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Mass Timber Insurance Action Plan Phase 1 Report

March 2026



— About Climate Smart Buildings Alliance

The Climate Smart Buildings Alliance (CSBA, pronounced “Caz-bah”) is a coalition of 10 building sector leaders — including RBC, EllisDon, AtkinsRéalis, Mattamy Homes, CIBC, PCL, DIALOG, United Rentals, Walters Group and Liberty Mutual — aimed at accelerating the pathway to net zero and driving climate action across the industry.

Designed as a think-and-do tank, CSBA works with industry collaborators, governments, researchers, and innovators to test ideas, prototype new solutions, and drive climate-smart systems change.

Through industry-driven projects and government-industry collaborations, CSBA advances three core priorities: increasing the use of low- and zero-carbon building materials, reducing fossil fuel combustion in buildings, and reducing operational emissions through retrofits and net-zero new builds.

Learn more at buildingsalliance.ca

About Canadian Wood Council

Founded in 1959, the Canadian Wood Council (CWC) is Canada’s unifying voice for the wood products industry. As a national federation of associations, its members represent hundreds of manufacturers across the country.

CWC’s mission is to support its members by accelerating market demand for wood products and championing responsible leadership through excellence in codes, standards, and regulations. CWC also delivers technical support and knowledge transfer for the construction sector through its market-leading WoodWorks program, and holds the Secretariat for Canada’s wood design standard (CSA O86 “Engineering Design in Wood”).

Learn more at cwc.ca



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Executive Summary

Mass timber is a climate-smart, high-performance building material with strong potential to reduce embodied carbon in Canada’s construction sector.

Despite proven environmental and economic benefits, the industry has struggled to scale, and a primary barrier on the demand side is insurance. Course-of-construction insurance for mass timber can run four to 10 times higher than rates for concrete and steel, and in some cases adequate coverage is difficult to obtain regardless of cost. The elevated rates generally reflect limited claims data and insurer unfamiliarity with the material because it is new—not necessarily a realistic assessment of actual risk.

In 2024, the Climate Smart Buildings Alliance (CSBA) and the Canadian Wood Council (CWC) convened insurance and building industry stakeholders across two workshops — in Toronto and Vancouver — to identify the root causes of elevated mass timber insurance rates and explore potential solutions.

