Friday Forum: An Uninsurable Country

Friday Forum: August 14, 2026
1h 32m 49s

Keith Porter 09:51:29
Hi everybody, welcome. We will go live in about 510 seconds while people settle. Okay, welcome to Friday Forum Number 244. Today is August 14, 2026. The series is hosted by ICLR, the Institute for Catastrophic Loss Reduction. We are Canada's leading source for disaster resilience knowledge. We work to make Canada more resilient to natural disasters. Each month, we present recent research related to that mission. I'm your host, ICLR Chief Engineer Dr. Keith Porter. I'm speaking to you from London, Ontario, traditional lands of the Anishinaabek, Haudenosaunee, Lenapewa, and Attawandan nations. Last month we talked about wildfire. Our speakers were Jason Brooks, Dave Winaker, and Ralph Blommers. They told us how models, maps, and field assessments can help prioritize wildfire risk reduction actions. You can find their video slides and transcript at www.iclr.org/workshops. Next month, on September 11, 2026, Professor Dan Shrubsol will tell us about whether floodplain mapping affects property values. He'll also tell us what that means for adaptation policy. Today we are talking about insurability. Rob Moir will present an Uninsurable country. That's a cautionary tale from the United States. Those who attended the Friday forum on March 13th may recall that Canada's catastrophe losses track those in the United States on a per capita basis with a 15-year delay. So after Rob's talk, we're going to discuss the significance of the last 15 years in the United States for the next 15 years in Canada. Rob, our other panelist David Mayer, and I will talk about America's symptoms, and we're going to compare them with Canada. We're going to ask whether Canada's current insurability issues are local and transitory, or do they signal a more widespread long-term trend resembling the United States? About our speaker and our panelists, you have their bio sketches. Here's a little bit more. Rob was trained as an atmospheric scientist and spent much of the last 30 years advocating for climate adaptation. David is an insurance expert. He works at Rates.ca, which is Canada's largest price comparison platform. David oversees insurance markets and underwriting strategies. He serves as an industry spokesman, spokesperson for the platform's commercial property and auto insurance guides. Now, before our speaker begins, here's our agenda. Our webinar will last 90 minutes. Rob will present for about 1/3 of that. Then I'm going to moderate panel discussion, a panel discussion for about 30 minutes. Then we'll do Q&A for the remaining time, now please feel free to chat your questions into the Q and A box. I will try to pose your questions in that last third of our time in the order that they appear in the Q and A box. So, if we have a lot of questions, I may only pose your first one, then move on to others, then circle back to your additional questions. Our webinar is recorded. ICLR will post the the speakers' slides and a link to the video in the next day or so. So if you have colleagues who couldn't attend, let them know. You can find those materials within the next day or so at www.iclr.org/workshops. And with that, I will turn it over to Rob. Take it away, Rob.

Rob Moore 09:55:15
Great, thanks a lot, Keith, and really appreciate the invitation to be part of today's Friday forum and share a little bit of what we see happening in the United States. Bear with me here while I get my slides up and shared. All right. Hopefully, everybody can see these.

Keith Porter 09:55:39
Good. All right.

Rob Moore 09:55:45
So, in February of this year, I released when I was at the Natural Resources Defense Council this report called "An Uninsurable Country, and really looking at what's happening in insurance markets as they now intersect increasingly with climate risk and the natural hazard risks that are escalating in response to climate change, we see a lot of things happening around the United States right now that show that INSURABILITY is something that is not guaranteed the way we used to think about it in the future. We see rising insurance prices. We see rising economic losses and damage due to natural hazards. We see an increasing number of people who are losing or foregoing homeowners insurance coverage, and we're seeing more people also that are increasingly reliant on Government-backed insurers of last resort. So these are all warning signs that we need to start heeding and figuring out how do we guard against future climate risk, and how do we translate that into the actions necessary to ensure that our homes are insurable in the future as well. So first off, let's let's just think about you know what makes a home INSURABLE. It really comes down in in a very broad sense to two factors. One is location, which determines it's largely determines the exposure a home or structure will have to certain hazards. So, if you're if you're located in a coastal area in Florida, you're going to be a lot more worried about hurricanes than you are if you happen to be in the Sierra Nevadas of California, where you're going to be much more worried about wildfire, for instance. So the other factor that then determines kind of INSURABILITY is how is your home or structure built? How is it constructed? Because that is going to determine, in large part, the vulnerability your home has to the hazards that are most common in your area, and it's this combination of exposure and vulnerability that really equate to risk. So the other thing you remember is just because a home was INSURABLE in the past, in other words, just because the risks were manageable in the past, does not mean it will be INSURABLE in the future. And that that is the conundrum that I think people are running into here in the United States and really globally. You know, this is not something that is constricted to the United States, but the analysis that I present in the paper and that I'll share with you today is constricted to the United States. So, apologies in advance for that. Beyond just location and construction, the other things that that that ultimately make a home INSURABLE is one is is an insurer willing to accept the risk of paying to repair future damages, and is the property owner willing to pay the price that the insurer is charging to to secure that coverage. So you know that's that's where the the rubber really kind of hits the

road for a lot of people is what's the cost of what's the cost and what's the risk of something happening if I choose to not be insured. So, as I mentioned earlier, we we kind of see four emerging indicators that we are headed for an INSURABILITY crisis, if not already in one, depending on where you live. Again, it's rising damage from climate influenced hazards and disasters, rapidly increasing insurance prices, rising numbers of uninsured homes, and at least here in the U.S. rising enrollment in state-created insurers of last resort. And I'll talk a little bit more about what those are and the pros and cons of of them. So this is just a graph of natural hazard damages here in the U.S. where I happen to be right now, between 1980 and 2024. Really, the main takeaway here is the the trend is pretty clear that we are experiencing more and more losses and more incidents of climate-related disasters than we have in the past, and that's translating into much higher losses for insurers as well. If you look at a graph of a similar similar graph for Canadian losses, so they they seem to be lagging behind the U.S. by about 15 years. Thanks to Keith Keith for sharing this graph with me earlier in the week. I wanted to include it here just so everybody kind of we're starting with the same level playing field as to the the knowledge that we have about what what are the loss trends in Canada and the U.S. and these are these are all being driven for largely the same reasons. The global average temperatures are increasing. As a result, events that used to be thought of as unlikely or infrequent are becoming more likely and more frequent. And as a result, we are incurring far more economic losses and damage from these events. If you break those down by the type of events we're seeing in the United States, right at the top is hurricanes and tropical storms, and that includes damages from flooding, storm surge, as well as wind damage. Wind wind is becoming well. Flood, flood, and storm surge tend to be the big loss leaders for these events, thanks to better better building codes. You know, wind is something that's still very serious, but that wind used to be like the major source of economic losses from hurricanes, and now it's just one of the three major sources. But it still tops tops everything here in the United States with with over a trillion dollars and $1.5 trillion in losses since 1980, What surprises a lot of people is that number two on the list is severe Convective storms. So thunderstorms, largely in inland areas, but also in coastal areas, also tend to be one of the most costly disaster types here in the U.S. And this includes damage from both lightning as well as hail, which is a major driver of what's happening in insurance markets, especially in the Midwest and Great Plains area of the U.S. as well as just straight-line wind damage, flooding and wildfire are a little further down the list. You'll note, even though we tend to think of those as some of the biggest disaster types. Wildfire is isn't as big of a driver, except in in very specific regions of the U.S. I should point out, however, this table is from 1980 to 2024, so this doesn't include, for instance, the major wildfires that struck Los Angeles in January of 2025. So that if we if we adjusted this one year forward, these numbers would look a little different. But this just gives you a general lay of the land as to as to what hazards are driving some of the insured losses that we're experiencing here in the U.S. And those those losses are leading to rapidly increasing insurance prices in a lot of a lot of regions of the United States. So, when when insurers incur these losses, they kind of rely on on two main tools. One is increasing their rates and their and and

