To: Mayor and Members
Committee of the Whole
Outstanding Business Item No. F and Issue: Impact Investigation of Flooding Events on Homeowners

From: Peter A. Barkwell
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Date: July 11, 2008

Re: Impact Investigation of Flooding Events on Homeowners (FCS08071) (City Wide) (Outstanding Business Item No. F)

Council Direction:
N/A.

Information:

Since the summer of 2005, the City of Hamilton has experienced a number of unusual rain events which caused extensive flooding to various neighbourhoods around the City. Risk Management Services was directed by the Committee of the Whole on June 11, 2007, as follows:

(a) That staff investigate the impact that flooding events have had on the ability of homeowners to obtain or secure insurance coverage for sewer back up and or increased insurance rates as a result of such flooding;

(b) That staff be directed to report back as soon as possible on potential approaches to mitigate the impact on insurance availability for sewer back up and/or premium increases for those residents whose insurance has been affected.

On six separate occasions, commencing July 2005, unusual rain events have caused flooding of differing degrees to various neighbourhoods around the City. In total, 964 liability claims have been submitted to the City with an estimated property damage value of $20,000,000.

Separate from the issue of liability, the City established a Compassionate Grant Program for each event. In total, 2,246 applications were approved for payments totalling $1,445,950.36 within the program, providing an indication that many more properties were affected than just those who submitted liability claims to the City.
Councillors and staff alike have heard repeated comments from flood victims suggesting that their ability to insure their property for sewer back-up has been severely impacted in a negative way.

In response to the Committee’s direction, Risk Management Services, with the assistance of a consultant, designed a survey for the purpose of gathering as much insurance and claims information as possible from property owners who were impacted by flooding during the heavy rain events of recent years.

2246 surveys were mailed out to all applicants who were approved for a grant from the Residential Municipal Disaster Relief Assistance Program. The following chart illustrates the number of surveys mailed out and returned for each date of loss and for the overall total:

<table>
<thead>
<tr>
<th>Rain Event Date</th>
<th>Surveys Mailed Out</th>
<th>Surveys Returned</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-Jul-05</td>
<td>601</td>
<td>97</td>
</tr>
<tr>
<td>18-Aug-05</td>
<td>794</td>
<td>173</td>
</tr>
<tr>
<td>10-Jul-06</td>
<td>672</td>
<td>113</td>
</tr>
<tr>
<td>28-Jul-06</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td>01-Dec-06</td>
<td>75</td>
<td>16</td>
</tr>
<tr>
<td>25-May-07</td>
<td>76</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2246</strong></td>
<td><strong>437</strong></td>
</tr>
</tbody>
</table>

The above numbers represent a return rate of 19%. Property owners who had not returned the survey were sent out reminders. As completed surveys came in the consultant continued to perfect the information in instances where forms were incomplete or difficult to understand in an effort to obtain as much clear information as possible in order to arrive at reasonable conclusions.

Included in the survey were questions designed to identify:

- If the insurance rates of some affected property owners have been adversely affected by one or more recent sewer back-ups
- If some property owners are no longer able to acquire affordable sewer back-up insurance, or sewer back-up coverage at all, due to one or more recent sewer back-ups
- If affected property owners have been forced to increase their property damage deductible due one or more recent sewer back-ups
- If affected property owners have had limits placed on the amount of sewer back-up coverage which they can acquire due to one or more recent sewer back-ups

Currently, the returned surveys are being analyzed jointly by Risk Management Services and the consultant to determine the extent of the adverse insurance impact on affected property owners.
All analysis of the data will be completed and a Recommendation Report will be prepared for the Audit and Administration Committee for October 2008.

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Peter A. Barkwell
General Manager, Finance & Corporate Services