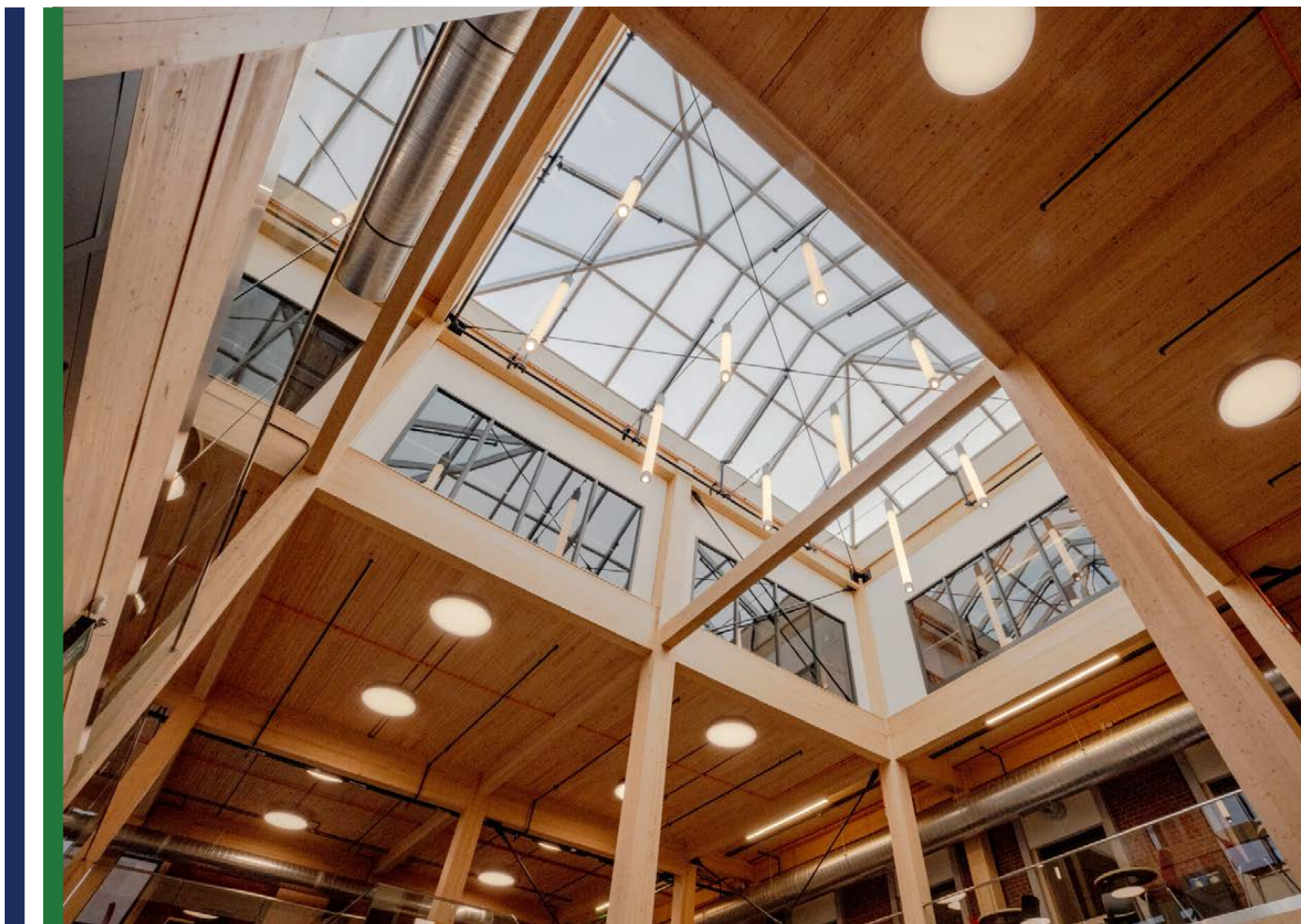


Photo credit: Cooked Photography

In January 2025, with funding from Natural Resources Canada's Green Construction Through Wood program, CBA and CWC launched a four-workstream Mass Timber Insurance Action Plan, supported by an advisory committee of 40 insurance and building industry organizations. Phase 1 tested the feasibility of four potential solutions.

PHASE 1: Findings

- **Mass Timber Insurance Data Trust:** This project aimed to increase the overall volume of data available to insurers. Our research focused on the potential benefits of both an insurer-insurer data trust as well as data sharing between insurers and General Contractors (GCs) for sub-deductible incidents. While we found potential value in the later concept, we concluded it would face significant trust and incentive barriers were it to be implemented.
- **Insurer-Focused Research:** Existing research largely addresses regulatory concerns, not insurer needs. SCIOUS Advisory first compiled a database of existing insurer relevant research, and then led a workstream that developed a set of research principles and questions to guide future studies toward insurance-relevant outcomes. This work evolved into a proposal and architectural drawings for the Mass Timber Testing and Training Facility (MT3F): a proposed four-story test structure in southern Ontario designed to replicate the top floors of an 18-storey hybrid tower.
- **Contractor Verification:** Insurers identified contractor experience as a key risk factor but no standardized assessment tool exists. Working with Bespoke Metrics, we developed a Mass Timber Modifier for their Q-Score assessment methodology for general contractors. This third-party rating methodology is publicly available and is being commercialized.
- **Insurance Capacity:** Reinsurance constraints limit the coverage that individual insurers are able to provide on projects, making medium and large mass timber projects challenging to insure. After evaluating a domestic reinsurance facility, the working group identified the potential for a government-backed insurance captive focused on covering the first \$2 million in risk. By absorbing the riskiest tranche of coverage, the captive would enable private insurers to increase their own capacity. CSBA is actively engaging federal and provincial governments on this proposal, which could be cost neutral or revenue positive for government.

PHASE 2: Priorities

Three of the four workstreams have produced actionable proposals and next steps. Phase 2 will focus on (1) securing funding for the MT3F and advancing it to construction; and (2) supporting federal and provincial governments in exploring and establishing a mass timber insurance captive.

Mass Timber Insurance Action Plan Phase 1: Report

Mass timber is a beautiful, climate-smart material with significant potential to reduce embodied emissions in Canada’s building sector. Its biogenic nature makes it highly appealing to designers, builders, and architects, Mass Timber is a prefabricated material, offering pathways to support a growing industrialized construction sector focused on the rapid delivery of manufactured housing. The growth of mass timber also allows Canada to generate greater value from our vast timber resources and expand high-value exports at a time when global markets are shifting.

Despite clear economic, environmental, and aesthetic benefits, the mass timber industry has struggled to achieve scale in the market. While regulatory barriers have largely been resolved—Canada’s national building code permits mass timber structures up to 12 stories, and BC, Ontario and Quebec up to 18—one significant challenge hampering demand is the cost of insurance.

Course-of-construction insurance for mass timber can run four to ten times higher than comparable rates for concrete and steel. Builders Risk insurance rates for mass timber are typically lower than conventional stick-built due to the extensive testing, demonstrating its superior fire performance. However, rates for mass timber remain far from those offered for non-combustible materials, such as concrete and steel. Beyond cost, insurance capacity itself is a challenge: in some cases, securing adequate coverage is extremely difficult or even impossible, even when elevated premiums can be accommodated within a project budget.

Type of Construction	Non-Combustible	Mass Timber	Frame/Combustible
Average Rates	\$240,000	\$960,000	\$1,200,000
Lower Band	\$120,000	\$840,000	\$960,000
Higher Band	\$360,000	\$1,440,000	\$2,160,000
+25% Pricing to Average	\$60,000	\$240,000	\$300,000

Example estimates based on \$100M project taking 24-months to construct. Sourced by Dion Strategic from underwriters and brokers supporting the Insurance Capacity task group (2025)

The primary driver of elevated insurance costs is the newness of the material. Insurers set rates based on claims histories and statistical models, and with mass timber still relatively new, the available data is limited. Facing many unknowns, insurers tend to take a more conservative risk approach, resulting in higher premiums. Alternatively, many insurers simply classify mass timber equivalently to stick framing, which can be particularly consequential given that mass timber buildings are typically much larger, with project values reaching tens or hundreds of millions of dollars.

