

CAT Hotsheet



Institute for
Catastrophic Loss Reduction

Summer 2003 Western Canada forest fires

Date: Summer 2003
Location: British Columbia
Insured loss: \$200 million
Economic loss: \$700 million¹

Summer of 2003 was, by all counts, a record year for forest fires in British Columbia (and for the country as a whole). Over 2,500 blazes swept more than 260,000 hectares of wildlands in the province that year, aided largely by very dry conditions and ignited by human as well as natural sources (indeed, one of the most damaging, the McLure fire, was caused by a carelessly discarded cigarette). The year also goes down as having the greatest number of interface fires, where wildland blazes meet developed areas. More than 45,000 people were evacuated because of such fires.

Despite the large number of fires, only 15 or so were the source of the greatest concern. These conflagrations destroyed 334 homes² and many businesses of all sizes, including a Tolko Industries lumber mill (the total destruction of which put approximately 200 people out of work). All told, \$200 million in insured damage was booked as a result of 3,385 claims filed. Each claim, therefore, averaged \$59,084. Prior to the 2003 series, no forest fire(s) in Canada had ever triggered a loss of more than \$10 million.

Three persons died as a result of the blazes, all pilots fighting the fires from the air.

The B.C. forest fires brought to the fore the problem of underinsurance. Total losses of a significant number of structures are relatively infrequent in Canada, but the forest fires resulted in a large number of such losses. A high proportion of these were insured for less than the cost of reconstruction, even after discounting for local post-loss inflation. Many homes are insured subject to Guaranteed Replacement Cost, which is good for the homeowner but a problem for insurers if the guarantee is based on inadequate values. There was considerable discussion in the industry during 2003 about revisions to residential evaluators and whether the higher values being generated were appropriate (existing evaluators too often result in inadequate values). Extrapolating the fire experience to a much larger catastrophe (such as an earthquake) raises the possibility that many companies may have a far greater exposure than their models show. It is clearly in the industry's interest to take action following the warning the forest fires afforded it.

Major Interface Fires of Summer 2003

<i>Start Date</i>	<i>Fire Name</i>	<i>Location</i>	<i>Final Size</i>
July 22, 2003	Chilko Fire	Chilko Lk. Alexis Cr.	29,202
July 31, 2003	McLure Fire	McLure, Barriere	26,420
August 16, 2003	Okanagan Mt. Park Fire	Kelowna	25,600
August 1, 2003	McGillivray Fire	Chase	11,400
August 16, 2003	Lamb Creek Fire	Cranbrook	10,979
August 16, 2003	Venables Fire	Chase	7,635
August 17, 2003	Ingersol Fire	SW of Nakusp	6,700
August 1, 2003	Strawberry Hill Fire	Kamloops IR	5,731
August 20, 2003	Kuskanook Fire	North of Creston	4,832
August 22, 2003	Vaseaux Fire	OK Falls	3,300
August 14, 2003	Plumbob Fire	Cranbrook	2,870
August 2, 2003	Cedar Hills Fire	Falkland	1,620
August 6, 2003	Bonaparte Lake Fire	Bonaparte Lake	1,500
July 17, 2003	Anarchist Mt. Fire	Osoyoos	1,230
August 20, 2003	Harrogate Fire	Radium	1,018

Established in 1998 by Canada's property and casualty insurers, ICLR is an independent, not-for-profit research institute based in Toronto and at the University of Western Ontario in London, Canada. ICLR is a centre of excellence for disaster loss prevention research and education. ICLR's research staff is internationally recognized for pioneering work in a number of fields including wind and seismic engineering, atmospheric sciences, water resources engineering and economics. Multi-disciplined research is a foundation for ICLR's work to build communities more resilient to disasters.

¹ Filmon, Gary; Firestorm 2003: Provincial Review; February 15, 2004

² Ibid

³ Ibid (table)