

# Fort McMurray: The most expensive wildland fire event in world insurance history



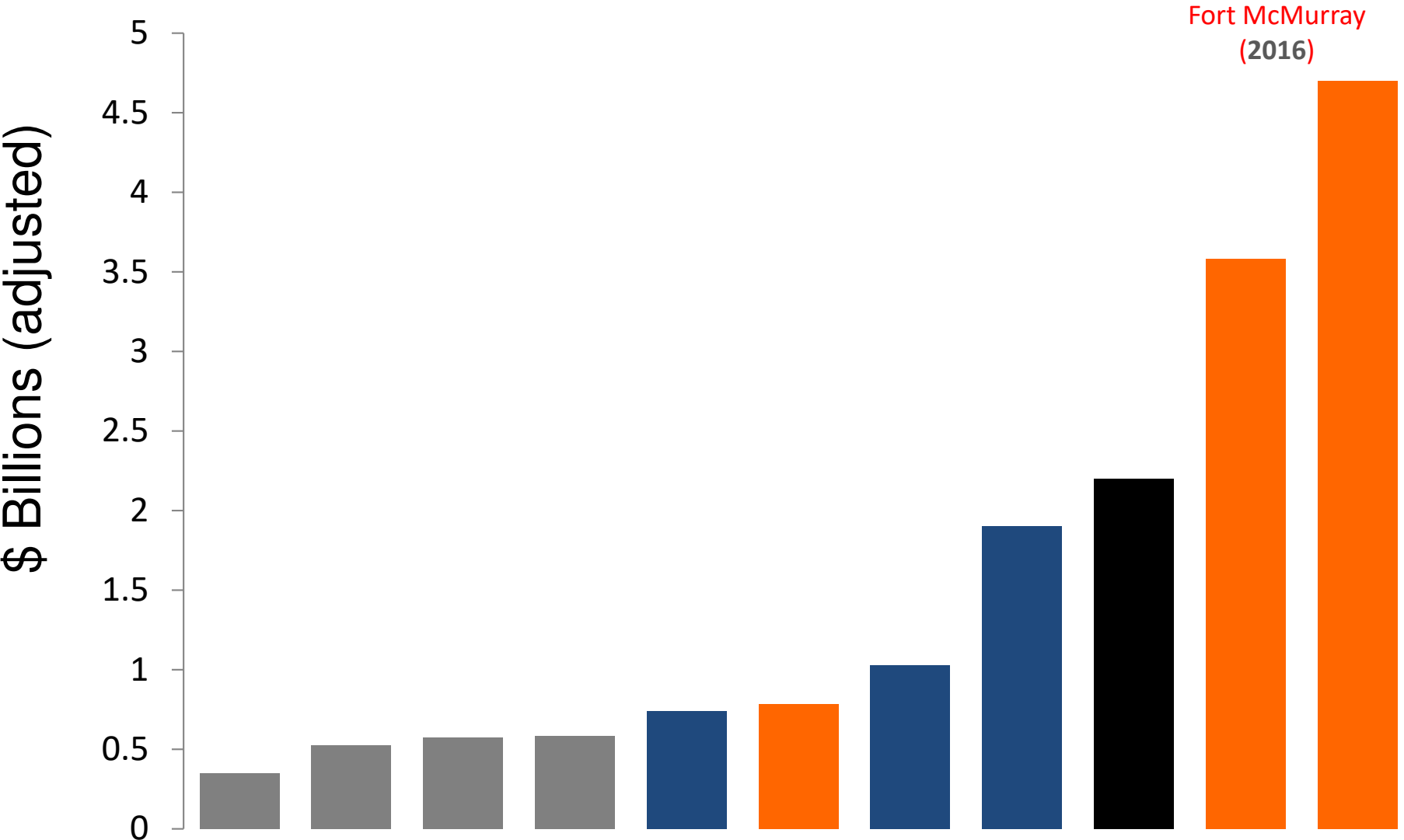
Paul Kovacs, *Executive Director*  
Dan Sandink, *Director of Research*  
Wildland Fire Canada 2016, Kelowna

# ICLR

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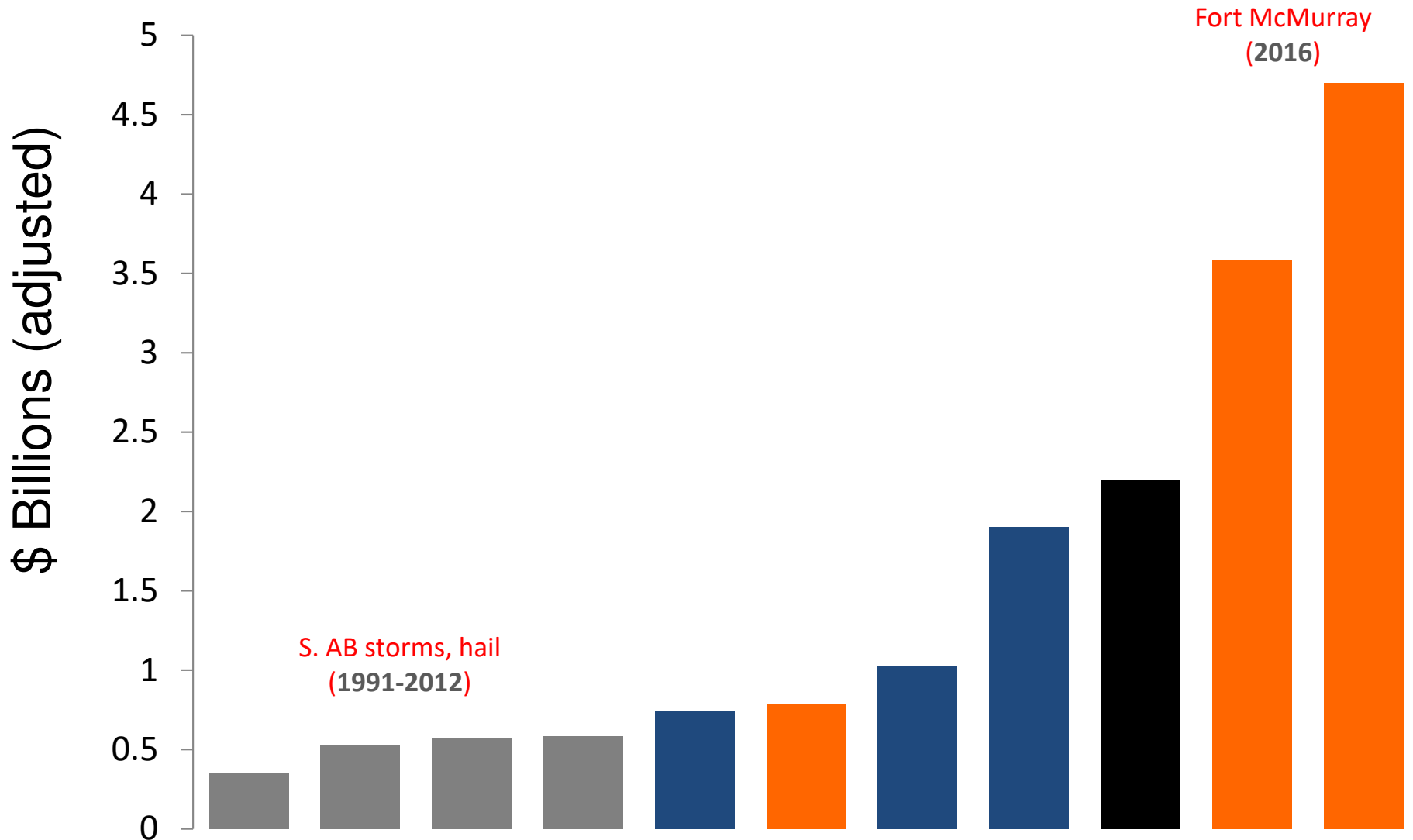
- ICLR established in 1997 by Canada's insurers
- Mission: Reduce the risk of loss of life and property damage from severe weather and earthquakes
- Developing evidence & tools, promoting best practices, communication
  - Urban flood, extreme wind, wildland fire, earthquake

