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Hidden Perils: How Discount Insurance Coverage Creates Risk Gaps and Legal Exposure

Signature Risk Partners Inc. warns that buying discount insurance coverage can expose businesses to severe financial loss due to hidden gaps and inadequate protection, as dramatically illustrated by the 2023 wildfire lawsuit against an insurance brokerage in British Columbia.

Introduction

Opting for the lowest-priced insurance may seem sensible for budget-conscious organizations, but these cost-driven decisions often result in policies that lack critical coverage for unique or high-risk exposures. Failure to secure comprehensive insurance can leave businesses unprepared for disasters or unexpected events, with coverage gaps only revealed when it's too late to recover losses.

Case Study: B.C. Resort Wildfire Lawsuit

After the 2023 McDougall Creek wildfire destroyed most of its buildings and utilities, a lakeside B.C. resort found it could not rebuild due to gaps in its insurance coverage. Despite having multiple policies, essential utilities like water, sewage, and electrical were not covered, rendering surviving buildings unusable and causing catastrophic business disruption. The resort's lawsuit claims its broker failed to disclose these coverage gaps, underscoring the dangers of underwritten, discount-focused insurance decisions.

Risks of Cheap, Generic Coverage

- Discount insurers may lack proper underwriting and specialty expertise, leading to policy exclusions unnoticed by buyers.
- Businesses lured by low rates often discover denied claims, unanticipated exclusions, and spikes in future premiums.
- Long-term financial stability is threatened when essential coverages—like utilities or business interruption—are omitted entirely.
- Cases like the B.C. resort demonstrate how these gaps, only found in times of crisis, can jeopardize the survival of the business.

Signature Risk Partners Approach

- Signature Risk Partners emphasizes full risk assessment and tailored underwriting, ensuring clients are protected against the unexpected—not just the obvious.
- The company's underwriters specialize in niche risks and provide personalized coverage enhancements unavailable from generic discount providers.
- Signature works only with financially stable, A-rated insurers, guaranteeing reliable claims service and market longevity.
- Rather than chasing unsustainable rates, Signature focuses on long-term partnership, expertise, and consistent service, protecting broker relationships and clients from future turmoil.

Conclusion

Choosing insurance coverage based on price alone exposes organizations to significant risks, as the B.C. wildfire lawsuit so vividly demonstrates. Proper underwriting, specialized expertise, and transparent communication from brokers are essential to protecting businesses from ruinous surprises and ensuring resilience amid disasters.

Signature Risk Partners Inc. stands committed to safeguarding clients through disciplined pricing, custom coverage, and reliable service—proving that value truly lies in quality, not just cost.

About Signature Risk Partners Inc.

Signature Risk Partners Inc. creates and markets custom insurance programs for professionally managed groups and individual organizations. Each new program begins with extensive research and includes interviews with company management, consultants and our insurance industry partners. Once a new program has been developed an underwriter is carefully selected to ensure the right fit for the program.

Signature Risk's "best-in-class" programs are offered to select industries where owners and operators can benefit from improved coverage and superior service.

To learn more, more visit www.signaturerisk.com