the resulting premiums that homeowners pay. That that allows them to recoup some or all of the losses that they're incurring, and that means higher insurance prices for policyholders. The other tool that they often use, which I'll speak a little bit more about in a future slide, is simply dropping the coverage of the highest risk properties in their portfolios. But if we just look at rapidly increasing insurance prices across the U.S. insurance prices have gone up about an average of 24% between 2021 and 2024. There are certain states where that is where people would wish they only had a 24% increase. So states like Utah, Illinois, Arizona have all seen increases in the in the neighborhood of 50% and states with the greatest dollar value of premium hike largely are constrained in the southeast, Florida, Louisiana, and Kentucky, which kind of straddles what you might want to call the Midwest or the Southeast here in the U.S. And it's not just insurance premiums. We also see insurance deductibles also increasing in prices. So, insurance deductibles rose 15% between 2023 and 2024, and increased by an additional 24 5% between 24 and 2025. So, insurance prices across the board are are going up in response to these increasing losses that that private insurers are paying out. The other big indicator that we see is the is the rising number of uninsured homes here in the U.S. and that's also a trend that we're seeing in Canada as well. And homeowners begin to lose coverage from private insurers when one of two things happen. Insurers might simply say, "Well, we're just not covering properties in these high-risk areas. Like we're just pulling out of those regions, or even some some insurers will pull out of an entire state. The other thing that happens is simply the premiums get to a point where policyholders can't afford to pay it, so they drop their coverage. So that becomes a real problem then on on a number of levels. It can it leaves people without the resources necessary to recover if a disaster does strike, but it also has some other financial ramifications that I think need need need to be looked after a lot more thoroughly here in the U.S. You know, one of those is if you don't have homeowners insurance, you are in violation of the conditions of your mortgage. So we could see lenders starting to get very concerned about this. They are very concerned about it, and you could start seeing rising rates of loan defaults. You could start seeing all kinds of things start to happen. You could, we're already seeing in some parts of the country it becoming more difficult to secure a mortgage loan. So this starts to have all kinds of ripple effects throughout the economy, given how prevalent real estate transactions are in economic data and and just kind of general financial health and prosperity of the region, and the number of uninsured homes is rising rather quickly. You know, hard numbers, you know, exact number is hard to kind of nail down, but estimates range anywhere from 7.4 to 13.6% of all homes in the United States are now uncovered and uninsured, and that number, by various estimates, has at least doubled since 2019. And in some parts of the country, non-renewal rates, which isn't exactly the same thing as being uninsured, but it's it's one of the the metrics we use for kind of gaging how many uninsured homes there are. Yeah, has gone up a lot more than than twofold. There's parts of the country like Louisiana where uninsured homes have increased by a factor of five, and that's that. There's just a lot of places where where this is happening more quickly than I think anybody would have guessed would have happened 15 or 20 years ago. And then the last

thing we have in the United States is rising enrollment in state created insurers of last resort. So here in the U.S. we have different types of state-mandated insurance plans, often referred to as fair plans, which stands for Fair Access to Insurance Requirements. This is a federal statute that was passed in the late 1960s, really aimed at neighborhoods that were experiencing redlining by banks because of civil unrest and rioting that was taking place in various parts of the U.S. Banks and insurers were basically saying, "Hey, we're not covering homeowners in these neighborhoods and communities any longer. So they started withdrawing coverage, and and in response to that, many states passed state legislation that required insurers who do business in those states to create a basically a public pool where ensure where homeowners could go as a last resort when the private market failed them, they could get coverage through a fair plan. Sometimes these are known as wind or beach plans, and cover cover coastal properties in in in the southeast in particular. But these all are backed by, by and large, backed by private insurers, but administered by a nonprofit organization on behalf of the state, or perhaps more accurately, in response to actions by the state. So, look. Let me just go back to this fair plan. So, fair plans. The other thing we should keep in mind about fair plans, because I don't believe Canada has structures like this or facilities like this. They can be a very good thing, and they can be something that is neutral or bad, states that choose to simply treat their fair plan as a dumping ground for uninsured properties, and they think that the existence of a fair plan is the safety net, are simply wrong. A fair plan being treated just as a simple dumping ground for uninsured properties is just adding fuel to a growing fire. What fair plans do represent, in my mind, is something that is state created, government created, and therefore the government can actively manage and administer in order to achieve some broader social economic goals. So, I really believe here in the U.S. that states would be wise to use their fair plans as something of not only a safety net but also as a opportunity to experiment with ways of reducing risks and modeling some of the behavior they would like to see from private insurers as well, and fair plans could even be locations where homeowners are kind of get assistance, financial and technical assistance to reduce their homes' risk and perhaps even be able to re-enter the private insurance market, but there's a lot to be said about fair plans as as a vector for government intervention in this crisis. Frankly, regardless of what country you're in, the U.S. or Canada or any of the other nations around the globe who are experiencing an INSURABILITY crisis, I think one thing is clear everywhere, and that is we really need government intervention here. I think lots of states and federal governments around around the world have been viewing this problem as something that the insurance companies will solve for us. You also often hear this this crisis referred to as an insurance crisis, and I use the term INSURABILITY crisis because an insurance crisis suggests that this is a problem for both the insured and those insuring properties. This isn't much of a crisis for the private insurance companies, however. They have continued to be quite profitable in the face of these rising damages and rising risks. In 2024, when insured losses topped out at 110 billion dollars in the United States. The property and casualty insurance industry had 26 billion dollars in private in profits just on their insurance underwriting, and an additional 164 billion dollars in profits tied to their investment

