be sure to follow us on [Facebook](#) and [LinkedIn](#)!*

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