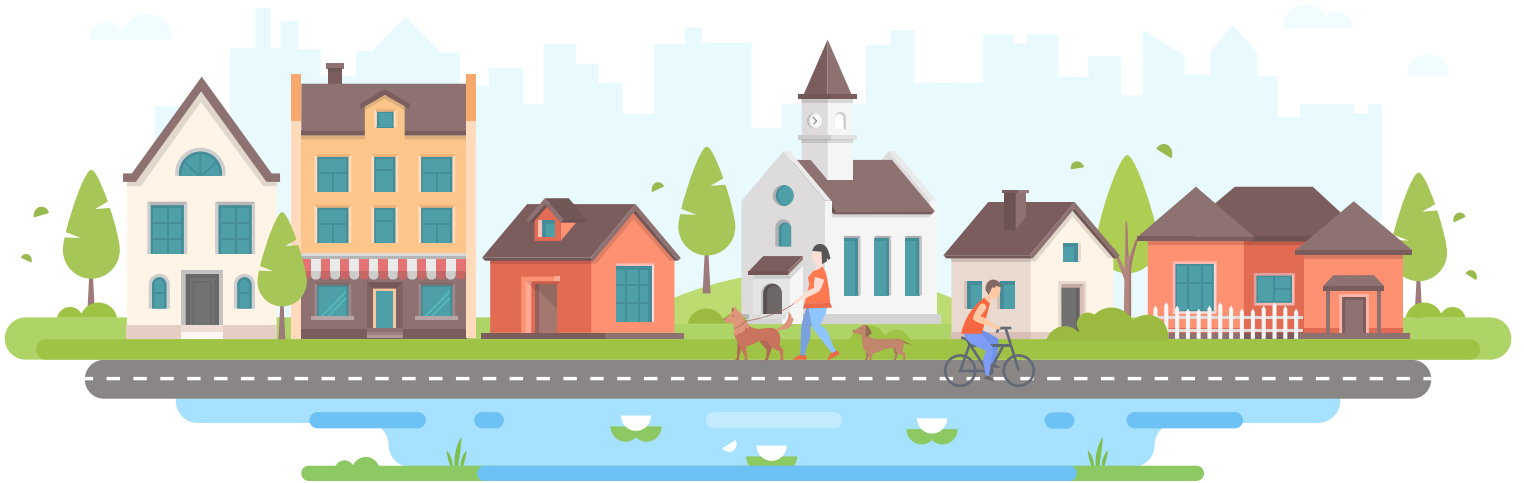


PERSONAL PROPERTY INSURANCE AT A CROSSROADS:

A three-point plan to keep homeowners protected



Severe weather is causing financial turmoil and stress for Canadians from coast to coast. As these events grow more frequent and more destructive, pressure on homeowners and property insurers is building.

After a series of devastating wildfires in California, millions of residents face challenges in securing home insurance. Between 2020 and 2023, approximately 3.6 million home insurance policies in California were not renewed.

Canadian homeowners still benefit from healthy competition with over 100 companies selling home insurance across the country.

But pressure is growing. Insurance prices risk, and as the risk facing Canadians grows, so too does the pressure on insurance premiums.

In 2024, for the first time in Canadian history, severe weather events surpassed \$9 billion in insured losses, with over 175,000 personal property claims

The 2024 total is nearly triple the total insured losses recorded in 2023 and 12 times the annual average of \$746 million in the decade between 1995 and 2004.



Canada has a rare opportunity to lead the world in climate resilience while preserving a healthy, competitive insurance market.

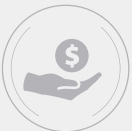
**THAT'S WHY INSURANCE BUREAU OF CANADA HAS CREATED
A THREE-POINT PLAN TO MAKE CANADA A WORLD LEADER
IN RESILIENCE:**

1 IMPROVE HOW AND WHERE WE BUILD



- a. Create adaptable building code framework and more stringent building code standards
- b. Modernize land use rules to ensure new housing developments not worsen Canada's risk profile
- c. Reinforce Canada's existing housing stock with incentives

2 INVEST IN RESILIENCE AND HELP COMMUNITIES MITIGATE THEIR RISKS



- a. Make Canada a world leader in natural catastrophe mapping and early detection
- b. Invest in measures that enhance community resilience
- c. Help municipalities plan for resilience
- d. Increase investment in disaster recovery

**3 ADDRESS MARKET GAPS WHILE AVOIDING INTERVENTIONS THAT
REDUCE MARKET CAPACITY**



- a. Leverage public-private partnerships to close market gaps
- b. Maintain regulatory frameworks that encourage risk-based pricing

Now is the time for concerted action
by Canadian policymakers at all
levels to protect Canadians from the
growing risks they face.



GLOBALLY,
SEVERE WEATHER
HAS DRIVEN
INSURED LOSSES
TO OVER
US\$100 BILLION
EVERY YEAR
SINCE 2020, WITH
EXPECTATIONS
THAT THEY WILL
SURPASS
US\$200 BILLION
THIS YEAR.

IMPROVING OUR RESILIENCE IS ONE OF THE BEST WAYS TO IMPROVE THE AFFORDABILITY OF HOME INSURANCE



Approximately **60%** of natural catastrophe insured losses stem from personal property claims.



From 2019 to 2024, Canada witnessed a 580% increase in the insured losses associated with repairing and replacing damaged property.



The personal property insurance market's combined loss ratio was 101% for both 2024 and 2023, meaning **insurers paid out \$1.01 in claims and operating costs for every \$1 they earned in premiums.**



Other pressures: rising reinsurance costs, tariffs, skilled worker shortage, rigid capital requirements and growing compliance demands.

The most effective means of ensuring a sustainable personal property insurance market is to mitigate the impacts of severe weather on Canadian homes.

There are many policy solutions – some new, many already in the works – that will ensure a healthy personal property insurance market for Canadians into the future.

About IBC

Established in 1964, IBC is the national trade association representing Canada's private home, auto and business insurers. Its member companies represent the vast majority of the Canadian property and casualty insurance market. IBC works on a number of fronts to increase public understanding of home, auto and business insurance.

Contact us

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