



# FINANCIAL RISK OF FLOOD

OPTIONS TO PROTECT HIGH RISK CANADIANS

Insurance Bureau of Canada

JUNE 13, 2018

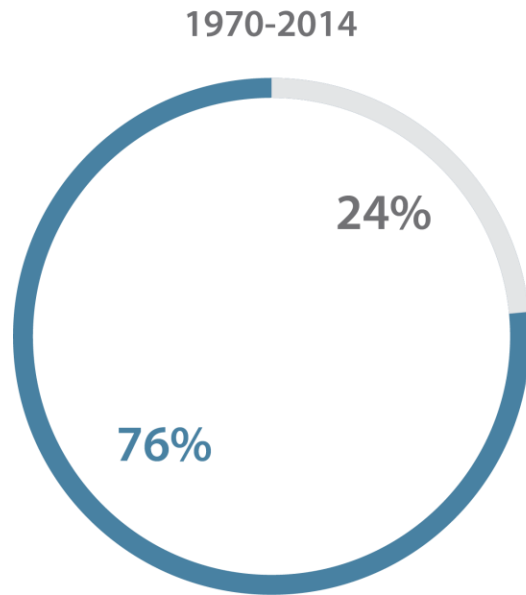




# Flood Risk is costing taxpayers more and more...

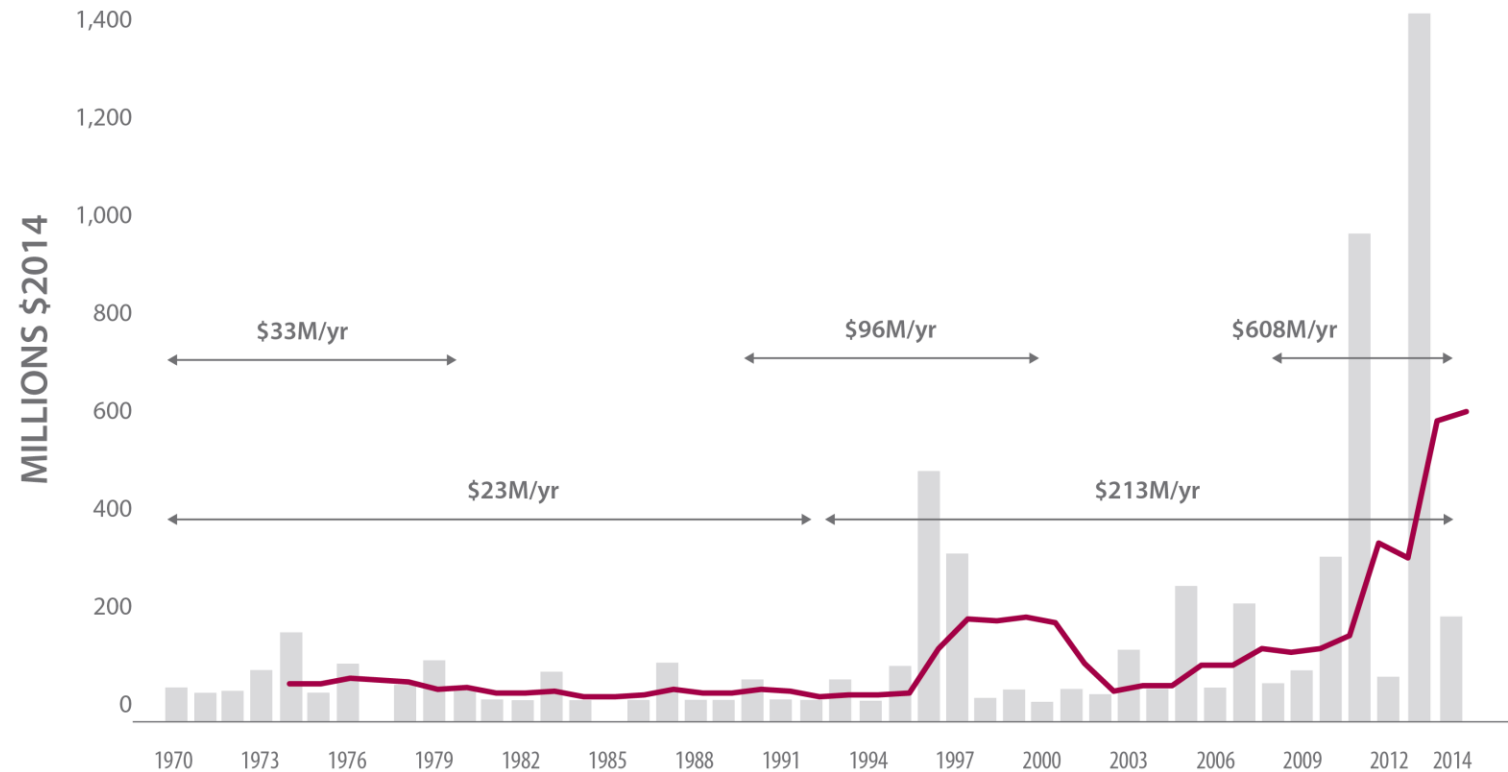
