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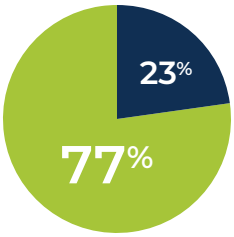
The Insurance Gap

A Growing Global Concern

In the event of a property loss, is your current insurance coverage sufficient to fully rebuild? What risks could you be exposed to due to potential gaps in your coverage? Have rising reconstruction costs impacted the adequacy of your policy? In today's changing landscape, insureds must ask critical questions to protect their assets.

Are You Fully Covered?[i]



- Properties insured to value.
- Properties underinsured.

Underinsurance leads to costly gaps in coverage, resulting in out-of-pocket expenses during rebuilds.

What's at Stake?

Financial Impact: Underinsurance means you may have to cover rebuilding costs yourself.

Business Disruption: Inadequate coverage prolongs downtime and affects revenue.

Co-Insurance Penalties: Non-compliance with insurance regulations can result in expensive penalties.

40% of underinsured properties are undervalued by 50% or more.[i]

Natural Catastrophes are on the Rise

Wildfires, floods, and storms are reshaping insurance and construction landscapes. Nat Cat disasters affect insurability, access to markets, availability of construction materials, and increase demand following mass losses.

Quick Facts

2023
HOTTEST YEAR
on record since pre-industrial times.[ii]

$3.5
BILLION
in losses in Canada from weather-related disasters in 2023.[iii]

27
MAJOR EVENTS
in 2023 vs only 15 in 2022.[iii]

30%
VALUE INCREASES
in areas affected by natural disasters.

i Insurance Times, Property underinsurance worsening as insurers look to tackle shortfalls, May 20, 2024
ii Copernicus, Global Climate Highlights 2023, January 9, 2024
iii Government of Canada, Canada's top 10 weather stories of 2023, June 10, 2024

Canadian construction costs have increased between **51%–93%** since 2013.

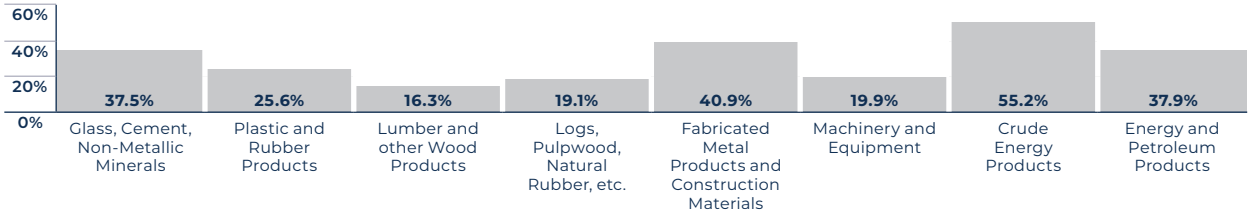
Construction Costs are Soaring

Across North America, the cost of construction continues to increase despite easing of pandemic policies and supply chain restraints. Prices are being driven by high demand, tight labour markets, evolving building code and bylaw regulations, and volatility in material prices.

Material Prices: Costs for energy, construction materials and concrete are up more than 35% since before the pandemic.

Labour Shortages: Canada faces a shortage of 60,000+ skilled workers.

Material Price Increases since Feb 2020[iv v]



iv Statistics Canada, Raw materials price index, monthly, September 20, 2024
v Statistics Canada, Industrial product price index, by major product group, monthly, September 20, 2024

CLOSE THE GAP WITH AN ANNUAL INSURANCE APPRAISAL.

Why Choose an Insurance Appraisal?

Ensure Sufficient Coverage: Reflects current construction costs to protect against rebuilding shortfalls.

Avoid Overpayment: Accurately align insurance premiums with realistic valuations.

Mitigate Co-Insurance Risks: Reliable appraisals help to waive co-insurance clauses and ensure full claim payouts.

Smooth Settlements: Annual appraisals streamline claims, prevent disputes, and ensure full compensation

The Normac Difference

Normac offers comprehensive three-year replacement cost appraisal programs, providing property owners with reliable, up-to-date valuations. Our costing is based on actual construction costs and local cost guides, which account for all costs to rebuild, current building code and municipal bylaw requirements, and demolition and removal. We coordinate our appraisals with your insurance to ensure our values match your policy date and requirements, delivering the coverage you need.

Normac's approach keeps your policy updated, compliant, and aligned with industry standards.

Request a Complimentary, No Obligation Quote Today

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