

Insurance Industry Initiative

A Project of the Canadian Wood Council

A new trend in commercial mass timber building systems is quickly gaining in popularity around the world. This trend is leading to increasingly taller wood buildings, sophisticated designs, and a general excitement around wood use in the marketplace. Insurers must become familiar with the risks involved and be willing to work with clients to underwrite commercial wood projects across all stages of a project's development.

In Review

Over the last decade national and provincial building codes have changed to permit the use of wood in mid-rise buildings up to six storeys in height. They are typically built using the efficiencies of light wood framing methods and materials and achieve the required fire ratings by using fire resistance rated assemblies. During the same period, mass timber systems have gained popularity, leading to taller wood buildings and an excitement around wood use. The 2020 National Building Code of Canada cycle will recognize and permit the use of these mass timber products in taller residential and office buildings. BC and Alberta have already adopted the NBCC 2020 code provisions for up to 12 storeys in height.

Mass timber projects are not susceptible to the same risks as other wood systems during their construction phase. Nonetheless, the rates for timber construction continue to trend much higher than comparable steel or concrete projects, despite their comparable level of safety.



The effect has been felt by developers and builders with the incremental cost of these increased rates of builder's risk insurance pushing these wood projects over budget. This type of construction is becoming favourable due to its positive impact on climate change, sustainability, aesthetic impact and unique feel.

To continue to grow wood use in mid-rise and tall wood structures, several factors need to be aligned. In addition to addressing the

needs of the design and code community, insurers must be familiar with the risk involved to be willing to underwrite wood projects, for both course of construction and post-construction. The library of information available and the positive data and the upcoming interest in these projects may be surprising to many.

The Objective

CWC has commissioned a series of studies to understand the Canadian and global insurance industry as it relates to wood construction. we will be publishing our findings through a comprehensive market report to help guild the trend in mass timber.

The consultants retained have found that builders' risk costs have increased significantly and the appetite for a single insurer to cover a large wood project has reduced. However, there is a growing awareness that mass timber is different from light wood frame. Studies point to critical actions that must be taken in the short, medium and long term that will position the wood industry to take advantage of building classifications that will appear in the 2020 code cycle. Code changes should encourage the insurance markets to reassess the performance of wood buildings.

We are addressing all the areas that need to be considered during the underwriting process such as:

- Source of material
- Moisture content and effects
- Fire resistance and safety
- Sprinkler systems
- Wind and earthquake
- Water damage
- Replacement and remediation
- Long term performance
- Viability of the marketplace.

Partnerships & Collaboration

The CWC works on behalf of our members to breakdown market barriers and expand development opportunities. It is very important to find the right partners and to present our findings through a comprehensive communications strategy. We cannot do this alone; we are looking to collaborate with a select group of industry leaders for this important study.

Having partners, such as the **Insurance Bureau of Canada**, interested and involved in the process will not only add credibility to our findings, but allow us to expedite the flow of information. The more efficient this process, the more favourable the results are for all parties involved.

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