# 10 largest insured loss events - Canada

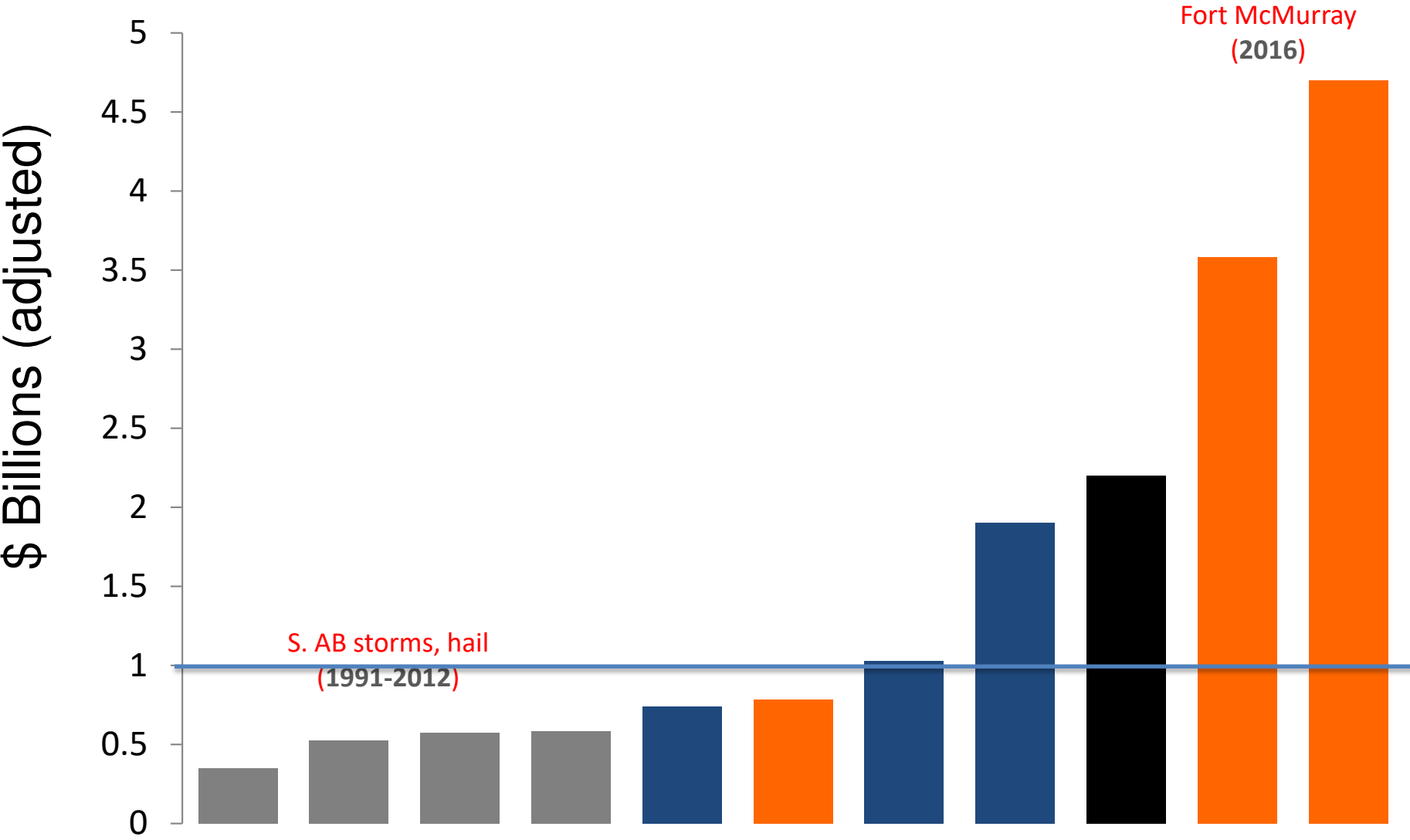


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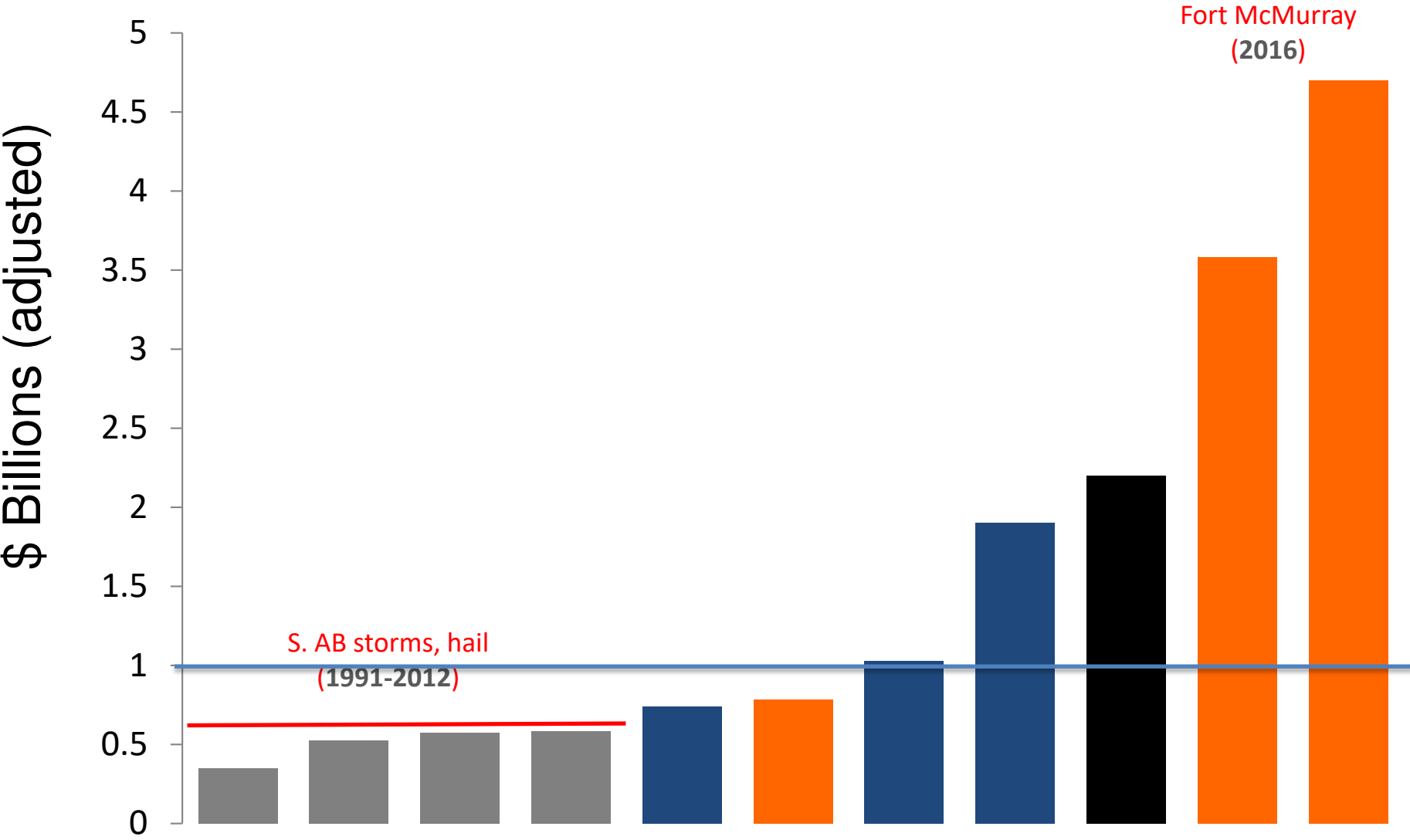
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