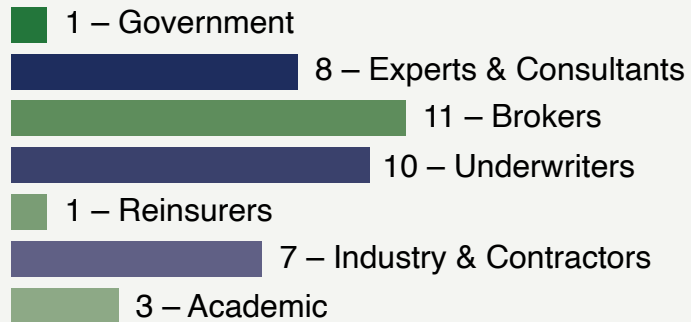
Hybrid structures add further complexity. When mass timber is used for only part of a building, insurers often classify the entire project under higher-risk categories, adding a significant disincentive for the inclusion of even minor mass timber elements.

Current insurance rates reflect limited data and experience—not realistic risk assessments grounded in actual claims and recovery data. Resolving these barriers is essential to enabling mass timber to reach its full potential in Canada.

Creation of the Mass Timber Insurance Action Plan

In May 2024, the Climate Smart Buildings Alliance (CSBA) and the Canadian Wood Council (CWC) convened approximately 35 industry stakeholders in Toronto for a solutions lab-style session aimed at identifying the root causes of elevated mass timber insurance rates and potential solutions. Participants included insurance companies, brokers experienced in mass timber projects, material and construction industry experts, and government collaborators.

Participants in Mass Timber Insurance Plan by Industry¹



Four main causes of elevated rates were identified:

- 1. Limited Claims Data.** While several thousand mass timber buildings have been constructed, relatively few insurance claims have occurred—and those that have tend to be significant. Without a sufficient volume of data and history of resolved claims, insurers cannot conduct realistic risk assessments.
- 2. Lack of Insurer-Focused Research.** Most testing and academic research has focused on regulatory or environmental concerns. Almost no research has addressed insurer-specific questions, such as how to repair mass timber assets after an incident or whether asset value can be retained following fire or water intrusion.

¹ Classification follows the Insurance Service Office (ISO) system, which is defined by six standard construction classes based on first risk: Class 1 – Frame; Class 2 – Jointed Masonry; Class 3 – Non-combustible; Class 4 - Masonry Non-combustible; Class 5 – Modified Fire Resistant; and Class 6 – Fire Resistant. In practice, Mass Timber buildings have been treated as combustible ‘wood frame’ construction, and often fall under ISO Class 1. However, mass timber buildings are often hybrid and include both concrete and steel and can qualify for ISO Class 2 when the floors are made of combustible materials but have a non-combustible exterior.

- 3. **Contractor Skills and Expertise.** Construction is recognized as the most dangerous phase for a mass timber building. Successful mass timber projects require knowledgeable contractors to actively manage moisture, protect materials from sun and staining, and avoid activities that compromise material integrity. Many claims have been linked to contractor inexperience, underscoring the need for a reliable way to identify low risk contractors.
- 4. **Insurance Capacity Constraints.** Canadian insurers’ capacity is largely dictated by the reinsurance market. Domestic and international reinsurers share frontline insurers’ concerns about limited data, restricting the size of contracts they will back. As a result, individual insurers typically are only able to offer \$5–\$10 million in coverage per project, forcing brokers to piece together coverage from multiple sources for large projects.²

Developing the Action Plan

Based on these four challenges, the group developed an Action Plan to explore targeted solutions for each barrier. An insurance advisory group structure was also put in place to support each of the four pilots. The plan was presented to insurance stakeholders in summer 2024 and officially launched at a working session hosted by Simon Fraiser University’s Renewable Cities in Vancouver in October 2024.

With funding from Natural Resources Canada’s Green Construction Through Wood program, CSBA and CWC engaged expert consultants to lead four feasibility pilots, all of which kicked off in January 2025.

Insurance Advisory Group – Structure



Structure of Insurance Advisory Group guiding Mass Timber Insurance Action Plan

² Engagements have shown that a very small number of underwriters are able to offer up to \$25M capacity per project in Canada, but they are the exception.

Mass Timber Insurance Action Plan Phase 1: Objectives and Learnings

Mass timber insurance is a multifaceted challenge; progress on any single element alone is unlikely to move the needle meaningfully. The first phase of the Mass Timber Insurance Action Plan aimed to rapidly test the feasibility of four solutions tied directly to the root causes identified through engagements with insurers. These solutions explored included:

- 1. Mass Timber Insurance Data Trust**
- 2. Mass Timber Insurance Joint Research Strategy**
- 3. Mass Timber Contractor Verification Platform**
- 4. Solutions for Mass Timber Insurance Capacity**

By pursuing four targeted projects simultaneously, we aimed to identify how different elements intersect and build a mutually reinforcing system that grows data, increases capacity, and expands market opportunity. We also hoped this approach would allow us share knowledge across project streams, rapidly flag insights or obstacles relevant to other streams, and pivot each project where required. In the end this approach proved highly valuable as multiple projects found the need to pivot from their original vision, and quickly determining the wrong solution is often as useful as identifying the right one.

