Insurance Cost Pressures from Hail Damage

IN ALBERTA

The frequency and severity of hailstorms in Alberta is on the rise. As these events increase, so too does the number and cost of insurance claims in the province. Hailstorms in Alberta have caused billions of dollars in insured damage in the past 5 years.

To understand how these trends are impacting insurance premiums, and whether stronger building materials and community resilience measures could help reduce costs, the Insurance Bureau of Canada (IBC) engaged MNP LLP (MNP) to undertake a review. MNP found that:

- Insured losses for hail damage **between 2020 and 2025 were over $6 billion.**
- **Hail coverage remains widely available in Alberta;** however, insurers reported substantial changes in coverage design, pricing, and risk management practices in response to increasing hail losses and volatility.
- Hail risk is highest in **Calgary and nearby areas.**
- The hail peril in Alberta, and particularly Calgary, **can account for approximately 30 to 68 percent of a total home insurance premium.**

The Case for Increased Resiliency

– MNP KEY FINDINGS

Stronger, more resilient building materials can help reduce damage and lower costs for homeowners. **Hail resistant roofing and siding can reduce total premiums by up to 50 percent.**

Several insurers offer financial support to pay for more resilient materials after a claim.

Insurers also provide further preferential treatment for homes with hail-resistant materials including longer depreciate terms, 50-75% reductions to hail deductibles and removal of any coverage caps that may exist on a policy.

IBC'S RECOMMENDATIONS FOR GOVERNMENT

- Update the building code in at-risk areas to mandate the use of hail resistant materials in all new construction
- Provide homeowners with financial support for retrofits to enhance property resilience and support municipal investments in community resilience.