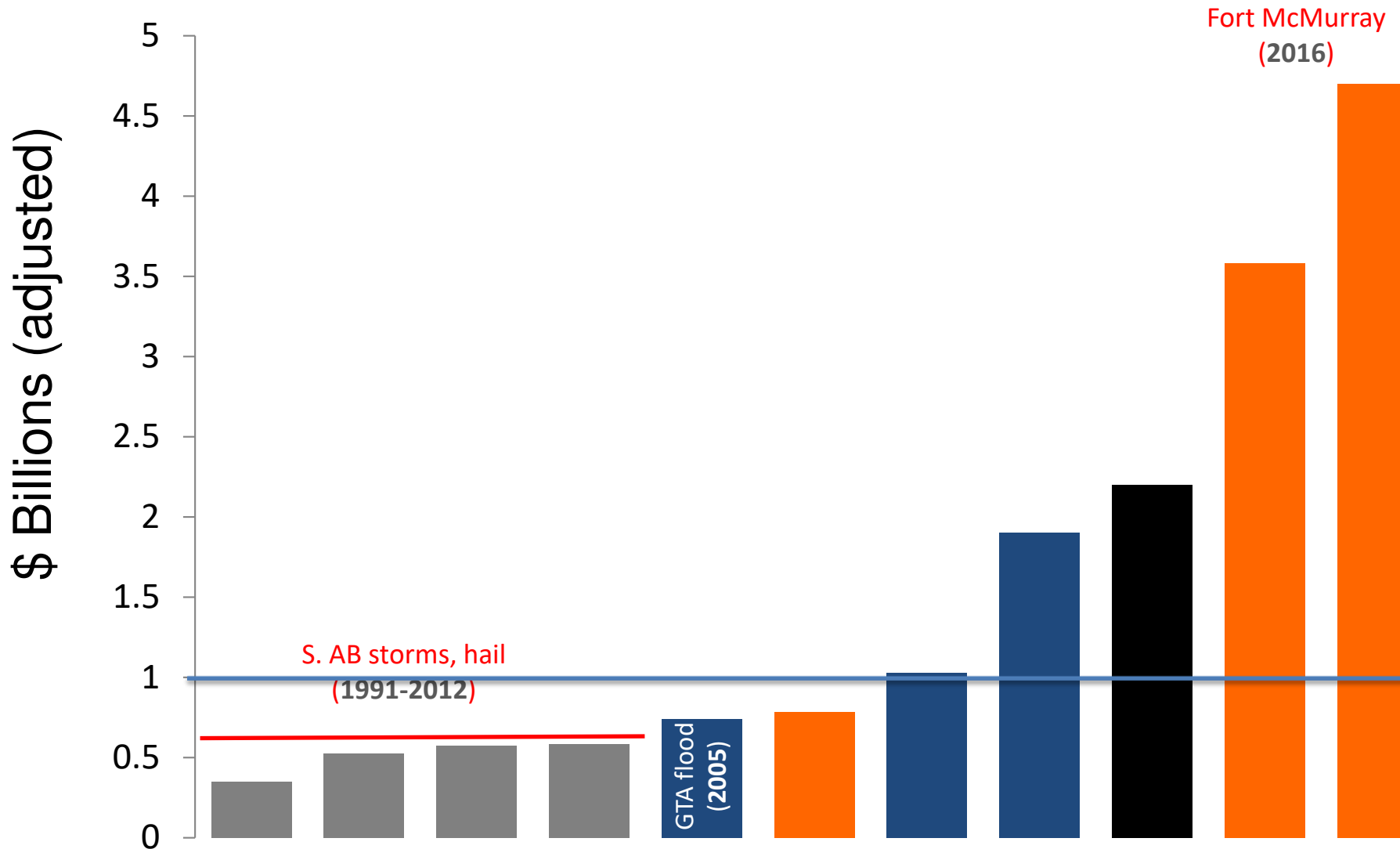
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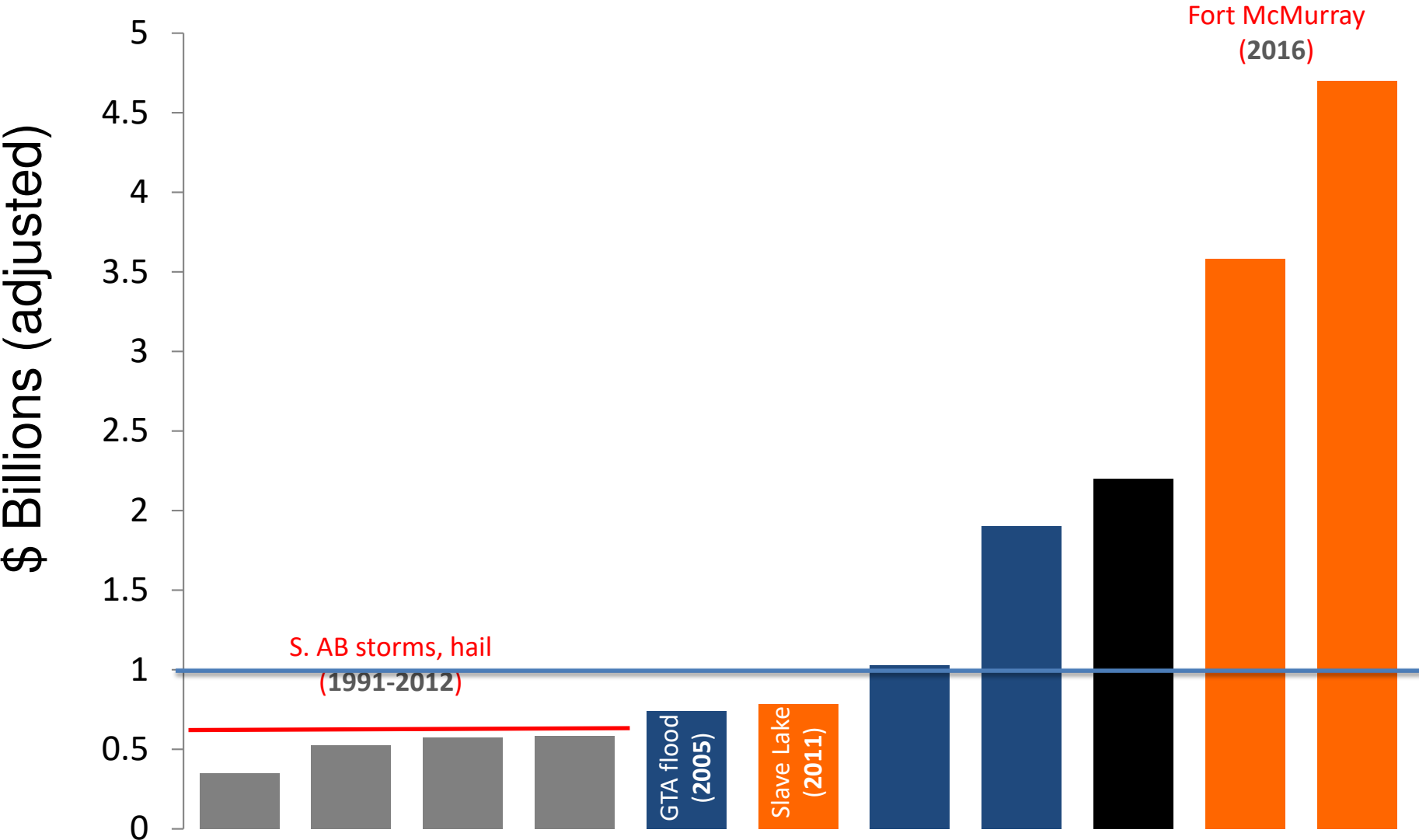
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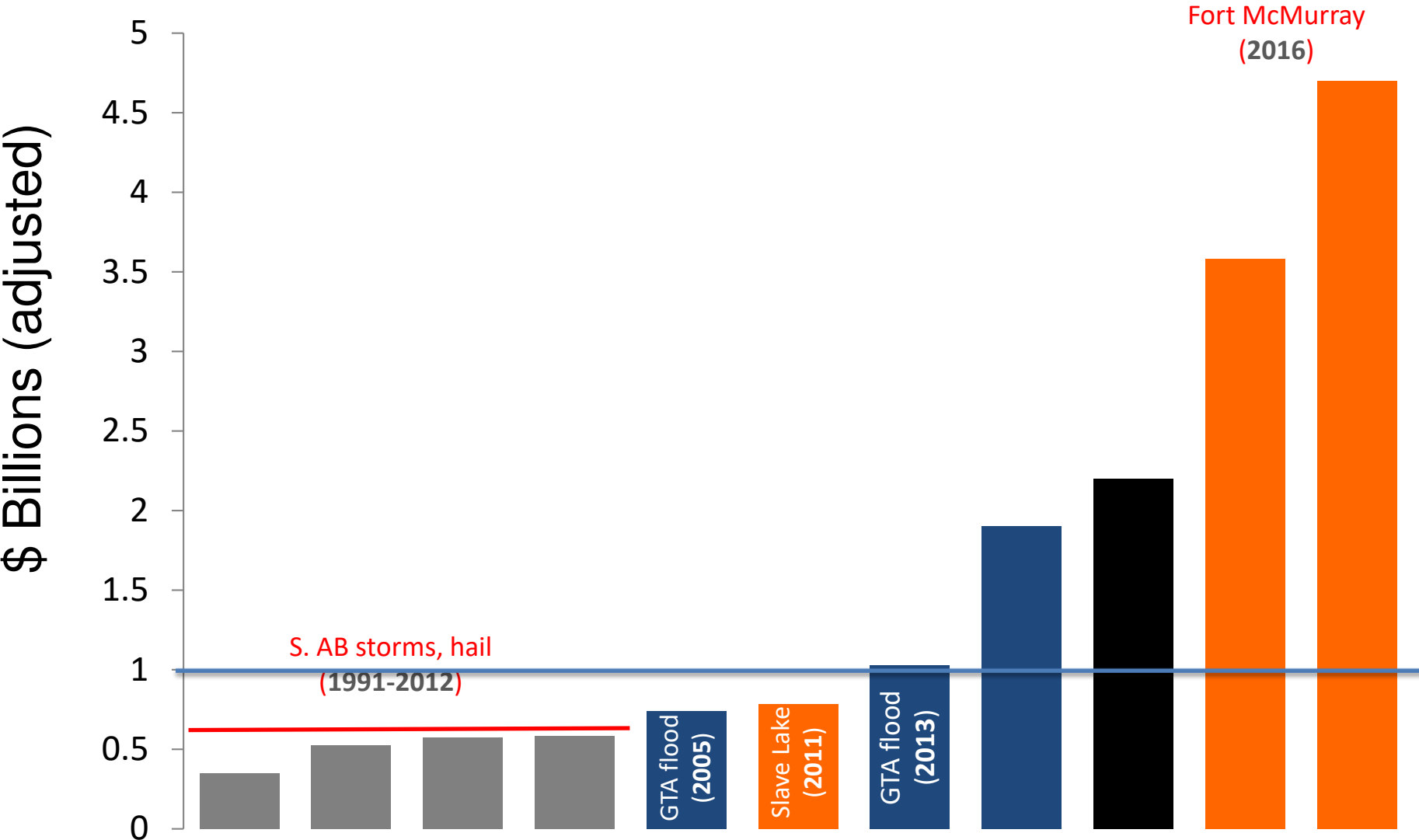