portfolios. So, given that that economic reality, insurers are not going to solve this problem on behalf of states because the solutions that that maintain their financial liquidity and their profitability are working just fine for them, but they're not working very good, what very well for state governments, federal governments, and and most most importantly, individual property owners and homeowners. So, what kind of interventions are really needed? This is just a small sampling of things I think that need to be done by governments in order to stabilize insurance markets and maintain insurance markets as viable parts of our economy, I think number one, we governments need to increasingly identify and quantify the risks that are driving insurance prices up. We need a much better understanding of what the risks are today, and where those are going in the future, and where they might be going even further in the future. That's particularly important because our building stock doesn't doesn't turn over every five to 10 years. You know, we are we are relying on homes that were built 50, 6070, years ago or more. So we need to be figuring out how do we build homes today that are going to still be INSURABLE 40, 5060, years from now in the world that we will be living in 60 years from now, and that's something that we have the technical ability to do, but we really need to identify and quantify those risks so we know what we're designing the built environment for. In addition to identifying and quantifying those risks, we also need to be pulling more of that information from the private insurance insurers themselves. Private insurers do a lot of a lot of things to quantify risks. They have their own proprietary risk models. They have their own data that they rely upon. They have their own future projections. And states are often blind to what the insurers actually know. There is a move within the U.S. You see some states now actually requiring insurers to give that data to to state regulators in order to make better decisions. I think the other thing that that's a really big one that states need to do is ensure that building code building codes include requirements to reduce the risks from the hazards most common in the state. Complementary to that is adopting risk-informed land use standards, and for higher risk areas, looking at codes that go beyond the basic building and land use practices. So, for instance, in in areas prone to hurricanes, we have something called the fortified roof standard, which states adopt voluntarily and supplement their building code with, that ensures that much more robust, resilient roofs are put in homes where high winds or even hail are a big risk. And then overall, we need to just invest much more at the national and subnational level in climate resilience and risk reduction across the board, not just for private homes and structures, but also for infrastructure and public buildings and public assets as well. And then finally, a suggestion that's that's relevant in most of the United States, but less relevant perhaps in Canada, is making use of these state fair plans as laboratories to experiment in how we can risk reduce risks, adequately price risk, maybe and reward insurur insurance policy holders for taking the steps to actually mitigate the risks that they are facing. So that's that's pretty much summary of the report and Uninsurable country, and I'll I'll stop right here and hand off back to

Keith Porter 10:18:22

I didn't come back on to to to to tell you to to stop talking. I came came back on because your slides are all blurry. Oh, this is your. Oh, Niki tells me this is your last slide. Okay, so

Rob Moore 10:18:35
yeah, remind

Keith Porter 10:18:35
me. All right.

Rob Moore 10:18:36
Well, apologies that they're blurry. I don't know why.

Keith Porter 10:18:40
It must be bandwidth problems in your your local area. So, Rob, thanks so much. That was great talk. Thank you so much for making it so brief too. It's so much easier to talk about less than it is to talk about more. So, David, if you wouldn't mind coming back on, turn your camera back on. I will start our. Thank you so much. I'll start our conversation. So I want to frame our conversation around Rob's four symptoms of an INSURABILITY crisis, and I'm going to add into that mix one more item that's a consequence of uninsurability, which is collapsing home values. So between the three of us, let's take five minutes or so for each of these these these five issues: rising climate losses, rapidly increasing premiums, rising numbers of uninsured, rising enrollment in state-created insurers of last resort, and then this add-on topic: collapsing home values. So, Rob, as you pointed out, the U.S. is now spending over 100 billion dollars a year on catastrophe losses, depending on the over 140 billion dollars a year in catastrophe losses. The way I figured it, that's about eight weeks of Construction investment per per year, and the losses in the United States seem to be rising at around 6% per year after inflation, which is much greater than than population growth, and much greater than inflation, and much greater than GDP is growing. Sorry, that is after inflation, much faster than GDP or construction investment is growing. Now Canada is now nowhere near that bad. We're currently spending about two weeks of annual construction investment on catastrophe losses rather than eight, but our losses are going much faster, nine to 10% per year, which means they're doubling about every eight years or so. Now, let's do some compare and contrast. I assume that there's a constant, you know, that doesn't matter which side of the country you're on. With rising catastrophe losses, more and more money has to go into doing those repairs, regardless of what country we're talking about, I mean, punch a hole in the bottom of a bathtub, and the water is going to drain out, whether the tub is in Oklahoma or Ontario. David, let me ask you: Can you get any deeper into how the rising catastrophe losses in Canada are affecting insurance in Canada?

David Mayer 10:21:29

Yeah, absolutely. I mean, as you pointed out, we've seen we've seen the catastrophic loss data in Canada continue to accelerate, particularly over the last decade. 2024 was an all time record year, over 9 billion in insured losses. I think what we're seeing, and there's been some discussion about this, major insurers have pulled out of more risk-averse areas, particularly in Alberta and some areas in the interior of British Columbia. I guess one contrast is central Canada somewhat insulated from these really severe catastrophic losses, and there's also a high population concentration in in this part of the country. You know, if you look at Toronto, Windsor, Quebec corridor, obviously flood and water-related losses have accelerated in those areas. But we don't have the same exposure to hurricane and severe weather losses that are seen, you know, in Florida, Louisiana, etc. So, you know, I I think we we've been fortunate. You're the data that's been shared shows that you know we we can't we are going to catch up to the U.S. in 15 years or so. But I think because of the relative good fortune that we've had, it's also led to some complacency because right now a lot of people in the population concentrated areas of the country are not feeling non renewals or blue lining, redlining, and and availability of coverage. If you live in Toronto, your premiums are going up. You know, we we our our study that we looked at this year showing over 6% year over year increase in home insurance premiums in Ontario, you know, higher than the the rate of inflation, but the availability of coverage is not an acute issue right now for many people in the you know the more heavily populated areas of the country. So I think that complacency, you know, I'm sure we're we're going to get into the fair plan and the lack of a residual market here in Canada. The federal government promised it by April of of this year. There's really no no data that I've seen that that's moving forward or that there's a concrete plan to do that, including actually tracking really at a granular granular level where the problem areas are. You know whether it's data from the private insurance market or the provinces and the federal government tracking the actual size of this problem from an INSURABILITY point of view is not happening. So you know I know we'll get into a bit of that conversation, but because of the you know the national home insurance inflation, people are feeling it, but you know they're feeling this in all other segments of the economy in Canada. So you know we see the shopping activity. What we're seeing is in our panel of insurers, there's greater and greater gaps between the lowest rate and you know the most expensive rate on a particular property, as all different insurers will have their own climate severity mapping and flood mapping. So you know we're seeing the shopping activity, and we're seeing that obviously consumers are feeling the pinch, and you know the home insurance inflation really, really affecting their household budget. But I think as Canadians we've become a little bit conditioned to that, especially in the five years since COVID. I mean, it's happening in in auto insurance, it's happening in home insurance, but it's happening with your grocery bill, with with rent, with kind of everything in in a normal household budget. So, you know, we're we're able to see the shopping activity and the consumers looking to find some meaningful savings, and you know, we're definitely seeing that in the marketplace. But because of this kind of complacency that exists with respect to non-renewals, it's it's not

becoming a headline issue, and until it it will event you know eventually in in 15 years. So I know we'll get into some of that conversation.

Keith Porter 10:25:22
Actually, let's let's get at that now. I mean, you're talking about you described sort of complacency in the market, and the the way you were describing rising costs in to Canadian households sort of reminds me of that of the boiled frog, the slowly boiled frog. But let's talk about that complacency, Rob. If 15 years ago, what were American consumers saying, if anything about rising climate losses, do Canadians today resemble Americans 15 years ago, or you know, like a half a generation, a generation ago, in terms of our attitude toward rising climate losses?