Each project was led by consultants with deep expertise in their respective focus areas, supported by CSBA, CWC and a dedicated task group of insurance and building industry professionals. This report provides a summary of each project its findings and next steps. More detailed findings from each project, prepared by the lead consultants, are included in the appendix.

In the end, three of the four proposed solutions identified tangible next steps which will move forward in a Phase two. Details on proposed Phase Two activities are spelled out on [page 19](#).

Solution One: Mass Timber Insurance Data Trust

The first challenge identified by insurers was the scarcity of claims data on mass timber structures—a direct consequence of the limited number of buildings constructed to date.³ Insurers develop

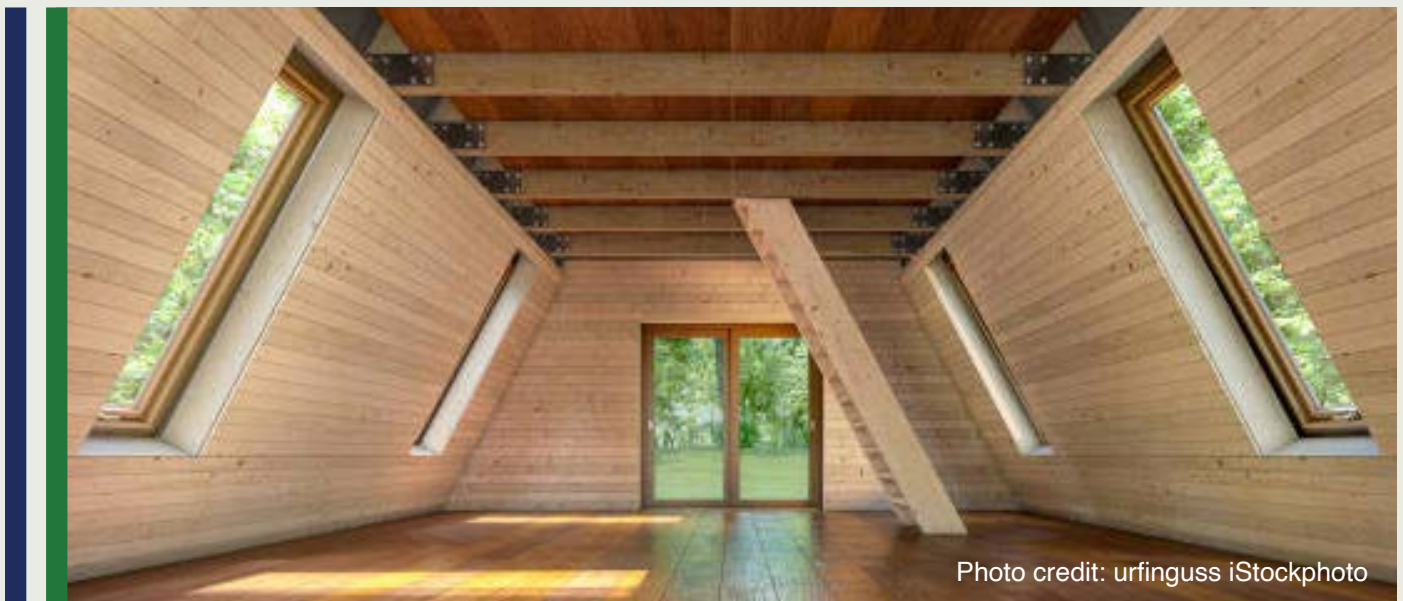
³ As of March 2026, [Natural Resources Canada's State of Mass Timber in Canada dashboard](#) lists 855 mass timber projects completed or in process across Canada, the vast majority within the last decade. This compares to approximately 287,100 overall building permits (“units authorized for construction”) in 2024 alone (source [Statscan: Building Permits December 2024](#)). Note – While NRCan tracks the number of mass timber buildings constructed, Statscan track units, and a single tower may contain multiple (or hundreds of) units. That said, the comparison is still illustrative of the relatively small uptake for mass timber vs the whole market.

their risk pricing algorithms based on large volumes of historical claims data. While all insurers track trends, each insurer is largely operating in a data silo separate from their competitors. One initial hypothesis was that if insurers were able to share data specific to mass timber claims with competitors, this would help everyone fill in data gaps and develop more robust data models. We explored potential avenues to do this through a shared governance model such as a data trust. Data trusts have been used across many industries to allow competitors to share data in a mutually beneficial way while respecting competitive boundaries.⁴ The core premise is simple: if everyone shares non-competitive data, everyone can make smarter decisions and all participants will benefit.

Mitigateway was engaged as lead consultant to assess what data insurers currently hold, their interest in sharing it, and any regulatory, cultural, or competitive barriers to doing so specific to mass timber. Mitigateway brings deep expertise in helping insurers extract value from underutilized data. The goal was both to increase data volume and to identify ways for participants to derive business value from pooled information.

More general data-sharing initiatives in the insurance industry have been attempted elsewhere, including in the UK, and have often failed due to insurer reluctance. Our hope was that a narrowly focused effort on an innovative material—where insurers themselves have expressed a need to obtain more data—might overcome those barriers.