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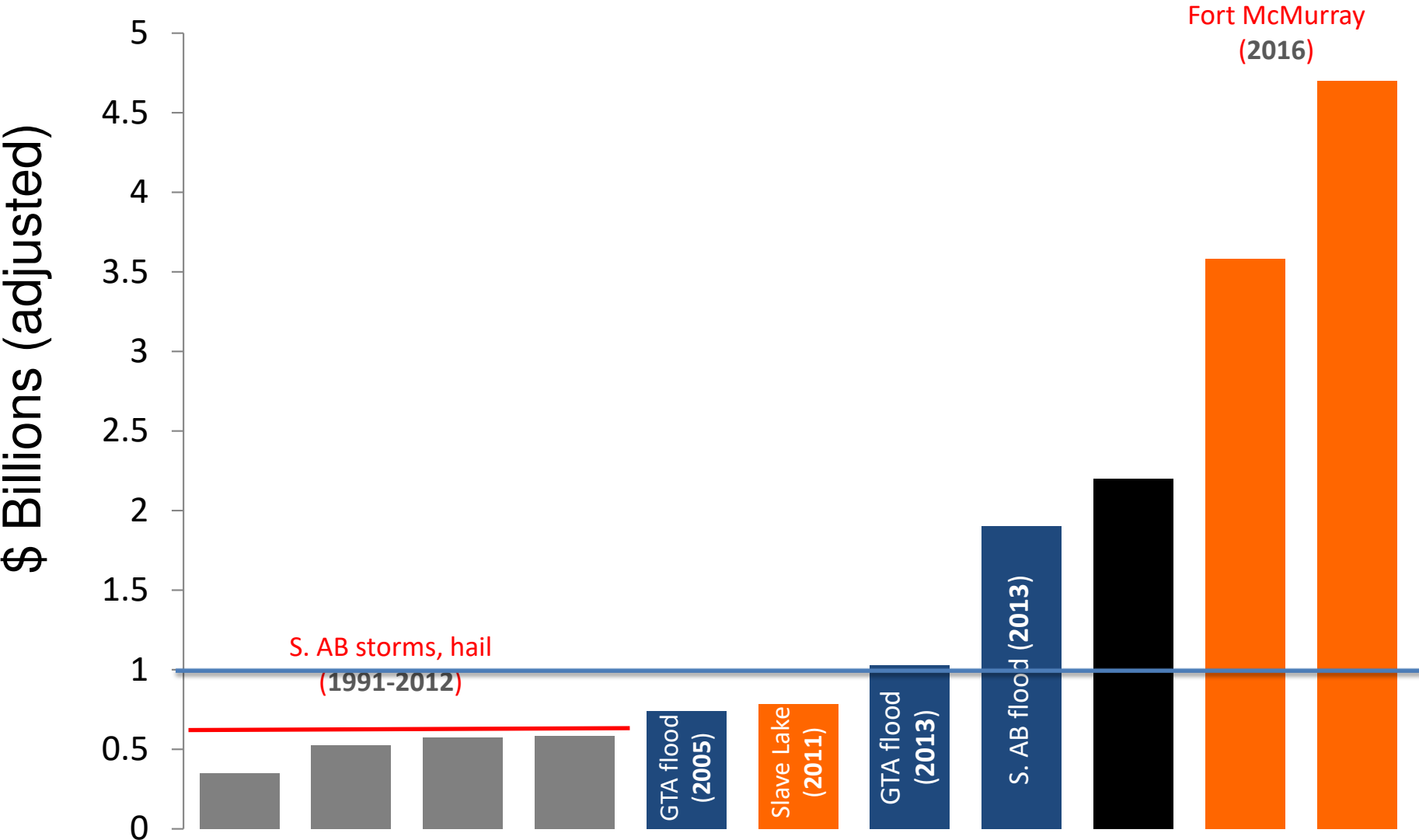




