

Risk & Resilience 2025

Canada insights

Spotlight on Environmental & Climate Risk 2025

Spotlight on Environmental & Climate Risk

This year's survey was undertaken between 06.01.25 and 17.01.25

In 2021 the survey was undertaken with respondents based in the UK and US. In 2022 and 2023 the sample base also included respondents based in Canada and Singapore, and in 2024 the sample base was expanded to include respondents in France, Germany and Spain.


We asked 3,500 business leaders about...

their biggest business **risk** concerns and how **resilient** do they feel to the following risks...

- Climate change and associated catastrophic risks
- Environmental damage risk
- Greenhouse gas emission risk
- Energy transition risk

We undertook this research in January 2025 with global business leaders (insurance buyers), from across these different industry sectors:

- Healthcare & Life Sciences
- Manufacturing, Retail, Wholesale and Food & Beverage
- Commercial Property, Real Estate and Construction
- Hospitality, Entertainment and Leisure (including Gaming)
- Financial Institutions and Professional Services
- Energy and Utilities (including Mining), Marine and Warehousing
- Public Sector and Education
- Tech, Media and Telecoms
- Transportation, Logistics, Cargo and Aviation

A photograph of a forest fire with a bright orange text box overlaid on the scene. The background shows a dense forest of evergreen trees, with a large fire burning in the foreground, sending up a thick plume of smoke and bright orange flames. The sky is a hazy, bright orange, suggesting a sunset or sunrise during the fire. The text box is a solid orange color with white text inside.

2024 saw deadly and unprecedented wildfires, storms, floods and hurricanes – causing devastation in their wake.

Yet just **19%** of Canadian executives surveyed rank climate risk and associated catastrophic risk as a top concern. Why?

In the current economic environment executives are focussing on the **here and now**, risking missing the elephant in the room.

Leaving their businesses **unprepared** and **exposed** to environmental & climate risks.

72%

Believe that the economic climate is resulting in them taking their eye off their sustainability targets and making being a sustainable business less of a priority.

30%

Plan to increase energy efficiency this year, up from 23% in 2024. Yet only 18% see energy transition as their top risk.

31%

Rank economic uncertainty as their top risk, up from 26% in 2024.

65%

Are finding it hard to transition to non-carbon energy and meet their Net Zero targets. Yet only 18% see greenhouse gas emissions as a top threat – down from 22% in 2024.

66%

Are adopting new risk management procedures due to extreme weather. Yet only 19% rank climate risk as a top risk.

75%

Believe the divergence of ESG related regulations globally will limit their firm's ability to meet its DE&I strategy.

Report takeaways



For brokers

- 1. Data driven protection** - armed with better forward risk mapping capabilities and claims data, we can play a pivotal role in helping firms identify, navigate and build resilience to the environmental and climate associated risks they face.
- 2. Consistency of coverage** - with jurisdictions moving in different, and conflicting, directions firms with a global footprint are exposed to new liabilities linked to environmental and climate risk. Bespoke multinational insurance programmes that cover these risks can provide comprehensive and consistent coverage worldwide.
- 3. Reducing regulatory jeopardy** - with diverging global environmental regulations, stricter rules and larger penalties on the horizon in some regions, firms need to navigate a complex and shifting regulatory landscape. Failure to do so could result in director's & officer's liability (D&O) claims.



For businesses

- 1. Look beyond the here and now** - while short-term issues dominate, preparing for longer-term exposures like climate risk is critical. Third-party risk mapping, good insurance partners, and data can help to identify vulnerabilities, and the steps required to boost longer-term resilience.
- 2. Understand your global footprint** - fully understanding all your exposures to environmental and climate risks and your supply chain dependencies is vital. Without contingency plans, businesses could face severe disruption. The nature of D&O claims is changing, and firms and directors could face claims from investors should you fail to plan for and mitigate these new exposures.
- 3. Prioritising sustainability** - driven by stronger regulatory pressure and heightened public scrutiny, together the advent of more affordable and accessible renewable energy, firms that fail to meet their stated sustainability targets increasingly risk incurring fines and damaging th

