

Re: Letter of Support – Credit Valley Conservation Low Impact Development Program

December 18, 2012

Canadian home insurers have experienced significant losses associated with urban flooding over the past few years. Recent large loss events include a severe rainstorm in May, 2012 that affected several communities in Ontario and Québec, including the cities of Thunder Bay and Montréal, resulting in approximately \$260 million in insured losses. In July, 2012 Hamilton, Ottawa and several other southern Ontario communities were affected by severe storms that resulted in \$90 million in insured losses. Hamilton was also affected by urban flooding in 2009, with insured losses estimated at \$100 to \$150 million. Further urban flood events that resulted in significant insurance payouts include the August 19, 2005 urban flood event in the Greater Toronto Area, flooding in southern Alberta in 2005, and urban flooding in Peterborough and Edmonton in 2004, among many other events.

In Canada, damage to homes caused by overland flooding is not covered under any homeowner insurance policy, and most homeowners do not have coverage for infiltration flooding. However, businesses have the option of purchasing coverage for overland flooding, and homeowners can purchase additional coverage for sewer backup. As presented in the table below, homeowner sewer backup payouts can account for a substantial portion of overall insurance payouts in severe urban flood events. In 2012, the Insurance Bureau of Canada estimated that water damages caused an average of \$1.7 billion in insurance payouts per year. Much of these payouts were associated with water damages that resulted from urban flooding and sewer backup.

Urban Flood Event	Total Insured Losses	Sewer Backup Losses
Aug. 19, 2005, GTA	\$500 million	\$247 million
June, 2005, Southern Alberta	\$300 million	\$144 million
July 2-11, 2004, Edmonton	\$166 million	\$143 million

Effective management of urban flooding will require adapting infrastructure and homes to extreme rainfall events. By addressing stormwater flows and reducing the impact of extreme rainfall events in new and existing subdivisions, Low Impact Development (LID), in combination with other lot-level and infrastructure risk reduction measures, can help to provide a long-term solution to urban flood losses for the insurance industry.

Sincerely,



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