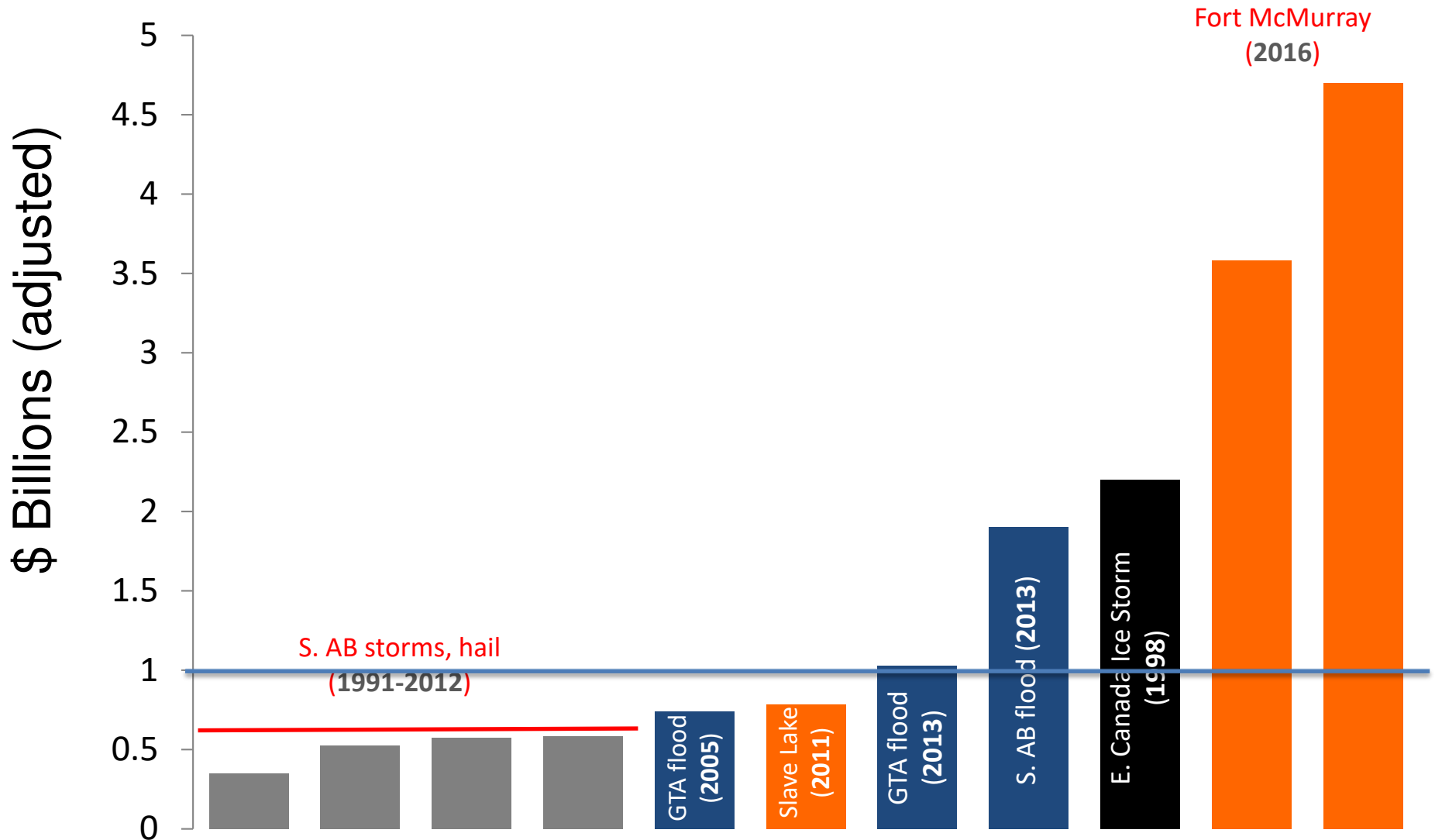
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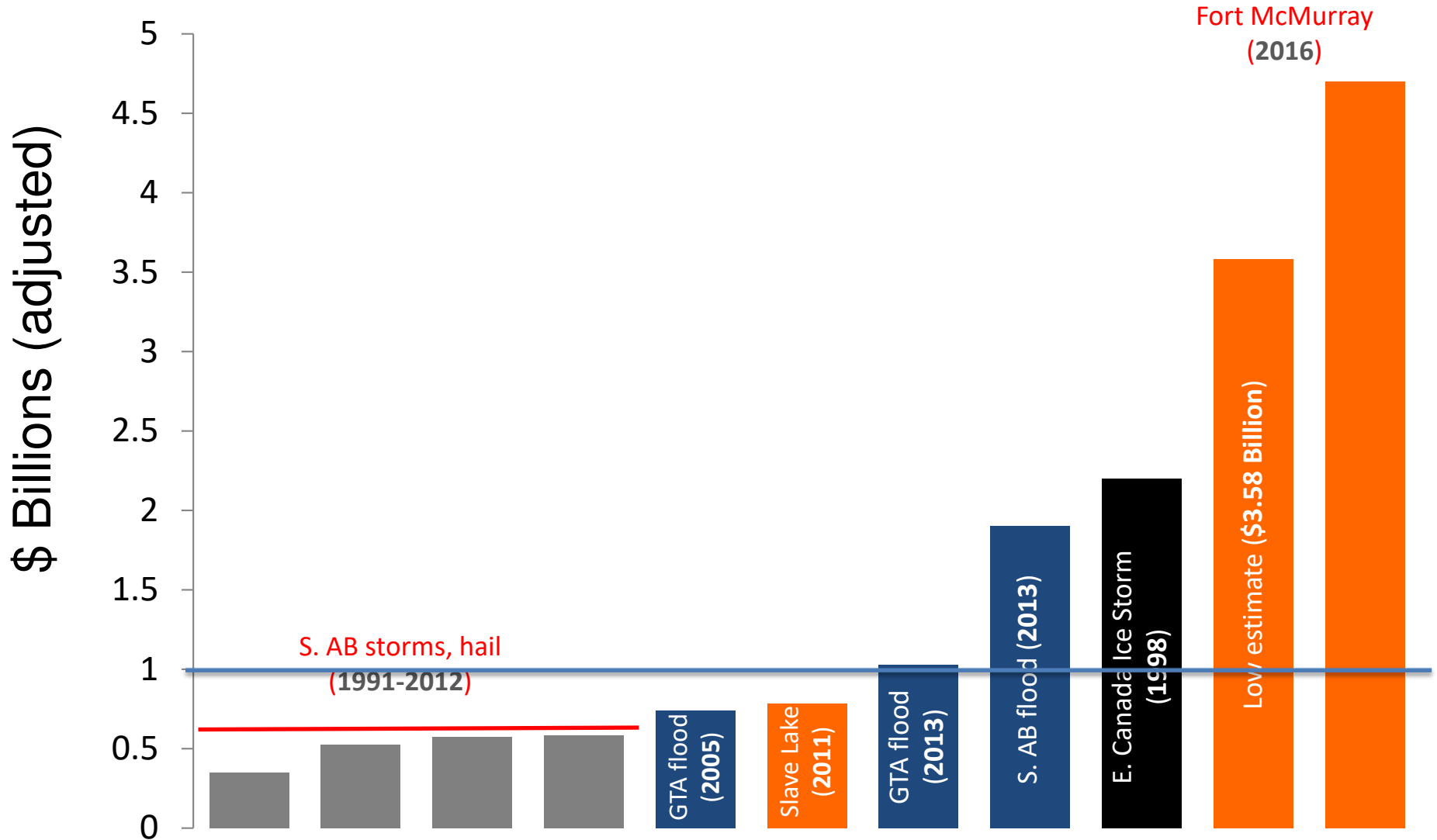
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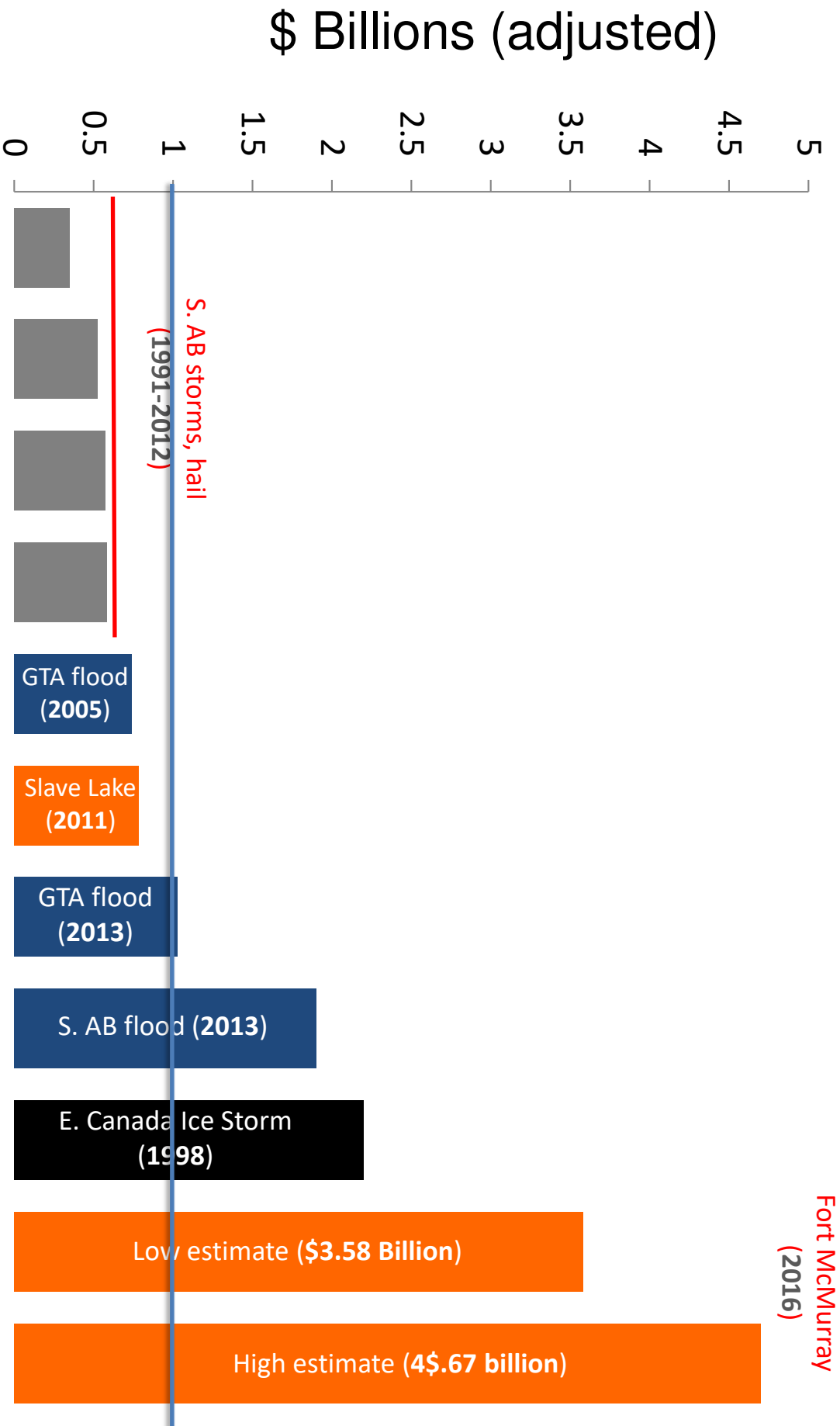
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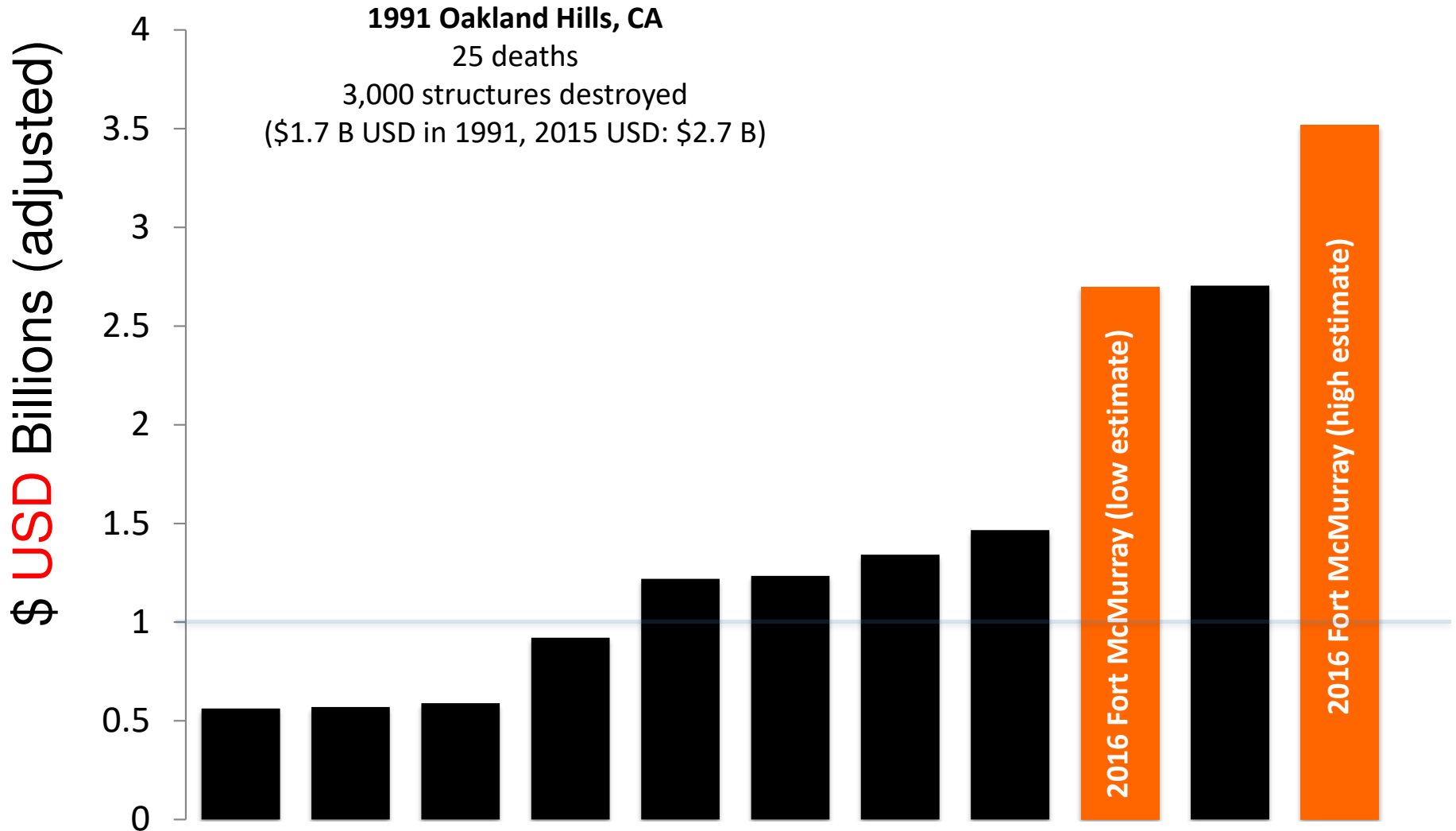


“...no one really appreciated or considered the massive concentration of values in such a remote location exposed to the peril of wildfire.”