**Key story lines
covered in the
report**

01

Exposed and Unprepared

02

Powering Progress

03

Regulatory Jeopardy

04

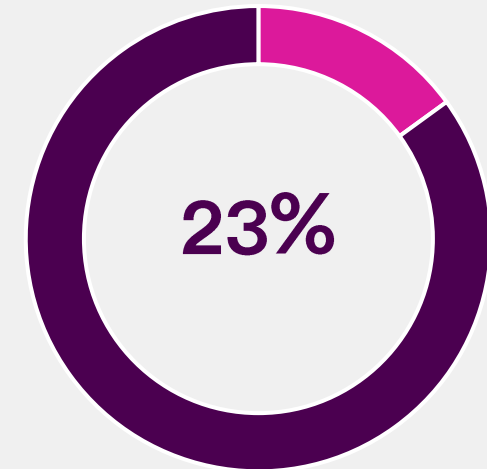
Building Resilience

Exposed and Unprepared

Extreme weather events over the past year highlight nature's unpredictability and power, with storms, hurricanes, and floods affecting new areas. Despite this, businesses appear to have a blind spot to climate risk, potentially leaving them exposed and unprepared.

Fail to prepare, prepare to fail

- Businesses need to plan for the longer-term and assess how their business could be impacted by changing weather patterns created by a warming climate.
- Nat Cat events are costly, creating property damage, flooding, mould, ground water damage and air pollution – resulting in environmental clean-up costs, property damage repairs and rebuilds, and potential litigation from investors and third-party suppliers.
- **75%** of Canada-based firms believe they are prepared for climate change and associated catastrophic risks – however, claims data reveals that this is not the reality.



Just 23% of Canada-based executives feel unprepared to counter the threat posed by climate change and associated catastrophic risk this year.

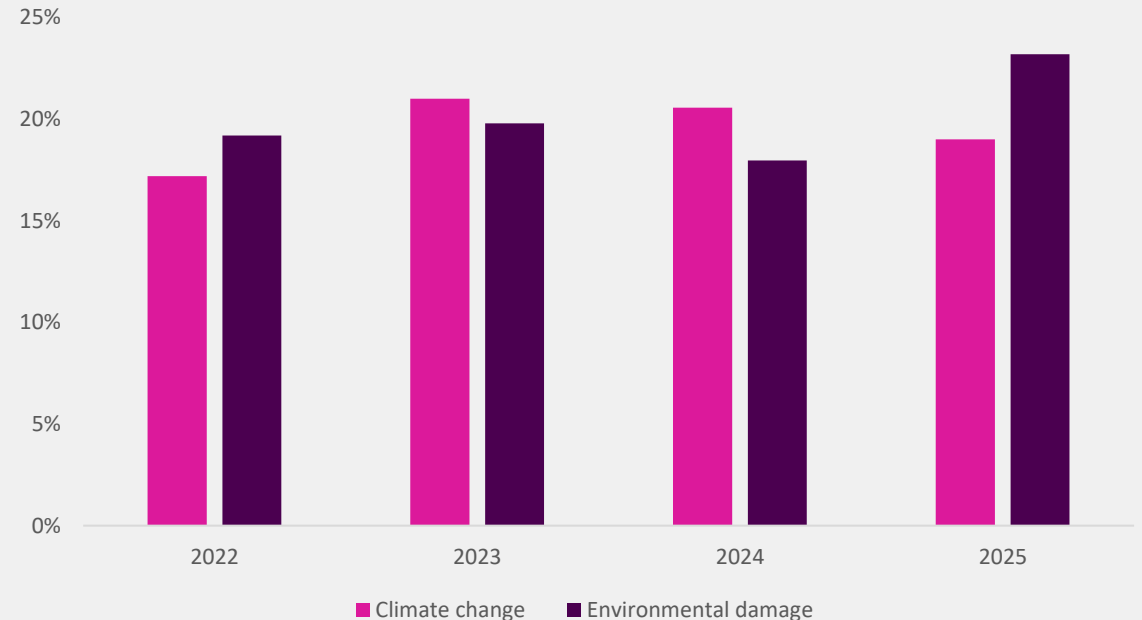
Exposed and Unprepared

The impact of extreme weather events extends beyond the immediate. Floods from hurricanes and heavy rainfall can cause pollution by flowing through chemical plants and factories, washing toxic substances and chemicals into the water table, harming the local environment.

