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## **Does Insurance Delay or Speed up the Recovery and Reconstruction Process? Evidences from Canada**

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### **Abstract**

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#### **Introduction/Objectives:**

Insurance has been one of the major topics in urban disaster risk management in recent years. Much of the focus has been on developing and designing disaster insurance policies that are attractive to both insurance companies and consumers and tie disaster insurance policies with disaster risk reduction measures. It is mainly argued that: 1) insurance is the fastest and most equitable means of financing reconstruction; 2) insurance decreases government workload and expense in the reconstruction phase by shifting part of the administrative burden to insurance companies in the private sector, 3) recovery and reconstruction is longer for those without insurance.

While the above are true in theory and under situations particularly when: 1) only a small percentage of the impacted population have insurance coverage, and 2) insurance companies are able to accept and process insurance claims in a timely manner, and 3) insurance payments are adequate and relevant to the damages, they may not be true in many other situations.

#### **Method and Context:**

In this paper we bring together evidences from some of the most recent disasters in Canada, particularly, the 2011 forest fire in Slave Lake (the second costliest insured disaster after the 1998 ice storm), 2013 train derailment in Lac Megantic and 2013 flooding in Calgary to describe how insurance can delay or speed up the recovery process. We use a mix of secondary data provided by insurance companies and local and provincial reconstruction agencies and interviews with experts and officials.

#### **Results:**

We argue that for disasters that cause more insured losses and encompass higher number of claims, significant portion of the management and coordination of reconstruction falls into the

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hands of insurance companies and therefore the reconstruction process becomes very much dependent on how fast they process the claims, and how much they pay to the insured homeowners and businesses.

### **Conclusions:**

To be effective in speeding up the recovery and reconstruction, a robust insurance system in post-disaster reconstruction is needed.

**Keywords:** post disaster reconstruction, insurance, Slave Lack forest fire, Lac Megantic train disaster

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