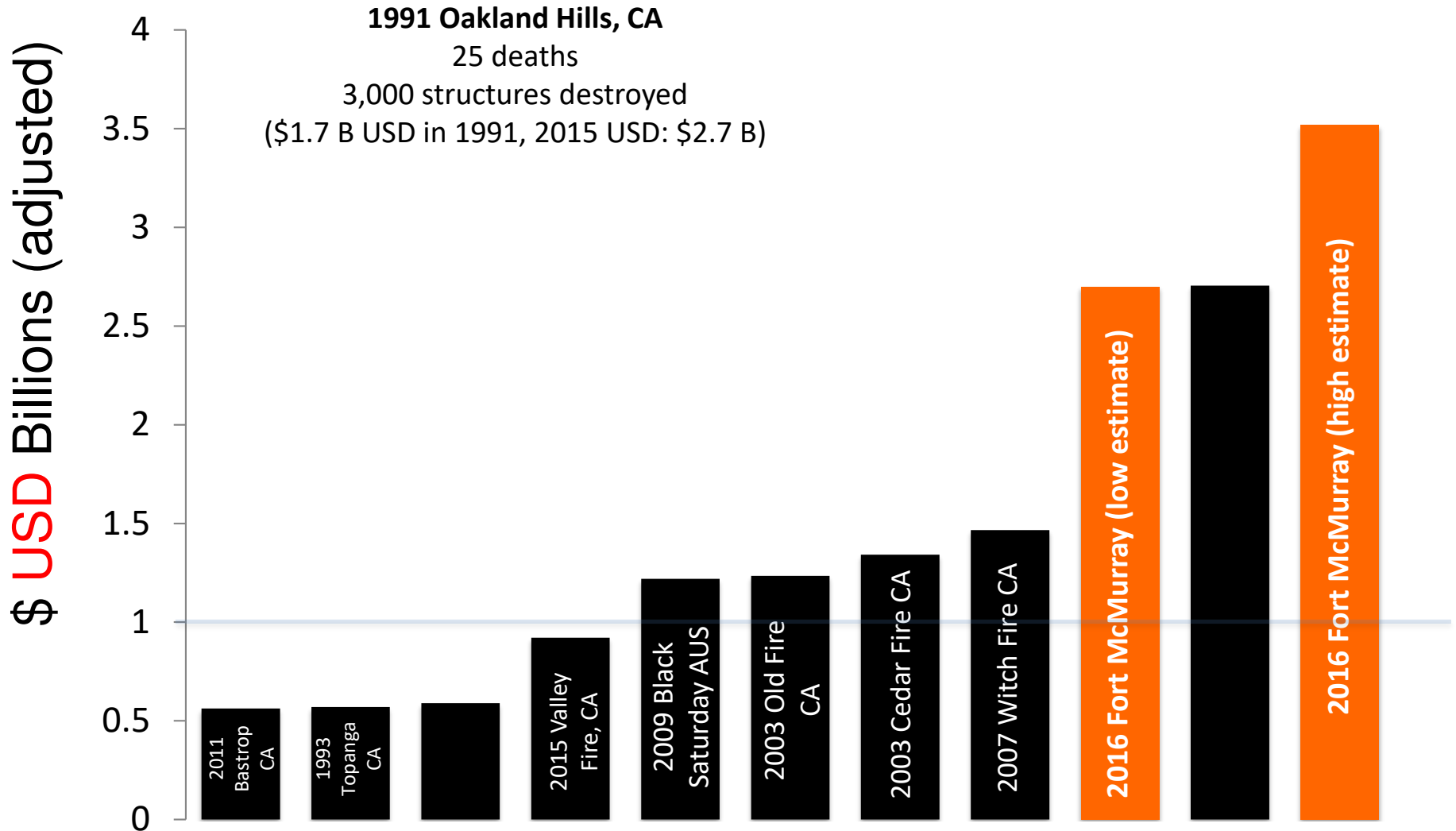
Peter Hearn, President & CEO, Guy Carpenter (Oct. 2016)



# Top 10 wildland fire events, insurance loss (world)

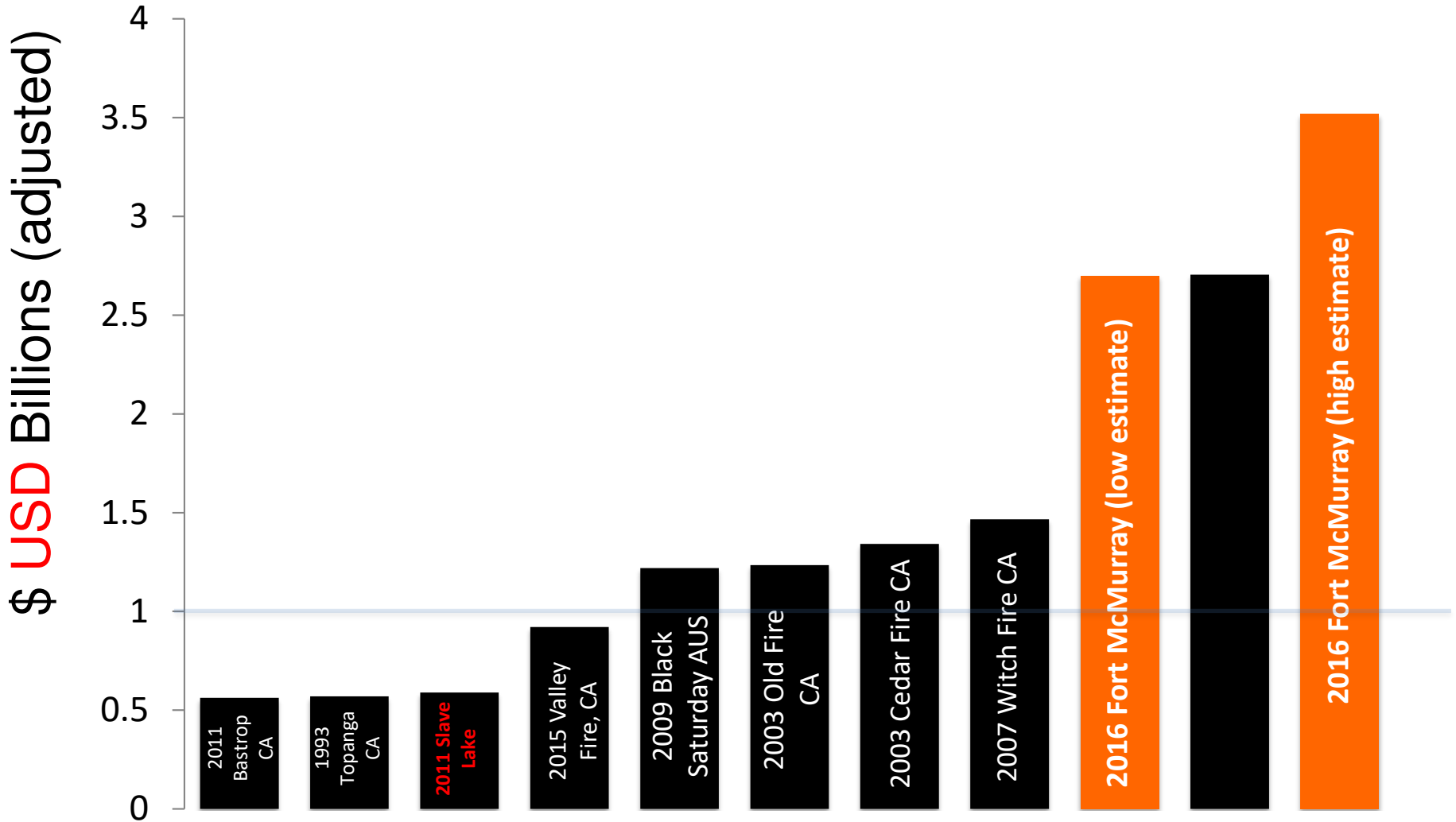


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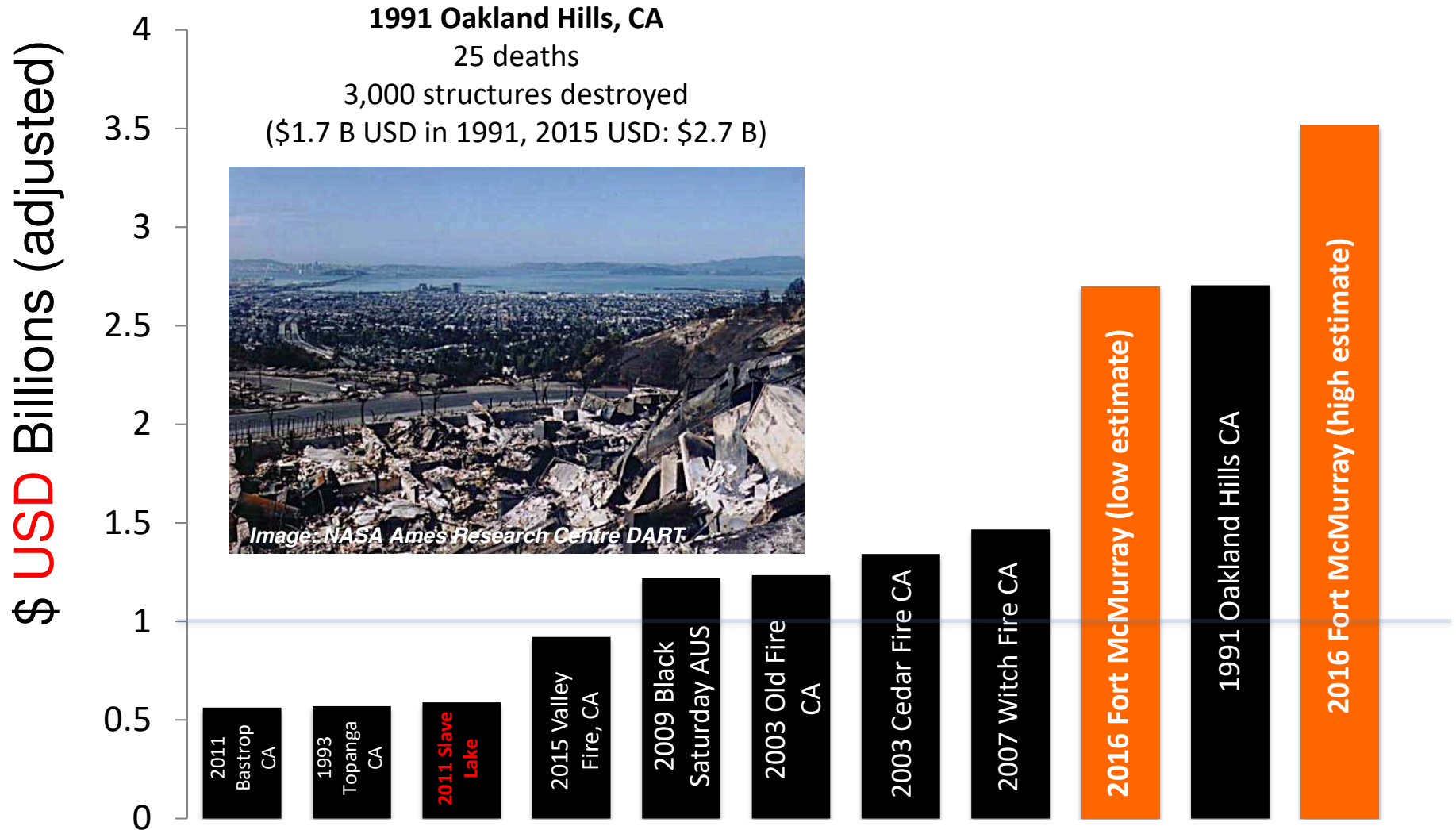