Environmental Exposure

- Businesses should consider environmental exposures in their risk planning.
- Companies previously unaffected by weather should create emergency response plans and allocate capital to manage unexpected events.
- Firms face significant liability and clean-up costs, interruptions to business operations, reputational risks, and potential lawsuits.

Canadian businesses environmental & climate risk concerns over time



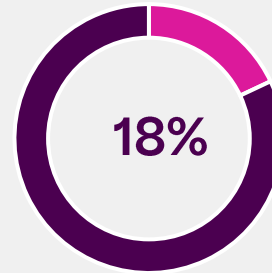
Percentage of Canada-based executives who selected environmental damage and climate risk as their top environmental & climate risk over time

Powering Progress

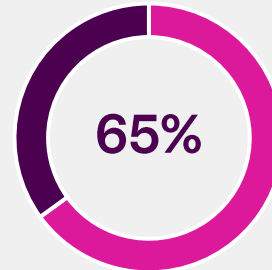
The energy transition challenges are being compounded by geopolitical divergence around climate risk and the need to move away from fossil fuels, making the path to Net Zero more complex.

Green shoots of progress

- The transition to renewable energy presents a risk to many industries and firms.
- It can require extensive changes to infrastructure, supply chains, significant investment, and in some cases will result in stranded assets.
- Access to risk scenario analysis and medium-to-long term planning tools will help firms to make informed decisions.
- Insurance has an important role in partnering with firms on their sustainability journey

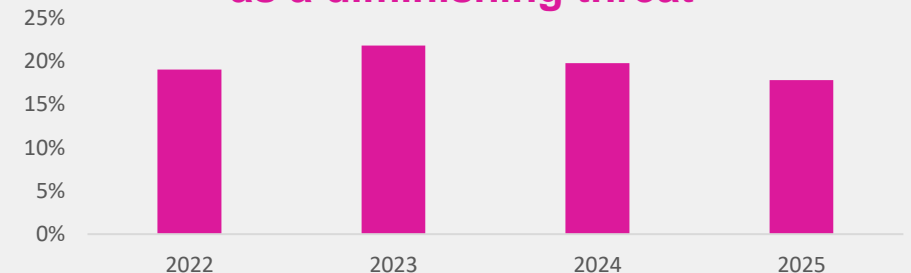


Of Canada-based executives ranked the energy transition, including the impact of moving away from carbon fuels, stranded assets and the costs associated with moving to a Net Zero economy, as their top concern.



Of Canada-based executives agreed that their business is finding it difficult to transition to non-carbon energy sources and meet its Net Zero targets.

Canadian executives see energy transition risk as a diminishing threat



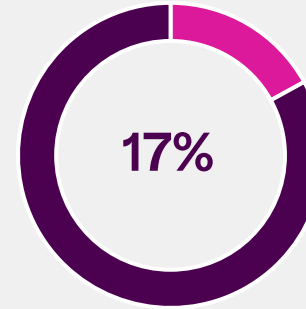
Percentage of Canada-based executives who selected energy transition as their top environmental & climate risk over time

Regulatory Jeopardy

How can international businesses remain compliant with competing ESG-related regulations – at a time when it is being ramped up in some regions and turned on its head in others?