## FEDERAL DFAA SPENDING

■ Flood related    ■ Other

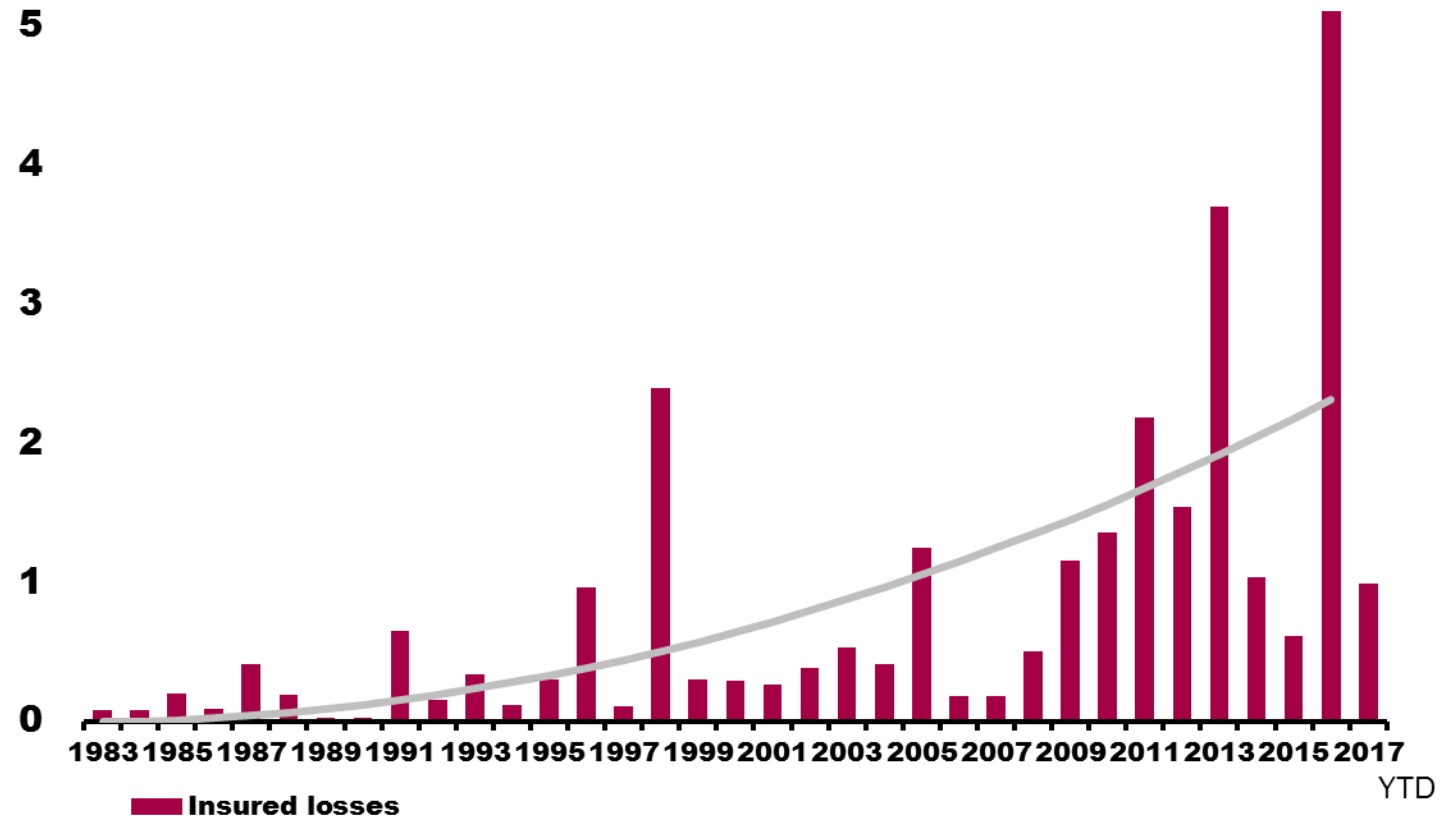


## FEDERAL DFAA SPENDING ON FLOOD

■ Annual average spending    ■ 5-year moving average



# And is already affecting insurers...











# Our flooding challenge



A complex problem...