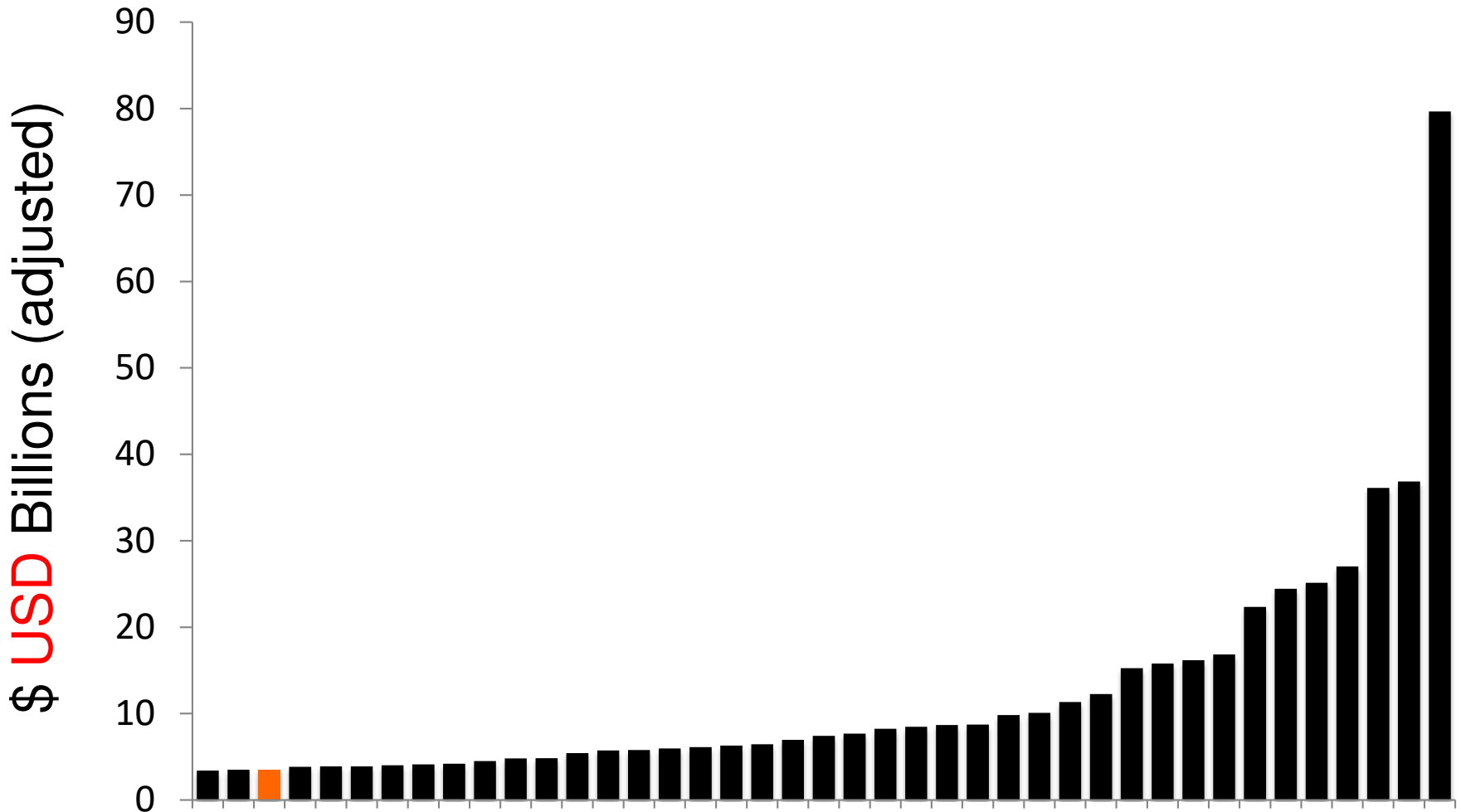
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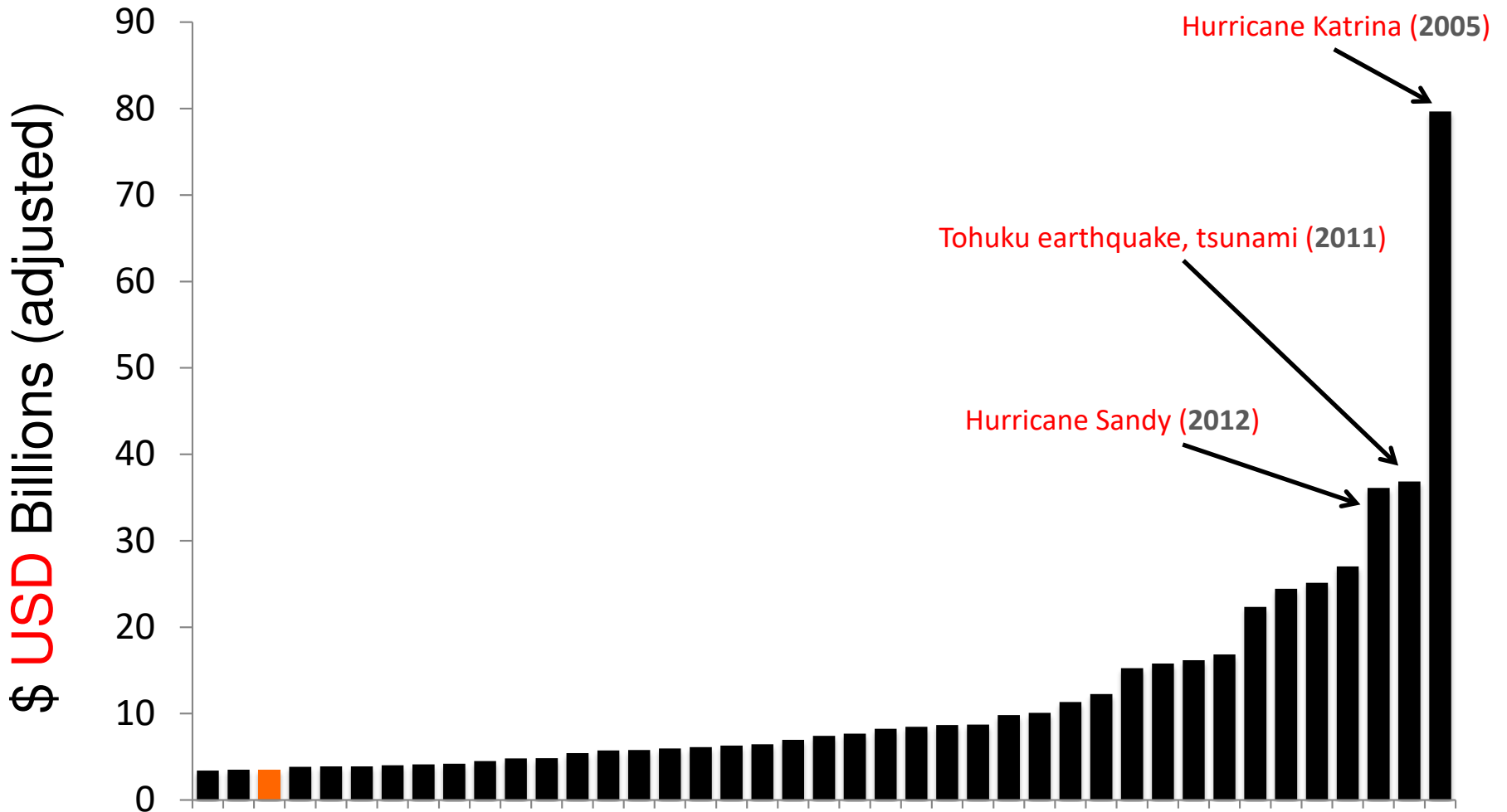
# Top 10 wildland fire events, insurance loss (world)



# Top 40 cat events, worldwide (insured loss 1970-2015)




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Slave Lake 2011 pop:  
6,792