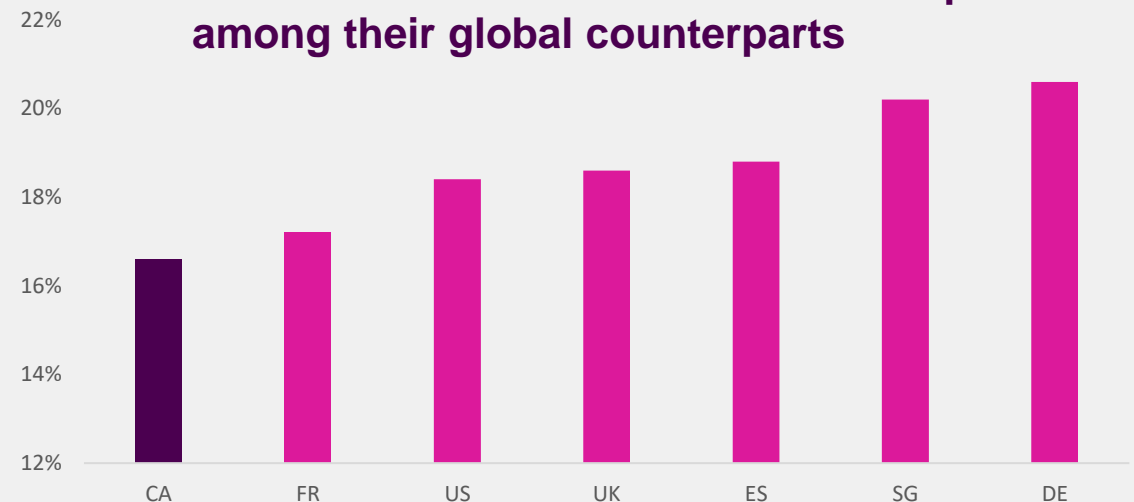
A complex picture

- Diverging ESG regulations are forcing businesses to make tough decisions when it comes to compliance.
- Firms must understand their global footprint of and identify which jurisdiction enforces the highest standards.
- External advice is crucial to understand how best to comply with regulations whilst maintaining profitability.
- Multinational insurance programmes can help to cover some of the gaps in insurance coverage.



Of Canada-based executives cited the ESG regulatory risk – the failure to comply with new ESG related requirements including legislation, regulation, or reporting requirements – as their top risk this year.

Canadian executives feel the least exposed among their global counterparts

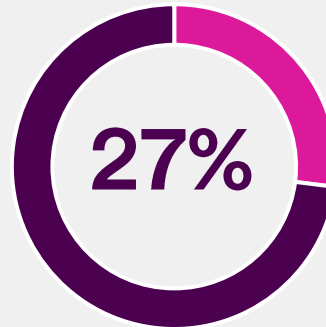


Percentage of global executives who ranked ESG risk – the failure to comply with ESG-related requirements – as their top business risk this year, by country.

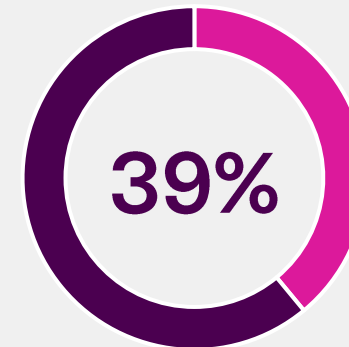
Building resilience

The insurance industry has an important role to play in helping firms build resilience to evolving environmental and climate risks in the short, medium and long-term.

- Environmental damage can result in substantial financial and reputational harm, with reputation risk often amplified in the digital age.
- Directors and officers may face liability for not adequately addressing climate risks.
- Property and liability cover will need to adapt to include assets increasingly vulnerable to climate events.
- Business interruption insurance will become a necessity.
- Supply chain risks are heightened by climate change, with raw material scarcities and transportation disruptions.
- The insurance industry plays a crucial role in helping firms navigate today's complex risk landscape.
- By leveraging data new insurance and risk mitigation solutions can be developed to support a more sustainable future.



of Canada-based firms plan to explore insurance options this year, including risk and crisis management.