# Insurance as a Public Policy Tool

Transfer risk from taxpayers to those that actually bear risk

Price that risk accurately to incent behavioural change by consumers, communities and governments

Use premium incentives to further reward positive action by consumers and businesses



# A whole-of-society approach to flood

We are in a transitional period

Elevate awareness  
of flood risk and incent  
action at community  
and individual level



Mitigate  
flood risk to  
affordable  
level



Transfer majority (over  
90%) of residential/  
commercial risk to  
private sector

**Develop financial  
instruments to address  
uninsurable high risk  
properties (5-7%)**

# International Models for High Risk Properties

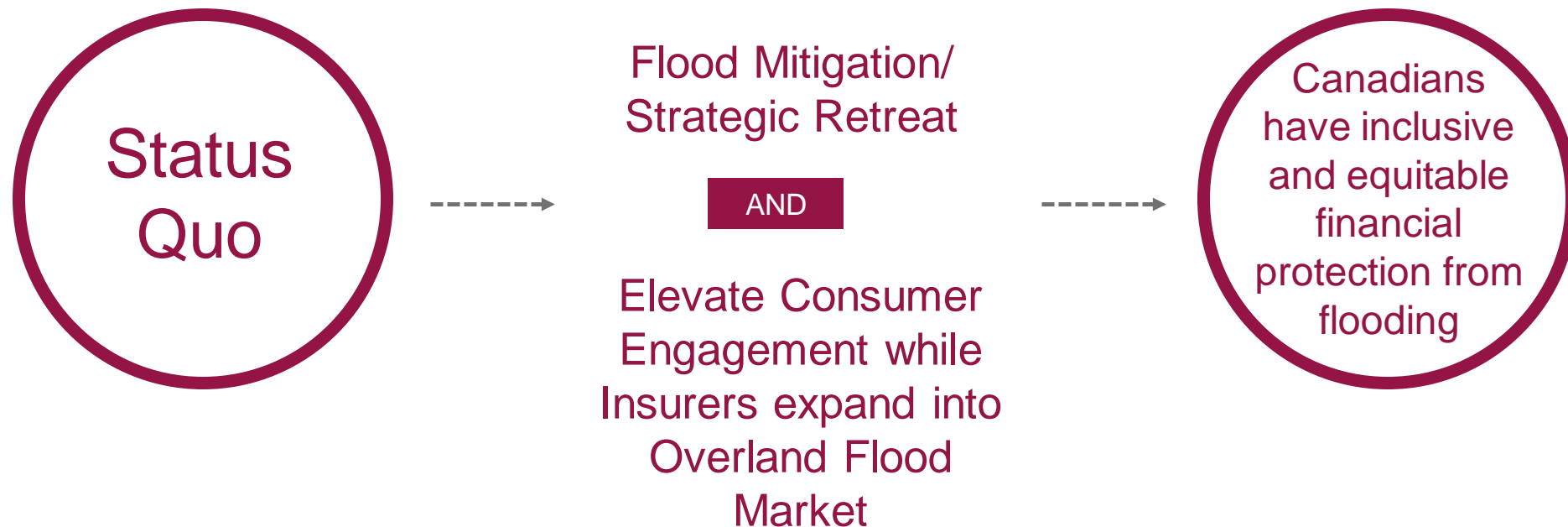
Option	Canada Status Quo	U.S. Approach	U.K. Approach	Netherlands approach	Australia Approach
<i>Approach:</i>	Ad-hoc bail out	Government provides flood insurance directly	Govt/Insurers create arms-length risk pool	Long term strategic retreat	Increase public awareness, focus on mitigation, no public backstop



*Declining Government Involvement*



# A Transitional Approach for High Risk Properties



Questions?