While many insurance collaborators expressed support for this approach during initial project development, Mitigateway found that because large insurers frequently co-subscribe on the same



⁴ Examples of collaborative industry data trusts include [ASIAS \(Aviation Safety Information Analysis and Sharing\)](#) a government-industry collaborative in the U.S. where airlines, aircraft operators, manufacturers and repair organizations pool de-identified safety data which is then aggregated to identify industry wide trends. In finance and insurance, [ORX](#) allows finance and insurance firms to anonymously share operational risk loss data for benchmarking and analysis.

projects (due to insurance capacity limitations) they already have access to most of the same claims data when incidents occur. Thus the lack of insurance capacity has in effect already created an informal data trust. At this point, creating any formal data sharing infrastructure beyond existing subscription arrangements would offer limited additional benefit and would not result in significant net new data for anyone.

With this insight, the project pivoted toward a more promising avenue: sub-deductible incident data. Minor incidents occur on every job site but are typically handled by contractors without triggering a claim or notifying insurers. Because insurers only see incidents that exceed deductible thresholds, their view of risk can be skewed by these major events—an “iceberg” problem in which only the most serious incidents are visible. Access to data on smaller, well-managed incidents—including restoration costs and lessons learned—could significantly improve risk understanding.

To test the potential value of this concept, the project team developed a strategy to prototype a GC-Insurer data trust. First, a data-collection template was developed and distributed to general contractors, requesting information on real mass timber incidents from previous projects which had not triggered claims. Two contractors responded sharing real-world incident data from five project incidents. This data included the cause of the incident, cost in time, labour and schedule to repair, lessons learned and mitigation procedures that were put in place as a result. Mitigategateway anonymized and aggregated this data and shared it with a large group of insurance collaborators to gauge its value at scale through a survey. Six insurers responded to the survey.

Respondents found the sub-deductible data genuinely useful and interesting and expressed an interest to have more access to this data were it available. However, scaling the concept further faces real obstacles. Collecting and sharing this data requires significant contractor effort with no guaranteed return. Responding insurers could not commit to either paying for this data or reducing premiums in exchange for participation. Contractors also expressed concern that disclosing even well-managed incidents could be used against them, making silence feel like the lower-risk option. While there is potential to build this kind of contractor-insurer data collaboration over time, there is currently limited appetite on either side to formalize it. Mitigategateway’s full report (see Appendix 1) outlines incremental approaches—such as anonymous, point-in-time incident scans—that CSBA will explore going forward. For now, however, there is no clear short-term path to a data trust arrangement that would meaningfully reduce mass timber insurance premiums.

Solution Two: Joint Research Strategy

While substantial research exists on mass timber, most of it addresses regulatory concerns—fire performance, structural integrity, and the like. Insurers identified a significant gap: almost no research speaks directly to their current needs, such as how to assess and restore value following fire or water damage. During our initial brainstorming, we hypothesized that redirecting research efforts toward insurer concerns—especially in areas where minimal claims data exist—could help fill risk data gaps and lead to a meaningful improvement in market conditions.

SCIUS Advisory, a specialist in mass timber research, was engaged to work with a task group of insurers to define an ideal research agenda. This work was conducted primarily through direct interviews with participating insurance organizations as well as desk research.

SCIUS began with a comprehensive review of existing academic and government research on mass timber, assembling a database of potentially relevant studies that was shared with insurance collaborators. This final database is included in their project report⁵ (see Appendix 2) and has been uploaded to the [CSBA website](#). Plans are being developed to include regular updates.

With the database of existing research in hand, SCIUS interviewed insurers to determine the potential value of this research for insurance purposes. A key finding was that existing research often fails to account for how insurers assess and value risk, and simple laboratory experiments seldom provide the depth of data required to be considered on par with insurance claims. To provide researchers with a pathway forward, SCIUS formed interview insights into a set of key design principles to guide future research or testing looking to add value for the insurance community.

Key Design Principles for Insurance Focused Mass Timber Research:

- 1. Involve Insurance Professionals** wherever possible in the early design stage to ensure the data being gathered is as complete as possible to address insurance concerns.
- 2. Experiments should resemble “real” situations.** Work that is done to repair mass timber in a laboratory will miss many mitigating factors and complexities found on a real job site.
- 3. Focus on Repair in Place:** In most insurance claims repairs will happen at the job site which will include additional costs for logistics – all of which will factor into insurance claims.
- 4. Consider both repair and prevention costs:** Largest gaps are around moisture damage, the potential issues and how to prevent damage. Important to understand the cost trade off.

In addition, SCIUS worked with insurers to identify the top areas where they feel the academic and government research community could concentrate efforts with the potential to impact insurance rates.

