

Natural Disasters and Intact Insurance

Water Damage has now surpassed fire as the number one cause of insurance claims

Basement flooding alone is estimated to be approximately \$140 million per year. This represents 30,000-40,000 incidents with an average cost of between \$3,000-\$5,000 per incident.

Water damage claims grew from 20 to 50 percent of all property-related claims over the past nine years.³

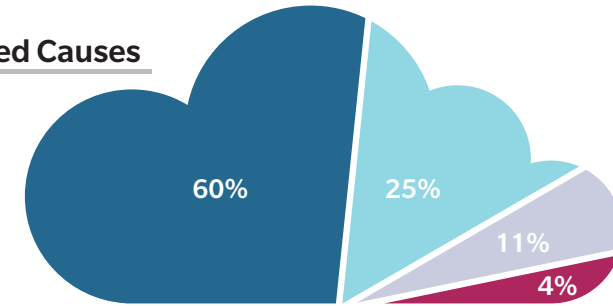
More than seven times as many insurance claims are caused by water damage and freezing (17 percent) than by theft (2 percent).³

Water has now surpassed fire as the number one cause of home insurance claims. 40 percent of all personal property insurance claims are as a result of water damage.

**WATER LOSSES
NOW COST
THE CANADIAN
INSURANCE INDUSTRY
\$1.7 BILLION
EACH YEAR³**

Water Damage Related Causes

- faulty indoor appliances or plumbing leaks
- heavy rain or flooding
- sewer or sump-pump
- other



The climate is changing resulting in more flooding

- Mean precipitation has increased across Canada by about 12% in the last 50 years, meaning we now experience 20 additional days of rain.³
- Flooding has historically been the second most common cause of disasters in both Saskatchewan and Manitoba and the second most frequent cause of disasters in Alberta. Public Safety Canada reported 34 flood disasters in Alberta from 1900-2005.
- Flooding in southern Alberta in 2005 resulted in approximately \$300 million in insured payouts – one of the largest loss events recorded in IBC between 1983-2005.
- An extreme rainfall event that occurred in Edmonton in 2004 flooded over 4,000 basements, resulting in \$171 million in insurance claims.²

Resources that customers can visit to find out more about water damage, include:

Canada Mortgage and Housing Corporation:

<http://www.cmhc-schl.gc.ca/en/>

Intact Insurance website:

www.intactinsurance.com

Insurance Bureau of Canada:

http://www.ibc.ca/en/BeSmartBeSafe/Loss_Prevention_Tips/

¹<http://www.homerenovationguide.com/articles/748-is-your-home-at-risk-for-floods>

²<http://watercanada.net/2011/damage-control/>

³<http://www.ibc.ca>

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Water damage comes from different sources

Water damage can happen because of a broken pipe, an overflowing toilet, a leaky roof, or a sewer backing up. Water can damage a home and the contents within it. The damage may be so extensive that the home is unlivable while repairs are being made and belongings cleaned or replaced. Even a very small amount of water or sewage material can be a big problem.

The reasons for the increase in frequency and severity of water claims

- Appliances are not being replaced regularly,
- Some residences are in areas that are prone to sewer back-ups,
- Less people are at home during the day, consequently allowing more time to pass before leaks are discovered,
- People are finishing their homes with more expensive materials (hardwood vs. laminate),
- The design of homes is different now including laundry rooms on higher floors,
- More people are completely finishing their home. In the past, basements were unfinished which meant less exposure and clean up in the event of a claim,
- Canada's sewer system is aging and, in many cases, cannot handle an increase in precipitation.

The types of water damage claims we see the most

- ◆ Burst pipes and hot water tanks,
- ◆ Sewer back-up and the backing up of drainage systems,
- ◆ Pipe ruptures of hoses on appliances (dishwashers, ice/water makers, hot water tank, washing machines), especially those older than 10 years.

Why do basements flood?

- A leak or crack in the basement walls,
- Poor lot drainage,
- Failure of the weeping tiles,
- Overflowing eavestroughs or leaking/plugged downspouts,
- A blocked connection between your home and the main sewer in the street,
- A back-up of wastewater in the sewer system,
- Failure of a sump pump used to pump weeping tile water,
- Failing hot water heaters,
- Worn rubber hoses on washing machines (especially those older than 10 years).

What can customers do to prevent water damage?

To help prevent water damage, customers should:

- Regularly inspect all plumbing for signs of cracks or leaks and replace older plumbing,
- Regularly inspect older appliances and replace them when they are past their normal life expectancy,
- Install backflow valves,
- Replace old worn rubber hoses with newer, braided hoses,
- Install active monitors that will alert you if a leak occurs, and will shut off the main water supply once moisture is detected,
- Look at purchasing and installing a relative humidity sensor (hygrometer) that can measure the moisture level in a home,
- Upgrade to energy-efficient windows that can support a higher level of relative humidity without condensation occurring.



You're back.