Rob Moore 10:26:03
I think 15 years ago, here in the U.S. we were still treating these events as wow, that happened, but it's probably not ever going to happen again. That this was just disaster. We're having a momentary uptick in the amount of disasters, and I think there was a lot of inertia in the in the decision making apparatus and in the financial system that basically just kind of over chose to overlook these events for the warning sign that they truly were. As a result of that, we've seen very few states in the U.S. have proactively updated building codes. Most most states, according to the Federal Emergency Management agency here in the U.S. have what what FEMA deems to be insufficient building codes in terms of natural hazard protection. They haven't even adopted the most recent international residential code or international building code standards. So that's that's a that's a primary symptom of of of the complacency I think that the U.S. has held onto, and you know anytime you are going to make changes that are going to affect the insurance industry or housing costs, you know there are just pretty powerful and entrenched interest, like the National Home Builders, the National Realtors Association, that will scream bloody murder any time you want to improve the building code to reduce flood risk, or wind risk, or hail risk, or you know whatever the natural hazard risk it is, you know the National Home Builders Association becomes intensely interested in affordability when matters of public safety are debated. Is is

Keith Porter 10:28:04
is there any difference between the two countries in terms of how these climate losses are absorbed. I mean, it seems like it seems like in both countries, the there are people going bare, and they absorb their going bare, meaning not they don't have insurance, and whatever damage happens to their property, they either have to pay for themselves, or they just have to leave undamaged, or they've got you know most people have insurance, and the insurers cover the loss. And I guess in in neither case does the federal government step in much to to do the repairs. Are am I getting any of those fundamentals? Are there any basic differences in the fundamentals of how those how those losses are absorbed between the two countries?

Rob Moore 10:28:57
Well, sorry, David. Do you mind if I? I'll just

David Mayer 10:29:01
no. Yeah, absolutely. So

Rob Moore 10:29:02
yeah. So another thing that I think has been part of the complacency in the U.S. is is the federal disaster response system that has evolved, especially since FEMA was created in the 1970s. So, you know, I think local governments, in particular, and state governments, have kind of been lulled into thinking, ah, you know, if we have a big disaster, the federal government's going to show up, and they're going to repair our roads. They're going to repair our public buildings, and then they'll sprinkle some assistance around to our citizens that help them get back on their feet. It's not our problem, right? So I think we we've created something of a moral hazard with a system here in the U.S. that covers approximately 75% or higher of natural disaster losses. Public

Keith Porter 10:29:59
losses isn't the 75% public losses, not of

Rob Moore 10:30:02
total insured losses or total damage, but of public losses. And then we have the National Flood Insurance Program, which was also created in the late 1960s, early 1970s, that basically, when private insurers said we're not covering flood anymore, we're losing too much money, we stepped in with the federal, with the National Flood Insurance Program, and it never has functioned the way it was supposed to function in terms of adopting standards and continual improvement of those standards to continually reduce risk. It kind of was. It adopted some standards in the early 1970s and never changed them. So, I guess I would just say that in the U.S. we have kind of masked the problem, and we've made it all too easy to mask the problem. But now that that bill is coming due, and it's it's harder and harder to ignore what's going on and why it's showing up in insurance premiums.

Keith Porter 10:31:04
But you you do I mean although NFIP is a government run program, it's still an insurance program you have to sign up for right you have to pay premiums for it and David Canada doesn't have anything like that correct

David Mayer 10:31:18

no we don't we don't and I I know I know the the last government committed to it obviously and there's been discussion and consultation there was a deadline set for April 2026. I think it was between four and 500 million was pledged to you know starting up a flood program, and there's no residual market for property. We obviously have robust residual market for auto insurance and in most of the provinces, but on property it does not exist today.

Keith Porter 10:31:51
Let's talk about symptom two: rapidly increasing premiums. Rob, you said that U.S. homeowner insurance premiums rose at double-digit annual rates in 12 states in the last four years. Near as I can tell, Canada is showing the same symptoms with double-digit rises in Alberta, double the inflation rate nationwide according to StatsCan. Home and mortgage insurance rates rose in Canada at about 5.7 percent nationwide, 11.4 percent in Alberta between April of 25 and April 26. That's from Stats Can. So it seems from these superficial statistics as if Canada is experiencing the same symptoms of rapidly increasing premiums as the United States has experienced over the last 15 years. Am I missing anything deeper? Anything more fundamental? Like. is it the same in both countries, or is there something, some important difference that I'm overlooking? Whichever of you has a thought on that point.

David Mayer 10:33:03
I mean, again, yeah, I, I don't, I don't think, I don't, I, I don't know enough about the U.S. market to say if it's exactly the same. I think obviously the the climate event acceleration is is pretty clear that it's been happening you know rapidly in both sides of the border. As I said earlier, I think it's a little bit more regionally biased in Canada. You know, there's some provinces, and again, particularly in the Windsor, Toronto, Quebec City corridor, where those events are not as catastrophic. I mean, we we still have wildfire risk. We still have you know the thunderstorm and and major rainstorm risk, but we're we don't have the same exposure to hurricane and tropical storm and and wildfire close to the major urban areas. So I think I think there's some insulation on the you know maybe the the exact difference on why it's happening you know rapidly in Canada versus the U.S. But yeah, I mean that's just our observation on on what's going on based on the geographical differences.

Keith Porter 10:34:08
Well, and the and the the the the rapid rise in Alberta suggests that it's that Alberta's insurance is increasing, driven by hail or wildfire, right? As opposed to what's in in in I think the New York Times said that the you know the that premiums are rising. Well, Rob, tell us what are the you mentioned several states where premiums are rising fastest. What is the peril that's driving those rising premiums?

Rob Moore 10:34:39

It's different, all depending on the state. So where I'm at in Illinois, it's hail. Hail has been is the number one source of losses for private insurers, and it's it's the hazard that's that's pushing the market to double digit increases year after year after year, over 50% over the last five years where I live here in Illinois. In Utah, I actually don't know what's driving it in Utah. Utah's been certainly doesn't have hurricane risk. It it has a little bit of of it has fire risk. It has some hail and severe storm, but I think it might it might it be a number of things that are just all kind of coming together in Utah, but in other states like California, it's definitely wildfire. In Kentucky, it's Convective storms. Tornadoes have really driven a lot of losses in Kentucky and even down into Arkansas and Louisiana. So, you know, we've got a little bit of everything here in the U.S. as far as your natural hazard that you want to be nervous about. I think I think something else that is a problem in the U.S. and probably in Canada is that insurers are regulated by individual states here in the U.S. and regulators of insurance companies are not concerned about risk or risk management. What they are concerned about is financial solvency, i.e. can an insurer pay its claims if something happens, and they're worried about affordability of coverage and fairness of the pricing. So they don't want they're on the lookout for things like are black people or Hispanic people being charged more because of who they are or where they live, rather than the risks they're facing? So they nobody in the in the insurance regulation space, or far too few people in the insurance regulation space, are actually thinking about what's driving these price increases? So, so when they get a application for a rate increase, they're just looking at is this justified based on the losses and projected losses, and is it unfair to anybody? And if it's not, then the rate increase is improved, and nobody nobody asks. Well, gosh, what should we do about this? So when you look at at the risk management side, this these are responsibilities that are spread out across multiple agencies. So the building code is adopted by you know a state code council, and you rarely will see insurers lobbying that code council for more stringent construction standards that would limit their losses. You see, emergency management and disaster response is managed by an entirely separate emergency management department, and they don't think about insurance at all. So, so they're looking at how do we reduce our risks, but they're not looking at how do we translate that risk reduction into insurance rates or insurance premiums. So, like nobody is in charge of fixing this problem, and it really contributes to a long-term complacency, and then the inertia that's kind of built up in our decision-making processes that that kind of prejudice our decision-making to to overlook these problems until they're until they punch us in the face.

