

Realty Insurance Services

Market Insights – Winter 2025/2026

Market Overview

The Canadian property market continues to experience soft market conditions, with capacity remaining strong and competition among insurers helping to keep rate pressure moderate. Reinsurers and domestic carriers are weighing the effect of climate change, inflation, tariffs, a softening market in some regions, and exposure quality in their portfolio strategies.

Catastrophic Events Update

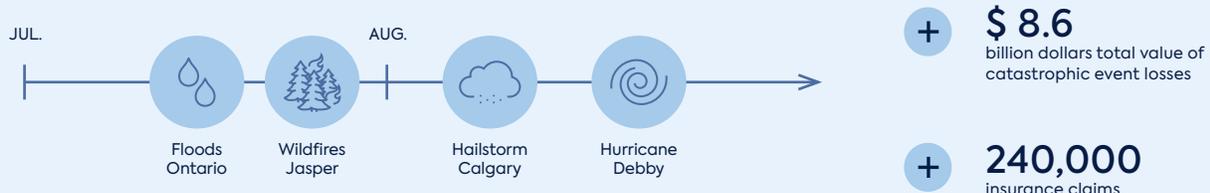
As of mid-2025, Canada had experienced 12 natural catastrophic events, each resulting in insured losses under \$30 million year-to-date. Notably, four of these events were wildfires, underscoring the growing impact of fire-related disasters. The country saw a number of wildfires, with more than 7.5 million hectares burned by the end of summer – more than double the area affected at the same time in 2024. This sharp increase in events highlights the escalating severity and frequency of wildfire events across Canada.

This also underscores that while Canada is not yet in the same loss magnitude as some global markets, the frequency and severity of “secondary perils” such as wildfires, convective storms, and hail and ice events are rising – reshaping how insurers price, underwrite and manage portfolios.

On a positive note, it appears that while the frequency of these catastrophic events is on the rise, the dollar value of payouts is going to be lower in 2025 than the \$8.6-billion in 2024. Lower claims contributes to a softening market.

2024 Summer of Catastrophe across Canada

One-year Claims Update on an Unprecedented Year of Disaster



Source: IBC 2024 Summer of Catastrophe across Canada, October 2025
<https://a.storyblok.com/f/339220/x/501c913069/2024-summer-of-catastrophe-across-canada.pdf>

Emerging Predictions – Q1 and Q2 2026

Heading into 2026, we expect the soft market to persist, with ample capacity across both domestic and London markets. This abundance of capacity is likely to be managed more strategically.

While insurers continue to compete for well-performing property portfolios, we are seeing a creative balanced underwriting discipline with competitive rating. Even with the market still flushed with capacity, underwriters are expected to emphasize portfolio quality, data accuracy, and geographic diversification.

Well-managed risks – those with current appraisals, clean loss histories and strong maintenance and risk management programs – will continue to attract the most favorable pricing and capacity commitments.

Risk Management Focus

A soft market offers opportunity, not complacency. This is the time for property managers and owners to invest in resilience – updating risk management protocols and appraisals and improving maintenance oversight before the next market correction arrives. Insurers are paying close attention to how risk data is presented and maintained.

Comprehensive, verified submissions demonstrate discipline helping secure preferred terms even in constrained markets. By refining risk management practices today, property managers and owners can stabilize future premium trends, enhance insurability, and improve overall asset sustainability – key advantages as the industry continues to evolve.

The Year Ahead

As we look ahead to 2026, the overall tone of the property and casualty insurance market remains favorable, supported by capacity, competitive rates and a shared focus on risk management and resilience.

While evolving climate risks and economic pressures will continue to influence underwriting strategies, collaboration between property managers, owners, brokers and insurers has never been stronger.

By continuing to invest in sound risk management we enter 2026 well-positioned to maintain stability, adapt to change and support long term sustainability with our clients.



Underwriters are emphasizing:

- ✓ portfolio quality
- ✓ data accuracy
- ✓ geographic diversification



Insurers are paying close attention to:

- ✓ how risk data is presented
- ✓ how risk is maintained



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- ✓ capacity
- ✓ competitive rates
- ✓ shared focus on risk management and resilience



Regional Insights

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BRITISH COLUMBIA, ONTARIO AND ATLANTIC PROVINCES

Across Canada, regional variations continue to shape how insurers assess exposure and opportunity. Coastal areas in British Columbia and the Atlantic provinces remain more susceptible to climate-related events such as flooding and hurricane-level storms. These regions also continue to experience elevated construction costs, influenced by a mix of labour constraints, material pricing, and evolving tariff policies.

