9. (2.25 points)

   a. (0.75 point)

      Briefly describe the three key reasons that residential coverage for overland flooding has historically not been available in Canada.

   b. (1 point)

      Identify four preconditions that are essential to establishing a strong flood risk management culture.

   c. (0.5 point)

      Canadian insurers have recently introduced flood coverage endorsements to homeowners' policies. Describe the Canadian government's role in ensuring flood coverage continues to be offered in the future.

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QUESTION 9	
TOTAL POINT VALUE: 2.25	**LEARNING OBJECTIVE(S): B1, B2, B3**

SAMPLE ANSWERS

Part a: 0.75 point

Sample answer

- Adverse selection: only people with a high risk will buy coverage
- Flood maps not up to date (lack quality and resolution)
- Underinvestment in infrastructure by the government

Part b: 1 point

Sample answer

- Accurate flood maps
- Investment in flood defenses
- Widespread awareness and sound understanding of stakeholders of financial impact flood risk can cause.
- Limited recourse to government funding for past disaster relief as this would encourage strange risk mitigation by stakeholders.

Part c: 0.5 point

Sample answers (two responses required)

- Need to provide accurate flood maps
- Needs to address the issue of inefficient land-use by restricting developments in high risk areas
- Filling needs unmet by the private insurance
- Continue to make contribution to infrastructure and control land usage

EXAMINER'S REPORT

Part a

Candidates were expected to touch on three different topics:

- Flood maps
- Adverse selection / risk imbalance / pricing issues, and
- Underinvestment in infrastructure.

Common errors include repeating the same topic twice.

Part b

Candidates were expected to touch on four topics:

- Flood maps
- Infrastructure / investment
- Awareness, and
- Diminished government funding.

Common errors include repeating the same topic twice using different words.

Part c
Candidates were expected to present any two government interventions that could help make flood insurance more insurable. Common errors include: • Providing a vague generic answer, such as   o pay flood loss • Not describing the idea adequately