Keith Porter 10:38:27
But let's let's talk about comparison between the two countries. I mean, you talk about a regulatory environment in the United States where state regulators approve rate increases. David, we don't have anything like that, do we?

David Mayer 10:38:42

Not in property insurance. I mean, in auto insurance, it's it's fairly stringent, and there's some of the same principles that Rob's talking about applied in in auto insurance, whether it's a private insurance regime or a you know a government sponsored plan that's available in some provinces. But yeah, in property insurance, it's no. I mean, essentially the insurer sets the rates, and and that the consumers will will accept them or or not. So it's not there's not the same level of of rate regulation on on property insurance. Obviously, there's a framework of of you know how how the the rates are are made, but there is not the same regulatory oversight in property insurance.

Keith Porter 10:39:27
Okay, let's talk about the third symptom, Rob's third symptom: the rising number of uninsured. New York Times says 7% of U.S. homes are uninsured, with some locations approaching 50% In Canada, about 20% of property losses are uninsured. Large insurers stopped writing in high-risk areas. Large three large insurers withdrew from 140 postal codes in B.C. Alberta, and the Maritimes between 2022 and 2024. So, I don't know. To my eyes, it looks as if Canadians going bare are worse off. They can't declare bankruptcy the way that you can the United States you you know if your your house is a total loss you can declare bankruptcy walk away from your mortgage and then it's the bank's problem Canada can't do that you know your house is destroyed you're still on the hook for your for your mortgage so aside from that, you know that difference that seems to be to Canada's disadvantage. Are there any fundamental differences in the way that Americans versus Canadians either decide to go without insurance or the consequences if they do? Rob, do you want to?

Rob Moore 10:40:50
Well, yeah. In the U.S. insurance is really only a requirement on your home if you have a mortgage, and then your lender is going to insist that you have basic property insurance coverage. And if you are in a mapped floodplain as determined by FEMA, then you're also going to be required to have a supplemental flood insurance policy to cover that peril. But if you inherit your home outright and there's no financial transaction, if you pay cash for your home, then it's really to the owner's discretion, if they decide they want to get insurance or go uninsured, and I think far too many people choose the latter in those circumstances. Frankly, so so why is that? I think I think most most consumers don't have a good sense of the risks they face, or what the what financial calamity will befall them, if if a hazard does if a disaster does happen until it's too late. You know, when it does happen, then they realize, oh gosh, I maybe should have had should have had insurance, or but I didn't didn't see this coming, so I think there's a real there's a real need to increase risk communication and kind of consumers knowledge of what the risks are they face, and I think insurers need to be playing a role in that as well.

Keith Porter 10:42:30

David, you have thoughts about that.

David Mayer 10:42:32
So, I mean, similar in Canada. I mean, if if if there's a mortgage on the house, a mortgagee is going to require basic insurance. I think what's slightly different in Canada is flood coverage, overland water, and sewer backup are typically optional covers. So, it you know, similar to the U.S. I don't think all consumers are cognizant of the risks that they face. We are talking to consumers a lot about that. In our latest insurer map, we've actually started providing payroll scores when doing a quote for insurance, so you can see if you're in in Ontario. At least you can see if your specific home is more at risk for flood, wind, sewer backup, or or wildfire, so I think it's becoming more part of the the product conversation in Canada, especially because of the the premium inflation that we've seen, particularly in the last 10 years. You know, there was a time when I first got in the industry, and home insurance was was much cheaper, and you know most consumers were concerned about comparing and understanding the coverage on their their car insurance. That's starting to shift, you know, particularly in the last 10 years when where consumers are you know seeing these weather events have been coast to coast, and they're also trying to understand what their specific property is at risk, is exposed to from a risk point of view. So we're definitely having more conversations with Canadians, you know, through through our platform, but also, you know, with the brokerages that we work with to to add those coverages, make sure they understand the costs of those coverages, particularly with overland water earthquake in British Columbia and sewer backup as well. So those that's becoming, I think, more as part of the consumer conversation, which is a positive trend. But again, I mean, in some of these areas in Alberta, in British Columbia, if the coverage is not available or there's a, you know, an imposed deductible that that is you know becomes prohibitive. Then we you know naturally a consumer if they can't afford the coverage or if it's not available are not going to have that that coverage unfortunately. So

Rob Moore 10:44:43
I think there's something else that's I think fundamentally missing just in the the pricing of of insurance is there's never a clear I shouldn't say never but it's very difficult depending on the hazard and depending on the state you live in to know what can I do to reduce my risk and how will that translate into a savings on my insurance premium you know, it's very difficult to back that out sometimes on on a on a homeowner's policy. So so you remove because of that you've decoupled the homeowner's decision making with what they could do to reduce their risks from the fin, the immediate financial reward of seeing that reflected in your insurance premium. And what what what many people have found that run risk reduction programs or hazard mitigation programs aimed at homeowners is that you really need a combination of economic signals to get people to really embrace this thinking. You need to be able to provide a clear reduction in cost on your insurance premium. That's nice, but that alone isn't sufficient always. You also need to provide some sort of financial assistance to actually perform these

these mitigation reduction efforts. That could be the that could be a low interest loan or a no interest loan. That could be a direct grant. That could also be an insurer providing an endorsement on a policy. So, like, okay, I've got a crappy roof that came with the house that when it was built in 1950, it gets blown off. You know, maybe the insurer says we want you to put the best roof on. We want you to put a a high wind load roof on. We don't want you to replace it. We don't even want you to meet the minimum code. We want you to put a roof on that we never have to pay for it, and again, in in for private insurers, that's a hard that that can be a hard thing to offer, and that's why you do see it offered through some of the state sanctioned fair plans because they are going to own this risk forever. These are their customers forever, so they have to think beyond just a one-year policy. But you do need a combination of things to get homeowners to set up and say, "Oh, this is in my best interest, not just from a safety standpoint, but financially, this is going to not be a huge burden for me.

Keith Porter 10:47:27
But but you're talking about prescriptions that all that stuff would be really nice, but it's not really happening. I mean, Alabama is pushing fortified home hurricane or fortified roof, and you know there's a there's a state mandated premium reduction if you qualify, that's one state, and so far, it's touched something on the order of 50,000 homes, which is something on the order of one 2% So, the all of these ideas. Let's you know, let's get let's do more risk communication so that people are more aware of the risk. Those are all, you know. Let let's provide incentives. Let's provide loans. All good ideas that don't seem actually to be happening in really in either country, or at least not at any kind of scale. Am I missing anything?

Rob Moore 10:48:24
Well, I would say in at least the U.S. North Carolina is is also making a large amount of progress implementing fortified roof standards, they have a very ambitious program and are definitely looking to scale that up and maybe even surpass where Alabama has has gotten to. But these are all things that are being done at small scales because these are insurur. These are largely being driven, or these in Alabama were initially driven through their state fair plan. That's where you saw this this innovation kind of begin, and then they realized, hey, wait a minute! Now that we figured it out through the fair plan, let's make it a mandatory for all policies to reward this behavior. So, again, it because of the nature of insurance regulation in the U.S. this all has to be done state by state, and you have to get a state regulator to first sit up and take notice before you can really start moving the needle on any of these things. And that that has proven to be difficult because most states simply just look at this as a a market problem. So where I live in Illinois, I'll just just to give you a good example. Last year, State Farm announced, which is headquartered in Illinois, announced on average its policy holders in Illinois would see 25% rate increases, and that got the attention of the state legislature. But what they decided to do was to finally put in place a system to allow the Department of Insurance to regulate insurance premiums on on on policies, that's as far as they went. They were they kind of

refused to actually look at the underlying cause for these premium increases, or to invest in the types of programs that could help reduce those risks.