While supply chain conditions have generally improved since their pandemic peak, the long-term impact of global trade tensions and new tariffs on construction materials remains uncertain and could influence rebuilding timelines and costs in the year ahead. The industry is still assessing the impact of replacement values and will monitor the situation in the coming months.

In major urban centres such as the Greater Toronto Area and Vancouver's Lower Mainland, market volatility in the condominium sector – including a growing inventory of unsold units – continues to create some near-term uncertainty. However, insurers remain well-positioned to support high-quality property portfolios, particularly those demonstrating strong governance, proactive maintenance, and accurate appraisals.

ALBERTA

In Alberta, severe hail storms continue to present a threat to the market and insurers need to be ever vigilant.

QUEBEC

Quebec faces specific risks related to winter conditions and seasonal cycles:

- **Snow and ice load:** Heavy accumulations on roofs can lead to structural overload and water infiltration. Regular maintenance of roof drainage columns and evacuation systems is essential to prevent damage.
- **Snow removal:** Walkways, parking areas, and access points must be cleared promptly to reduce slip-and-fall hazards and liability exposure.
- **Spring flood risk:** Rapid snowmelt combined with heavy rainfall increases the risk of flooding, particularly in riverside areas and regions with poor drainage. Proactive planning and efficient pumping systems are critical to mitigate impacts.

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Tips for Property Managers and Owners

At BFL CANADA we believe that preparation is the best strategy to avoid problems from weather or other events that cause damage and expensive claims. A proactive strategy focused on risk mitigation will help.

We recommend the following steps to keep safe:

Protecting your property

-  **Ongoing inspections**
Conduct regular, documented inspections and have a schedule for checking common problem areas such as roofs, drainage and the mechanical room. Look for tripping hazards and areas with poor lighting, water buildup and other hazards that can lead to slips and falls.
-  **Look for water issues**
Water damage is still the leading cause of claims, so ensure that gutters are clear, especially in fall and winter as leaves and ice create blockages and water damage. Drains should be kept clear and sump pumps must be working well. Replace old pipes and consider water leak technology to monitor pipes to prevent problems.
-  **Be fire smart**
Test smoke alarms and fire suppression systems, ensure clear access to fire hydrants and exits, ban open-flame grills on balconies and remind residents about the hazards associated with lithium-ion battery fires and safety.
-  **Winter is coming, be prepared**
Ensure that you have snow removal contractors ready to remove snow and ice from walkways and parking areas to minimize liability from accidents.

Good Governance

- ✓ **Ensuring an adequate contingency reserve**
Ensuring that your property has a healthy reserve fund is crucial for covering unexpected major repairs and showing insurers that the building is well-managed and financially sound.
- ✓ **Be accountable and transparent**
Have clear, simple financial reports, obtain independent financial reviews or audits periodically, and require dual signatures for expenses and cheques to prevent fraud.
- ✓ **Dot the “i’s” and cross the “t’s”**
When working with contractors and suppliers, only use properly licensed and insured professionals.
- ✓ **Record keeping is king**
Document all maintenance, repairs, incidents, and decisions made at council meetings. Good documentation practices help in legal and insurance situations.

Insurance and Communication

- ✓ **Review insurance coverage yearly**
Work with a licensed insurance provider to ensure adequate coverage and explore options like cyber insurance or Directors & Officers (D&O) insurance.
- ✓ **Communicate with residents**
Have a regular communication channel to notify owners and tenants of any material changes to the property’s insurance policy, especially high deductibles, so they can update their personal homeowner/tenant policies accordingly.
- ✓ **See something, say something**
Have a plan that allows residents to report concerns promptly and provide information on safety procedures.
- ✓ **Work toward a “claims-free” history**
If your stata reduces risks, it will have fewer claims, which can lower insurance premiums.



BFL CANADA - We are here to help!

For more information about our services, visit our website:
bflcanada.ca/realty-insurance-services