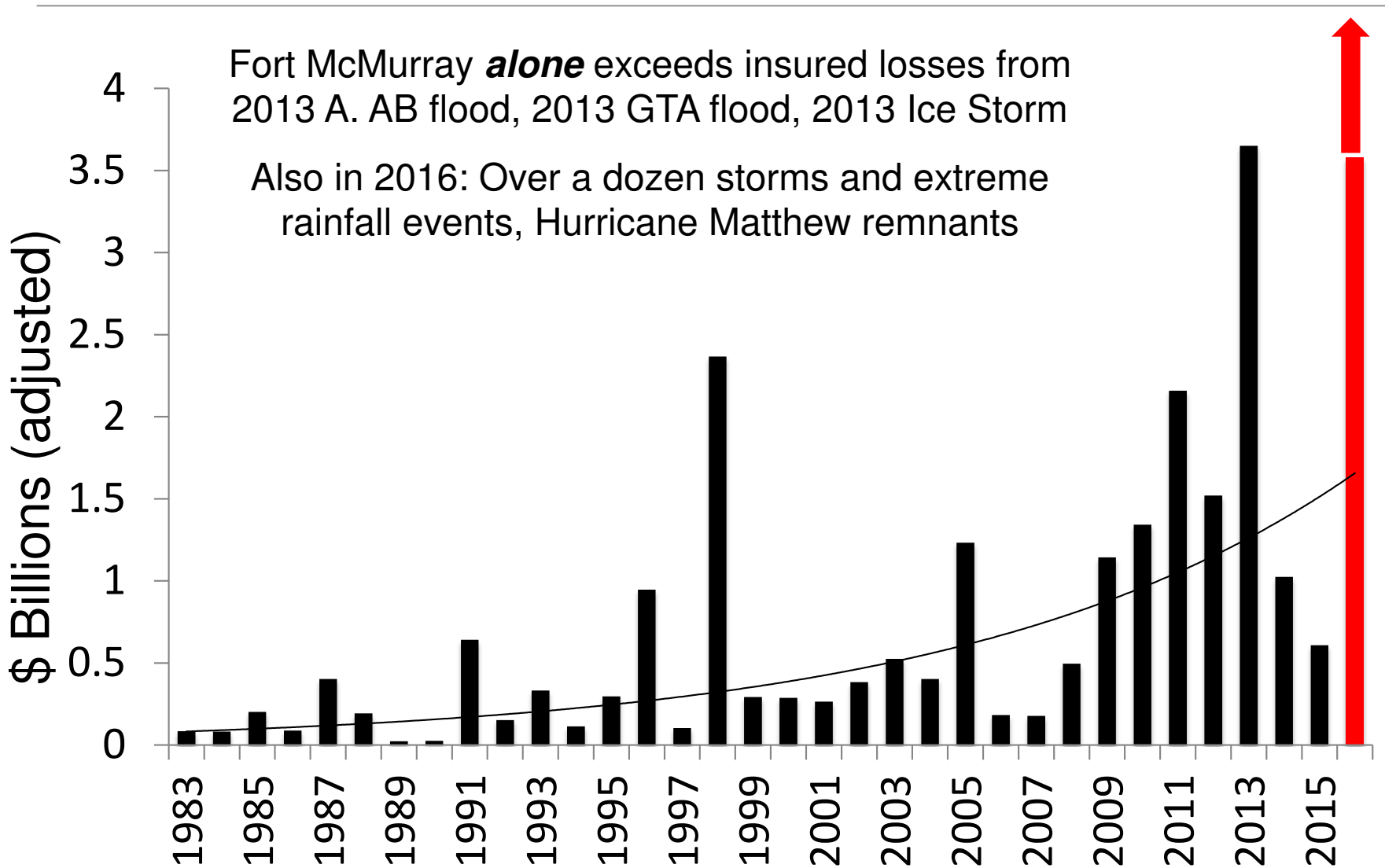
***Total insured losses:  
\$784 million***

Fort McMurray population: 61,374

39<sup>th</sup> most expensive event in the  
recorded history of the world  
insurance industry



# Disaster events: P&C insurance



Data sources: CatIQ, 2016; PCS, 2016; IBC, 2016



## Additional notes

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- Kelowna, Slave Lake: Considered major but 'one off'
- Fort McMurray disaster is globally significant
- Most of the losses caused by damage to homes and home contents – significant opportunities to reduce risk

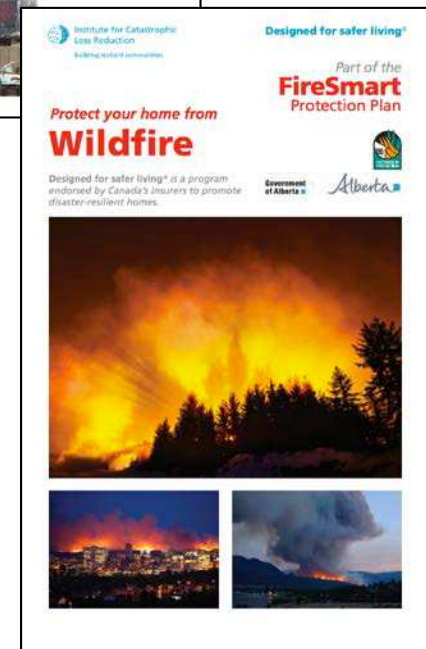
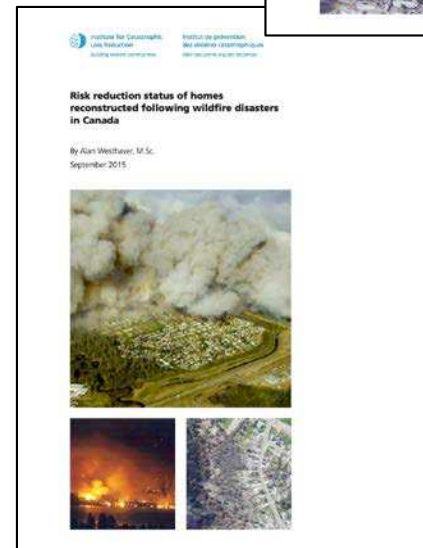


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Reducing wildland fire risk—ICLR

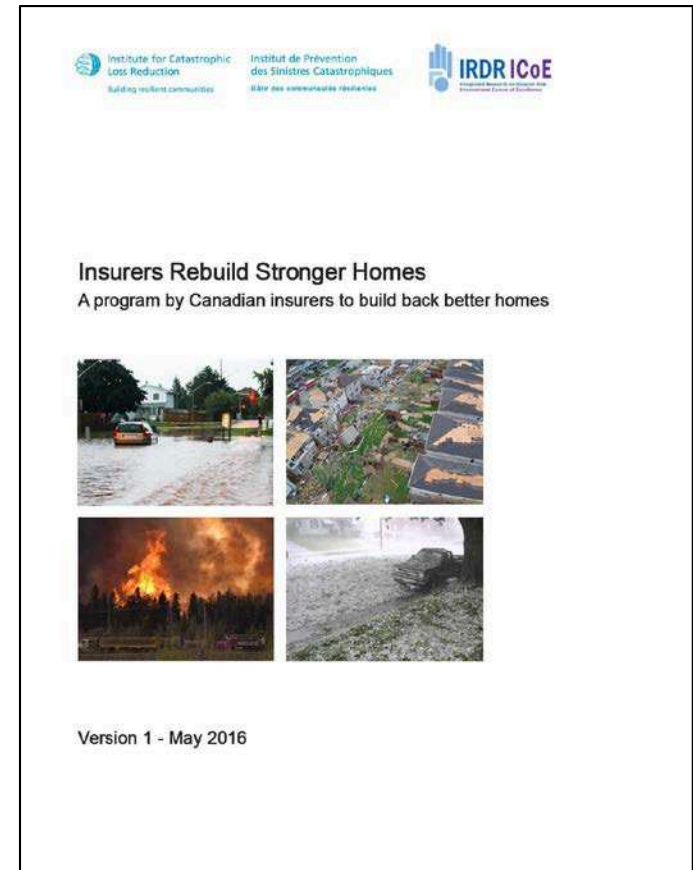
# Recent ICLR activities – wildland fire

- Research reports
- Public education materials (w/ FireSmart, A. Westhaver)
- Construction code recommendations (w/ FireSmart and NFPA)
- *Insurers Rebuild Stronger Homes*



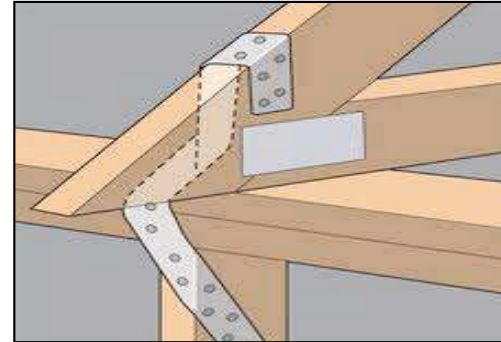
# *Insurers Rebuild Stronger Homes*

- Build Back Better
- Total losses provide opportunity to invest in risk reduction
- Affordable measures with significant impact, focus on structure
- ICLR research, labs, demonstration projects, international literature and experts
- May 2016 1<sup>st</sup> Ed.—advice will change based on new findings



# Opportunities post-Fort McMurray fire

- Integrate rebuild stronger measures into rebuilds
  - Basement flooding
  - Wind
  - Hail
  - Wildland fire
- Priority, enhanced



# Wildland fire

- Priority
  - Fire resistant roofing materials
  - Fire resistant siding
  - Openings (doors and windows) that do not enhance risk
- Enhanced
  - Roof gutters, downspouts
  - Vents and soffits
  - Closing in of openings (under decks, eaves, etc.)
  - Window screens
  - Non-combustible exterior projections
  - No attic ventilation facing combustible materials
  - Spark arrestors



## Cost estimates (RMWB)

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- Basement flooding: \$200-300
- Wind: \$200-\$350
- Hail: Major cost is additional ice and water shield
- Wildland fire: Negligible (largely building practice)



# Conclusions

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- Fort McMurray was a globally significant loss event
- Increased interest in wildland fire risk reduction
- Opportunity to significantly reduce risk through rebuilding process