David Mayer 10:50:26
David, yeah, I mean we've seen some of it in in city of Toronto has a basement flooding protection subsidy program new for this year to to expand that program and I think you know this is the kind of stuff that is a good step but it you know again there's similar to the U S as Rob's mentioned it doesn't appear there's certainly not a coordinated federal program to you know start either providing subsidy to the provinces or municipalities to have this become more widespread. You know it's obviously become an issue in the city of Toronto and other urban areas of Ontario due to aging infrastructure. So I think you know certain municipalities are going to have a vested interest in trying to to work with homeowners to mitigate some of these losses. So you know it's a good step, but I think there is not a centralized effort. You know through the some some carriers will offer discounts, but not through the federal government saying you know hey this is something we should be looking at building code improvements. You know, there's discounts available, as I said, with carriers. But you know, it's really up to individual homeowner in most cases to understand that and make the the upgrades.

Keith Porter 10:51:40
Well, let me let me ask since I wanted to get through all five topics, but we're at the end of our second 30 minutes, and so I want to close out the the panel discussion. I want to start with David. David, knowing what Rob has just told us about the you know the the crisis, sort of growing crisis of INSURABILITY in the United States, and what some states have started to do in the last few years. What do you think Canada ought to do today? The provinces, or the federal government, or the insurers. What should you know the the people with some authority, some power, some money? What should they be doing to make sure that we are not in the same boat 15 years from now? What should we be doing today to make sure that we're not in the same boat 15 years from now as the United States is today.

David Mayer 10:52:34
Well, you know, I I think there should there ought to be at least some tracking on what's what's the size of this problem really going to look like. You know, how how can we model it? How can we work with organizations such as yours, Keith? You know, consultation with the carriers and with the you know the various provinces to understand exactly the size of the problem. So you know whether that's coverage not available in certain areas, but also you know we have good cat loss tracking. But is there a way to to use some of the the new technologies in terms of flood mapping and just overall understanding, like if we're if we're adding another half a million homes in this country, but we're still continuing to build in known floodplains, and just going to add you know billions and annually into catastrophic loss losses. I think I think

everyone needs to understand, and there you know at least ought to be a a provincial or federal government tracking of you know what's going on here with with new home construction, but also with the loss trending. And then, are we going to need this? Are we going to need a residual market for property insurance? Right. I think Rob has talked about this being around for you know since the '70s in the U.S. If the government committed to it. I think they need to work with with the industry and and you know probably with provincial governments to to understand what that's actually going to look like. Who's going to administer it? Keith, as maybe you know, the auto insurance residual markets are administered in different ways across the country. So you know it may not be standardized, but I think to to start working on that framework and understand what the administration would look like is you know definitely a key part of if we're actually going to have a robust residual market you know it needs to work you need to be able to obtain the coverage and and have you know have claims actually administered so you know I think that's probably a first step we we really need to look at that and understand. You know, if we're if if if the data showing we're going to need this in 15 years, and you know maybe climate change is going to continue to accelerate or accelerate even further. You know, that's something that I think governments ought to commit to to really paying some some good attention and putting some resources behind.

Keith Porter 10:54:48
Okay, so Rob, we're going to give you the last word in the in the panel discussion. So, David has talked about he's in in his last comments. He emphasized modeling to better understand you know where we're going, the the details of the next 15 years, and the equivalent of fair plans. You know, better insurance, but that doesn't touch the underlying damage. That's how do we pay for the damage. So, if you could speak, if you could, you know, get on CNN 15 years ago and say, "Hey, everybody, we got to do X. I I have come back to you from from 2026. We got to do this stuff now to prevent this INSURABILITY crisis. What is that? What are you? What are you telling the audience of CNN 15 years ago to do to like reduce the physical damage to to property?

Rob Moore 10:55:46
Yeah, I think I think there's a handful of things I think are kind of somewhat somewhat obvious. I think it starts with building codes and land use standards. I think you need to have some sort of base building code and land use standards that apply across a broad area, and then those standards need to be supplemented with more hazard specific codes for high-risk areas. So, if you are in a floodplain, then you should be building to a literally a higher standard or or a standard that's more protective against flood damages than somebody that lives on a hill. So, things like that, I think, are really important. I think this this issue of creating residual markets is also really important. So I think the National Flood Insurance Program here in the U.S. offers a really good example for better and worse, right? So private insurers no longer wanted to handle flood risk in the U.S. because it was just we don't know when it's going to happen. We

don't know what you should be doing to avoid it, other than not living in a floodplain. So we created a residual market in order to cover that risk. But we didn't. It wasn't just an insurance product. You know the National Flood Insurance Program is really it's kind of it's kind of unfortunate it's called the National Flood Insurance Program because everybody thinks it just provides insurance. It does a lot more than that. It sets minimum codes and standards that any participating community must adhere to in order for their residents to purchase that insurance coverage. It provides risk communication in the form of the flood maps, telling you where are the highest risk areas and where should you apply these standards and criteria. And it provides an insurance product and some measure of financial assistance and financial reward for implementing risk reduction measures. So now, a lot of people will immediately point out the flood insurance programs got billions of dollars of debt. It's been running in the red forever. You know that's not a problem, but that's not a problem of the structure. The underlying structure and philosophy of the National Flood Insurance Program is correct. Where we have failed is in its implementation. Like we have not incorporated climate risks into the flood maps. That's a problem. We have not updated the minimums codes and standards since they were adopted in the mid 1970s. That's a huge problem. All of these are things that you need to take keep in mind, though, when you create a residual market. What's the purpose of the residual market? Is it simply to provide relatively high-priced coverage to high-risk properties and just hope for the best, or is it also going to be providing a service to those policyholders in in in the form of we're going to help you understand what your risks are. We're going to give you technical and financial assistance to help decrease those risks. We're going to use this residual program as a way of figuring out how to price that risk, and then then you can think about well, what what is this? What's the role this program has in the broader ecosystem of insurance? Is it to simply take on all of that risk for that hazard? So, like California's fair plan has pretty much become the wildfire insurer in the state of California, and that might be an appropriate way to go. Or do you want the insurer to be like a service provider that rehabilitates high-risk homes and and allows them to return to the private market? So I think you know you need to think about the design of your program. Is it going to be a permanent repository for a specific hazard risk, like the National Flood Insurance Program, or is it going to be kind of a transitory program? Hey, you ended up here. Let's help you reduce your risk so you can go back to the private market. And I don't, I don't think there's, I don't think it's an either or choice. I think, but in the design of your program, I think it's something to be conscious of of what the what the what is the public policy outcome we're trying to achieve when we create a residual market.

