

Intelligence MEMOS



From: Don Forgeron
To: Federal and Provincial Ministers of Public Safety and Infrastructure
Date: May 12, 2017
Re: **THE PLAIN TRUTH ABOUT FLOOD RISK**

Boats full of possessions floating down streets. People up to their waists in rising water. Sandbag brigades. Heart-wrenching images of flooding in Quebec, Ontario, the Atlantic provinces and BC are all ones we've seen before.

No one expects a flood to happen to them, in their town, on their street. But it does – again and again.

And, as we've seen over the past week, as a country, we are failing to protect Canadians from flood. We are failing to keep people out of harm's way. We are failing to respond quickly. We are failing to reduce the financial impact. And we are failing to educate Canadians about the increasing risk that they face.

Every Canadian has a stake in finding solutions because eventually every Canadian pays for increasing flood damage through their taxes and rapidly rising government disaster relief costs. We can do better, however, if governments and industry take the lead in collaborating on solutions.

Canada's property and casualty (P&C) insurance industry has watched water damage shoot up in the last decade. Similarly, governments have watched their expenditures on flood-related costs rise from \$40 million a year in the 1970s to \$600 million annually this decade. And the government's fiscal watchdog, the Parliamentary Budget Officer, expects these costs to continue to go up. Across the country, severe weather events linked to climate change are increasing in frequency and intensity.

But climate change is not the whole problem. Rather it is the accelerator exacerbating many longstanding problems. Those problems include crumbling sewer and storm water infrastructure, poor land use planning, and homeowners who are unaware of their risk and the simple precautions that could protect them.

What Canada needs is a national strategy to address flood risk. This strategy should use a comprehensive whole-of-society approach:

- All levels of governments across the country would make the hard planning decisions to disincent building new homes and businesses on flood plains.
- Governments would prioritize infrastructure investments to protect existing homes and businesses at high risk of flooding.
- Citizens would be educated and empowered to reduce their personal risk. Sewer backwater valves, sump pumps and berms aren't glamorous but they make a difference.

What can insurers do? In the past two years, several Canadian P&C insurers took the important step of introducing a new overland flood insurance product to help consumers reduce their risk. Slowly this new product is gaining traction as more insurers add it to their portfolio. We are in a transition period. Overland flood insurance is not available everywhere, particularly in the highest-risk areas of the country. But many Canadians can now purchase it.

Insurers must work closely with governments to educate consumers, share data on flood risk and create a mechanism for capturing the risk reductions that will come with fixing infrastructure and planning more effectively.

As a society, it's time we stop being shocked every time a flood hits our neighbours, and start taking action to reduce everyone's risk.

Don Forgeron, President and CEO, Insurance Bureau of Canada.