⁵ See Appendix 2

Suggested Areas for Future Research:

1. **Extinguishing and fully recovering after a fire**, including fire, smoke and water damage, both during construction and post occupancy.
2. **Leaks and water damage from weather, plumbing or the roof.** Rehabilitation and repair of water damage.
3. **Sub-Claim incidents:** How are some incidents mitigated to stay below claims, and inexpensive repair and mitigation measures.
4. **Large test representative of a multistory building** that has been damaged by fire and smoke with water damage from extinguishing the fire.
5. **Loaded fire test on joints & connections.** How does char impact screws and adhesives?
6. **Cost, functionality and impacts of weather protection strategies** during construction. What methods have the greatest ROI from claims perspective?
7. **How are mass timber technologies and codes evolving.** What are anticipated to be the predominant typologies in the future and what risks could those create?
8. **What are the most common hybrid designs and how do those perform in various fire and water incidents** (i.e. can we move from broad “hybrid” definition to more standardized, predictable typologies).
9. **Differences in performance & risk between 3-story and 18-story MT** buildings for fire / water incidents and long term reparability?
10. **How Design for Disassembly** could be used to design MT buildings to facilitate repairs.
11. **Performance of adhesives** used in MT produced in Europe vs. North America?
12. **Predicted market growth for MT projects and long-term appetite for insurance.**

This list of core research areas has been finalized in SCIOUS’ final project report. It was also communicated to mass timber and wood focused organizations across Canada and in Europe through a webinar by CSBA on October 23, 2025. CSBA will continue to seek avenues to promote this research list and core design principles to researchers and funding organizations with the hopes that a productive international research agenda can be developed.

Mass Timber Insurance Action Plan Phase 2: Mass Timber Testing and Training Facility (MT3F)

Following the delivery of research findings by SCIUS Advisory, FPIInnovations identified that many of the key questions identified by insurers could be addressed through a single large-scale experiment. With additional funding secured from NRCan to support concept development, FPIInnovations convened a group of insurers, designers, builders, and government partners around the concept of creating the Mass Timber Testing and Training Facility (MT3F).

The proposed project aims to construct a four-storey mass timber test structure designed to replicate the top four floors of an 18-storey hybrid mass timber residential tower. Over a three-year test program, the facility would be used to test damage, repair, and restoration scenarios, addressing the majority of questions identified by the mass timber insurance research working group. This would include water and fire testing both during construction and post-occupancy.

This project was developed in close partnership with a group of participating insurers who directly informed the proposed experiment designs. AON and FPIInnovations also distributed a survey broadly to insurers, brokers, and underwriters across North America to further build awareness and gather feedback to ensure the project delivers data that will be genuinely useful and impactful for the industry.

As of March 2026, full architectural drawings for the MT3F have been completed by DIALOG, and estimating work has been finalized by EllisDon with other potential construction and contracting partners confirmed to participate. Potential land in southern Ontario has also been secured for the project.

Beyond answering pressing insurance questions, the MT3F would generate significant spinoff benefits for Canada's broader mass timber industry. The proposed location is on land owned by a First Nation fire department, with the goal that once insurance focused testing is complete the facility could serve as a training ground for fire departments across North America. Its proposed location would also place it in close proximity to a large college specializing in construction trades,



creating an exceptional training environment for a needed mass timber construction workforce—both for building techniques as well as repair and restoration.

On a permanent basis, the proposed four-storey testing facility would be the first ever at-scale experiment of its kind focused on mass timber restoration and insurance. We anticipate the project will garner significant interest, participation and collaboration from around the world, and help position Canada as an innovative global leader in mass timber.

CSBA and FPInnovations are currently developing a full funding proposal for consideration by federal and provincial governments and industry partners to make the MT3F a reality and accelerate the growth of Canada's mass timber industry.

Solution Three: Contractor Verification

Mass timber construction has distinct risk profile compared to conventional approaches. While mass timber materials can be more expensive than concrete and steel, the prefabricated nature of construction can generate savings through faster schedules. However, this math only works when the contractor and subtrades building the project know how to work with the material.

As mass timber elements are prefabricated in a factory and shipped to site, often on a tight schedule and at higher unit costs, the consequences of something going wrong on site are amplified. Replacement pieces can be difficult to source quickly, and schedule disruptions can cascade in ways that are harder to absorb than in conventional construction. Mass timber also demands active on-site management of moisture and sun exposure, and sources of heat and fire.

For these reasons, insurers consistently stressed the importance of contractor experience and expertise when assessing risk on mass timber projects. Most insurers already factor this in informally—building relationships with contractors over time to develop a sense of their track record and risk profile. But at present, there is no standardized way to assess or communicate this risk across the industry.

In the UK, the Structural Timber Association (STA) has worked to address this through [STA Assure](#), a training and accreditation program that certifies contractors at various levels (bronze, silver gold) through annual audits delivered by the association. This approach has been effective at building common standards and best practices across the industry. While certification certainly provides a level of assurance with clients and partners, in speaking with STA, the program has had only a limited adoption from insurers. STA reported that insurers did not view the program as a sufficient assessment of risk at this point. While replicating this approach in Canada would certainly help promote industry expertise, it would also be a significant administrative undertaking: establishing a not-for-profit administrator, developing a Canadian certification standard, and building and staffing an auditing protocol capable of visiting and assessing companies annually. For the goals of the Action Plan, which took a narrow aim at insurance, this was not considered as the optimal approach.