Keith Porter 11:00:21
Okay, so I want to give some time to our attendees to ask questions. So I'll pose them to you now. So Christine Calihu says, "Great insight, Rob. Thank you. Rob encouraged the idea of fair plans to incorporate incentivization and pilots to learn from and inform steps forward to encourage risk mitigation investment by property holders. What would be required to put this

idea into action? Is there a role for organizations like ICLR, our social capital, and others to support or leverage incentive pilots in the U.S. that Canada can then learn from and adapt to the Canadian context, and she suggests a neighborly approach and co-learning opportunity. So there was a lot there. The core of it seemed to be what would be required to put this idea into action. To sort of the the provincial equivalent of fair plans with incentivization attached.

Rob Moore 11:01:37
Yeah, I think what I what I was just talking about is is is a big part of that answer. You know, but it starts with the provincial government saying, "Hey, we need to intervene. Like we can't just hope insurers solve this problem for us because insurers have a completely different motive in solving this problem. They can solve the problem for themselves by increasing premiums and dropping the highest risk customers. Their problem is solved, right? Like they don't have a financial incentive to go beyond those two solutions by and large. So you really need the provincial or even the national government to say, "Okay, we're going to intervene here in a few different ways. One way is we got to get we got to get a building code in place that ensures what we're putting on the ground today isn't just a future liability or a future loss. So we need a building code that ensures what we build today is going to be resilient to the losses we experience 40, 5060, years from now. We need to also be collectively pooling resources to invest in risk reduction efforts, and I think the private insurance industry needs to be kicking into that fund as one of the beneficiaries. Something that's often overlooked-it was something that I, even after working in this arena for many years, had to have pointed out to me, private insurers have a very real disincentive to assisting their policyholders to reduce risk, and that is because, by and large, property insured insurance policies are for one year.

Keith Porter 11:03:27
Yeah.

Rob Moore 11:03:28
So, if you're Allstate and you want to help your your your policy holder put a new roof on their house, and you say I'm going to give you five grand to offset the cost of a better roof, there's nothing keeping that policy holder from pocketing that money, putting the better roof on, and switching to State Farm the next year, right? So what does Allstate gain from that? Nothing. They've gained nothing from that that investment, right? So, but states could be pooling those resources, investing in the highest risk mitigation activities to benefit all the insurers in the state, and all the insurers could be kicking in. So I think right there is is a way of helping kind of bring insurers to the table, both as a source of funding, not the source of funding, but a source of funding, and and there would be real tangible benefits for the insurance industry writ large in doing that. And then I think the last thing is about is one of the last things would be also thinking about setting up a residual market where a state can take a more proactive role in

shaping the future of insurance in their state, both from a risk reduction standpoint as well as a a risk pricing standpoint as well.

Keith Porter 11:04:54
Thanks. Let me ask a question on behalf of Beatrice Ekwa Coco. She's asking about smoke damage. Has that been a big part of of the insurance crisis in the United States is it? Is it a big issue in Canada, David? I'm going to kick that, give you the first crack at that question. Are we seeing smoke as a big issue so far? I mean, certainly in the last few years. I mean, we've seen some pretty significant

David Mayer 11:05:25
wildfire events from coast to coast, and it's it's part of a standard home insurance policy, so yeah, I mean it's in Northern Ontario, British Columbia, Alberta. You know we're seeing smoke damage become more and more of a peril that is causing causing some significant losses. I think you know we'll see what the rest of this year looks like. I know there's significant events going on as we speak right now, and you know it's continuing to accelerate. So yes, this has become a you know concern for the industry. Absolutely,

Keith Porter 11:06:01
and Rob, I didn't seem you didn't seem to mention smoke explicitly in your list of of of you know your rank list of of where the the losses are coming from. Is it just sort of buried in the wildfire, or is it just a secondary issue?

Rob Moore 11:06:20
Yeah, I think it's a little bit of both. I think it's I think where it is being addressed, it is buried in the wildfire data, but this is becoming an increasingly contentious issue, not only in wildfire-prone areas, but in in downstream communities that are that are experiencing heavy volumes of smoke and chronic. You know, it can be days, if not weeks, of smoke exposure, which which you know people are trying to file claims, and they're being denied on a pretty regular basis. So this this is becoming, I think, a more contentious issue in areas that are both prone to wildfire and areas that are 10s, if not hundreds, of miles downstream of areas prone to wildfire. And I don't, I don't, I, I'm sorry, I don't have a good answer for for for how to best cope with that. I will say this is a bit of a non sequitur, but smoke and wildfire risk are very different than other hazards, right? If you want to protect your home from hail, you can put a better roofing material on. Or if you want to protect your home from wind, you can put a stronger roof on with better roof ties and just build to a higher standard. If you want to protect your home from wildfire, you can do everything right on your home, but if your neighbors on the four sides of your home don't do anything, your risk has changed almost not not at all. You know, it requires much more communal action than just individual action, and that that's what the thing that

sets wildfire apart and smoke damage, particularly smoke damage far away from where the ignition is actually occurring, is very emblematic of that as well.

Keith Porter 11:08:21
Thanks. Our friend Jack Guo asks: a lot of discussion around INSURABILITY focuses on homeowners who have relatively limited ability to negotiate for businesses that have significant physical climate exposure, what can they actually do to negotiate a better insurance outcome? Does providing better evidence of the asset's actual risk and mitigation make a meaningful difference, or does it just make it easier for the market to identify and price out the highest risk assets? Oh wow! This seems like this seems like a rates.ca question first.

David Mayer 11:09:04
Yeah, I mean, are in terms of building insurance or yeah, I think

Keith Porter 11:09:09
commercial lines property insurance.

David Mayer 11:09:12
Yeah, I mean, I, I, I, I think to to provide. I mean, commercial underwriters are always going to look at at the specific situation, and I think there is an area for risk mitigation to be taken into account. I mean, we see that in personal lines as well. You know, it it is taken into account in terms of discounts, and you know, just build climate change resilience is increasingly being built into personal property insurance and commercial insurance rates across the country. So, I think if there's specific risk mitigation being done in your in your in your in your property, whether it's personal lines or commercial lines, I think there's an opportunity to to see that reflected in the pricing of the risk.

Keith Porter 11:10:01
So so if a so if a if a if a service provider were to you know come to your your home or your your your business and say, oh, I see these features of resilience features in your house. Can you ever see those people like showing up at the the broker's office and saying, hey, you know, you can't charge my client this much because they've got this, that, and the other resilience feature in there. Does that happen? Is that a is that a possibility?

David Mayer 11:10:32
I I mean, there's discounts available depending on the mitigation feature, and I think some of the more advanced pricing models in in the country are taking into account the physical location of the building, like down to individualized position on a street for flooding. If you're towards the top of a street and are going to be less prone to, you know, a property on the bottom of the street in a high flood area with aging infrastructure, there are carriers in market

today across Canada that are understanding that it's actually a rooftop rated, you know, way of looking at property assurance as opposed to you know FSA level, postal code level, municipal municipality level. So some of that is just built into the pricing. Um, it's not as as widespread as you know. I think we would like it to be at SA. I mean, it's it's to the benefit for consumers that have either natural features that put them at a lower risk to some of these perils, or that are taking steps to actually mitigate against climate change risks, should see relief in their in in their premium. So, I think I think it's happening. I I don't think that this is making it easier for the market to identify and price out some of the higher risk properties. Although, you know, as I just mentioned, we are seeing more and more rooftop and individualized type rating happening in in property insurance. So, you know, we've spoken to insurers that will look at you know when it comes to to wildfire risk. They're not just looking at you know modeling wildfire, they're actually looking at wind patterns on how the embers are blowing over. You know, blowing over and affecting property. So, you know, some of that could could you know make a higher risk asset get get you know priced out or see a higher premium depending on the insurer. But you know, as I mentioned off the top, part of this new challenge that we're facing across the country with you know increasing premiums is there's also an increasing spread between the lowest and the highest price available on an individual property. So that's why when we're talking to consumers and we're talking to media, we're really urging consumers to shop around because maybe an insurer has a more advanced way of modeling, you know, certain perils, but another insurer may not have that, or may not have the same experience, and therefore you can see a lower insurance rate. So that's why, you know, increasingly now, especially in the last five years, really comparing and shopping the different coverages and premiums that are out in the market is is is becoming more and more crucial,

Keith Porter 11:13:13
and and maybe telling your broker about features that you personally know you've got. I mean, I've got cheap little basement water sensors, and I spoke with a insurance expert who said who asked me, "Have you told your broker that you've got that? Absolutely. So, I

David Mayer 11:13:30
mean, and Keith, when we're talking to consumers, we're asking the questions out front because a lot of consumers, I think, still are not fully aware of that. There's there's more awareness that's happening through through the media and through just these events becoming more and more common. But absolutely, have those conversations with your brokers. I think a a good advisor is going to ask those questions because there are significant discounts available.

Keith Porter 11:13:54
So Anita Jansen says Canada recently updated its disaster financial assistance arrangements programs in April of 2025. Do you see this as good progress? Let me for for those who aren't

familiar with it. So DFAA is it's a lot like it's a little bit like presidentially declared disasters, Rob. So that's where the federal government provides money to the provinces to help them pay for provincial expenditures to recover from disasters. And there's one program that actually pays for disaster mitigation before the disaster occurs. The stream five, I think. So I guess Anita is asking, does you know what? What do you think about DFAA in in Canada or what used to be happening in the United States, BRIC and the HMGP program and FMA programs. What do you think of those programs' ability to kind of head off this INSURABILITY crisis in in Canada? Rob, you want to take that first? Go ahead.

Rob Moore 11:15:11
I think it's really essential that that we see national and subnational governments investing in risk mitigation and hazard mitigation. It's it's there's no way to get out of this to get out of this hole without that type of funding with public support. But it really needs to be that that you you can kind of break this problem into two parts. One is how are we going to deal with the risks we've already created for ourselves with the the housing stock that's not that was built five to 50 years ago or longer that we know or know reasonably well isn't going to stand up to the risks that we may be facing over the next 50 years, and then so that that's where risk mitigation funding I think is really essential. Like, how are we going to retrofit properties so they can handle stand up to these storms, or relocate these properties, or through other efforts. The second part of the problem is how do we not add to the first part? So, and that's where you don't you need you need less in terms of new money. You need to just spend the existing capital in a much smarter way, and you accomplish that through adoption of better standards, more climate risk informed standards, et cetera. Because if we're just putting if if we're if we're just continuing to build things that are gonna that are destined to fall down or go up in smoke, you know that no amount of money is going to fix the problem if we're adding to it faster than we can mitigate it, and that's what we have been doing for the past 30 to 40 years, even even in areas like flood where we've had some sort of framework and government assistance in place for the better part of five decades.

Keith Porter 11:17:17
We are starting to run low on time, so I'm going to ask one more question from the audience, and I'm going to ask you to keep your response short, and then I'm going to give you each like a minute to to close out. So before I ask the the attendees questions, start to think about you know what is your message? What what should people be taken away from this talk in you know 60 seconds or less? But one last attendee question is that so Heather Corbanic asks for the uninsured property figures in the United States that Rob mentioned. Do you know what proportion are uninsured by choice, such as due to affordability issues versus those that are uninsured because coverage is unavailable. Actually, I want to direct that to David so that we can keep the focus on Canada here. For people going bare, how many people are going bare

because they can't afford it? How many people are going bare because they just can't get insurance.

David Mayer 11:18:32
I I haven't seen published stats on it. I I mean I know we we have an idea of the the overall bear figure in in Canada. I I don't actually know the breakdown. I think you know we can we can see on on the consumers that visit our platform that people are only forgoing coverage if there's a deductible imposition that just makes it prohibitive to have that specific coverage. Usually, with respect to flood and sewer sewer backup or earthquake in British Columbia, so not by choice because the the insurer is either charging a premium that's just prohibitive for for that consumer, or that the deductible is so high that it probably doesn't make sense for the consumer to have that coverage on on their specific property. We we see very low pure declination rates if the you know if it's a normal average premium on things like flood and sewer backup and earthquake coverage, like you'll see some of it in British Columbia, depending on the location. Like if you're off the Lower Mainland, you might say, "I don't think I have earthquake risk, and I'm I'm going to decline that coverage. But certainly in Ontario, central Canada, where the flood risk is really concentrated, we are not seeing consumers refuse the coverage unless there's you know a crazy deductible or the coverage is simply not available.

Keith Porter 11:19:54
Awesome. Okay, so last two minutes here. First to you, David. 60 seconds or less. What should people be taking away from this from this talk?

David Mayer 11:20:06
Yeah, I think Rob gave us a really good view of the macro, and you know, with his extensive knowledge in the U.S. and relating some of that to Canada, so I want to focus on specifically what consumers can do. I mentioned shopping the market actively. I think we are seeing in the data that the quote spread between insurers for the same property is really now wide enough to generate meaningful savings. So that's one step consumers can take in the in the really short term to to generate savings. Ask your insurer broker about flood endorsements, wildfire exclusions, hail deductibles. Don't just make a blanket assumption that your policy is going to cover what it what it may have. We're seeing that stuff happening. We're seeing you know certain coverages being non-renewed or not offered. Resilience upgrades. We talked a little bit about that. Impact-resistant roofing, backwater valves, sump pumps. As I mentioned, there's some municipal subsidies available. So,

Keith Porter 11:21:03
got got got to stop you there so that Rob has a minute to to to conclude. What is the if if we take away one thing from our conversation today, what should it be?

Rob Moore 11:21:14
I would ask, if not demand, more of your provincial and national government in this regard. You know, none of these things happen without leadership. As I've said repeatedly, you know, the insurance industry is not going to solve this problem for us, and we shouldn't expect them to. It's it's somewhat unfair to them to expect them to. So we really need the government to recognize the peril that homeowners and business owners and property owners more generally are facing, and and and come up come to the table with the leadership needed to take on a problem that is multivariate in its complexity, you know this is not something that any one agency or any one actor can solve on the on their own.

Keith Porter 11:22:03
Awesome! Thank you so much, gentlemen. Thank you so much. It's been a great conversation. Rob, thanks for your report. David, thanks so much for helping us reflect on its significance for Canada. I want to remind our attendees that next month on September 11, 2026, Professor Dan Shrubsol is going to tell us about whether floodplain mapping affects property values, and he's going to tell us what that means for adaptation policies. If you have colleagues who couldn't attend today's talk. Direct them to the recording and Rob's deck, and there's a transcript, and there's an audio recording at www.icl.org/workshops. Thanks, gentlemen. Thanks everybody for attending. Hope everybody has a great weekend. Bye,

Rob Moore 11:22:51
everyone. Take care. Thanks so much.