Instead, CSBA and CWC began by considering the assurance solutions currently being used by insurers to see how they could be adapted to the mass timber context. Bespoke Metrics operates [COMPASS](#), a widely used assessment tool for subcontractor prequalification, bidding and performance evaluations across North America. At present approximately 65,000 subcontractors are listed on the platform, and clients and insurers frequently rely on ratings data from COMPASS to assess subcontractor risk.

As part of the action plan, CSBA and CWC worked with Bespoke Metrics and an assessment methodology they were in the process of building for General Contractors: the Q Score. The Q Score is designed to assess the likelihood that a general contractor will fulfil its project and financial obligations without default or significant losses to stakeholders. Based on a combination of quantitative financial analysis (e.g. financial profile) and qualitative assessments (e.g. risk and management, health & safety performance, subcontractor relations), the methodology assigns a rating between 1-7, with a 1 indicating the lowest probable risk. As part of the Mass Timber Insurance Action Plan, Bespoke Metrics worked with a task group of insurers and contractors to develop a Mass Timber Modifier that would sit on top of this base score to provide specific data on risk related to mass timber.

Through meetings over spring 2025, Bespoke Metrics worked with project partners to develop and refine their methodology. Over summer 2025 the first draft was shared with the wider Insurance Advisory Group for feedback, and from September-November 2025 it was shared online for public comment. Public input and feedback was essential because the value of the methodology depends entirely on it being transparent and trusted by all parties.

The mass timber modifier functions as a notch—shifting a Q-Score up or down by 1-2 levels based on specific experience with mass timber. Given the conservative nature of the insurance industry towards mass timber, Bespoke Metrics felt that the notching would more likely bring the base score down, but would still demonstrate which firms had expertise. The modified score is

determined based on prior experience in mass timber, non-project experience with mass timber (e.g. training, certifications), experience in other complex projects, specific moisture, fire and quality protection plans, use of technical experts and qualified partners, as well as involvement in the mass timber supply chain.

Feedback from the consultation was generally positive. Some smaller contractors expressed concern that the methodology's emphasis on business financials could result in proportionally lower scores for smaller firms relative to larger ones. However, the methodology is intended to reflect how risk is currently viewed by the insurance industry—and insurer risk assessments are already proportionate to project size and complexity. The methodology also includes a review committee of experts that will assess scoring metrics and provide an appeals avenue for any contractor who believes their score does not accurately reflect their capabilities. Further, the methodology is also intended to evolve over time to more appropriately reflect key areas of stakeholder concern or risk.

The methodology was finalized and launched publicly in March 2026. The base methodology is openly available online for anyone to review or use. As a business, Bespoke Metrics will also be commercializing the mass timber modifier through the existing COMPASS platform, ensuring it becomes a living commercial resource that can help set and assess high professional standards across the industry.

Solution Four: Increasing Mass Timber Insurance Capacity

Limited data is one driver of elevated insurance costs, but a related consequence is that insurers are placing only limited insurance capacity into the mass timber market.⁶ This is largely controlled by reinsurance markets, which underwrite the policies signed by front line insurers. In the case of mass timber, reinsurance often restricts underwriters to issuing as little as \$5-\$10 million in coverage per project. While smaller projects can typically find capacity, medium- and large-scale projects face significant challenges.

Capacity challenges aren't just a problem for the private sector. During this project, we spoke with multiple provincial governments that had intended to build large public infrastructure out of mass timber, but found the lack of available insurance capacity to be a very challenging obstacle. When each insurer can only provide a limited line, policies must be assembled through subscriptions involving multiple underwriters, which reduces competition, adds complexity and likely cost.

Working with BLG and Dion Strategic, the capacity task group initially explored opportunities to expand barriers presented by reinsurance, including the potential to develop a domestic Canadian

⁶ In this context, insurance capacity refers to the maximum amount of risk that an insurer or the insurance market is willing and able to underwrite for a specific project, contractor, or type of coverage. For example, a \$100 million project likely requires \$100 million in construction insurance plus additional insurance for wrap up and liability. In order for construction to proceed, there needs to be sufficient coverage available in the market willing to underwrite that project.

reinsurance facility focused on mass timber. The idea was that such a facility would allow primary insurers in Canada to cover more than international reinsurers currently permit. After consideration, this concept was set aside due to the significant capital requirements involved.

However, the analysis revealed an important insight: there is considerably more value in increasing capacity at the lower end of a claim than at the top. For an insurer, the first dollar at risk is the riskiest dollar. If a dedicated facility were created to cover the initial tranche of risk, it would make it substantially easier for other insurers to provide coverage for higher claim values—amounts that would only be called upon in truly catastrophic scenarios.

With this insight, Dion Strategic developed a proposal and draft pro forma for a government-sponsored insurance captive designed to fill this gap. Captive insurers are typically established by private sector companies to provide a more reliable and affordable way to underwrite their own construction projects. In this context, however, a government-backed captive could be deployed as a targeted policy tool to address a systemic market gap—providing first-loss coverage until sufficient data accumulates for private markets to price mass timber risk accurately and confidently.

The proposed structure detailed in the pro forma would have a government insurance captive cover the first \$2 million of risk on qualifying mass timber projects, with coverage above that threshold provided by the open market. In practice, because the captive absorbs the riskiest portion of any claim, private insurers would likely be able to increase their own upper end capacity—knowing they would only be called upon in the event of a large, catastrophic incident.

The draft pro forma included in the report illustrates that such a captive could be established with approximately \$8 million in operational and reserve capital, while creating approximately \$2 billion in market insurance capacity. Even assuming a loss ratio of 50%, the model estimates this facility could support a substantial number of mass timber projects while generating a positive revenue stream for government.

At a time when governments are seeking innovative solutions to support Canada's timber industry and grow new export markets—particularly for manufactured timber products—a mass timber insurance captive represents a potentially revenue-generating policy tool that could support growth and would be welcomed by the market. The concept could also be adapted for export markets: if incorporated in the EU, for instance, such a facility could support projects utilizing Canadian mass timber. The insurance industry itself would also benefit, gaining the runway needed to accumulate data and develop a more accurate understanding of mass timber risk without taking on undue exposure.

Following the development of this proposal, CSBA has been engaging with several federal departments and provincial governments to share this potential policy solution. We are eager to continue these discussions and help support the creation of a facility that addresses mass timber insurance capacity while providing a revenue-neutral way for governments to accelerate the growth of the industry.

Conclusion: Learnings and Priorities

Phase 1 of the Mass Timber Insurance Action Plan took a broad approach, simultaneously testing the feasibility of four distinct solutions to a complex and multifaceted industry challenge. Over the course of this work, we have made meaningful progress in understanding the real concerns insurers face and in identifying solutions with the potential to drive systemic change.

While one of the four projects—the data trust concept—does not appear to have immediate application in the current environment, the other three have produced tangible, actionable proposals with significant potential impact.

As we move into Phase 2, CSBA will focus on the following priorities:

1. Implementation of the Mass Timber Testing and Training Facility (MT3F).

The MT3F holds significant potential to answer immediate and pressing questions for Canada's insurance and mass timber sectors. There are currently only a handful of mass timber residential buildings across North America, and many fundamental questions about long-term performance remain unanswered. (i.e. what happens, for instance, when a dishwasher leaks on the 18th floor while a resident is away for the weekend?). The MT3F will provide a platform to generate data for insurers, help contractors identify and test best practices for repairs and restoration, give firefighters opportunities to train in realistic mass timber environments, and enable skilled trades to build expertise not only in construction but in repair and restoration.

On a permanent basis, a full four-storey test facility will also give Canada a tangible demonstration of its commitment to mass timber leadership and provide Canadian companies with long-term opportunities to test new innovations.

Over 2026-27, CSBA, FPIInnovations, and other partners look forward to supporting the development of this important project.

2. Continued Support for Insurance Captive Development.

CSBA has maintained ongoing conversations with federal and provincial governments interested in exploring a mass timber insurance captive, including making expert consultants available to support those discussions. We will continue to engage as governments consider this solution and work to identify financial structures or public-private partnerships that could make a new insurance facility viable and successful for all parties.

3. Track the Impact of GC Scoring and Mass Timber Modifier.

On March 16, 2026, Bespoke Metrics launched the finalized Mass Timber Scoring Methodology and is now engaging insurers, governments and other developers on how the tool can help measure risk and increase certainty. Moving forward, CSBA and CWC will continue to track the adoption of this tool by insurers and consider how a common risk assessment can help spread best practices across the industry.

Acknowledgement and Thank Yous

CSBA and CWC wish to thank the almost 130 collaborators from Canada's insurance industry and mass timber construction and research sectors who have supported this project over the past two years.

We look forward to continuing these collaborations as early learnings and tests translate into tangible change for the industry.

Collaborating Organizations

- Aon
- Aviva Insurance
- AXA XL
- Axis Insurance
- Bespoke Metrics
- BFL Canada
- BLG (Borden Ladner Gervais)
- Cavell Risk
- Construction Insurance Management (C-IMI)
- CHM Fire Consultants
- Co-operators
- Core Insurance
- Dialog
- Dion Strategic
- EllisDon
- FM Global
- FPInnovations
- Gallagher
- Hines
- HUB International
- HDI Global
- Intact Insurance
- Kindred Construction
- Liberty Mutual Canada
- Lloyds – Cincinnati Global Underwriting Ltd.
- Magnes Group
- Marsh Insurance
- NRCan (Natural Resources Canada)
- PCL Construction
- Pomerleau
- Price Forbes
- Scius Advisory
- Simon Fraser University Renewable Cities
- SUM Insurance
- University of Alberta – Advanced Research in Timber Systems Group
- Université Laval Centre de recherche sur les matériaux renouvelables
- Wesgroup Properties
- WM Beck Insurance
- WoodWorks Canada
- WoodWorks (U.S.)
- Zurich Insurance



Appendices

Mass Timber Data Trust Workstream Final Report: Mitigateaway, *Mass Timber Insurance Data Trust: Feasibility Study and Prototype Case Studies*

Research Workstream Final Report: [SCIUS Advisory, Mass Timber Insurance Strategy](#)

Contractor Verification Workstream Final Report: Bespoke Metrics, *GC Scoring and Mass Timber Modifier*

Insurance Capacity Workstream Final Report: Dion Strategic, *Unlocking Insurance Capacity for Mass Timber: A Roadmap for Scalable Solutions*

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