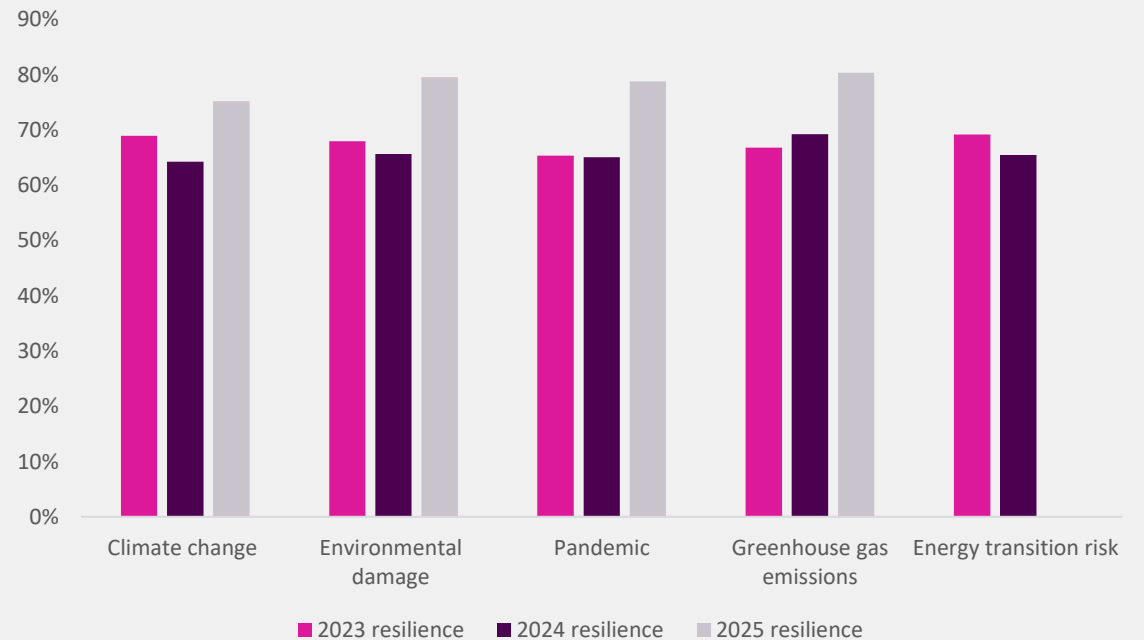
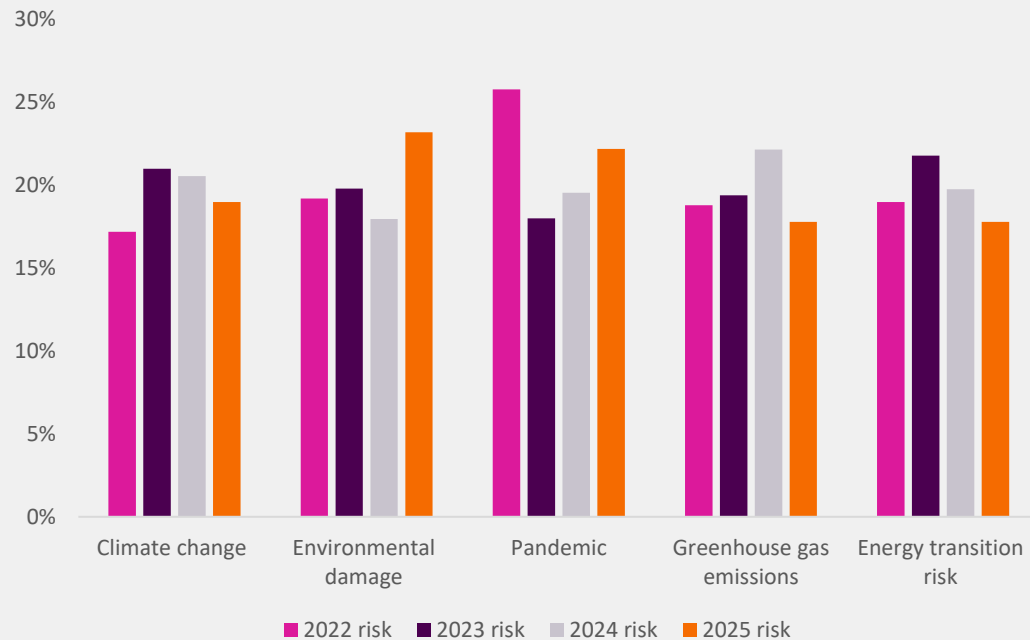
of Canada-based executives say their trust in the value of insurance has increased.

Risk & Resilience 2025

Deep dive into the statistics

Canada:

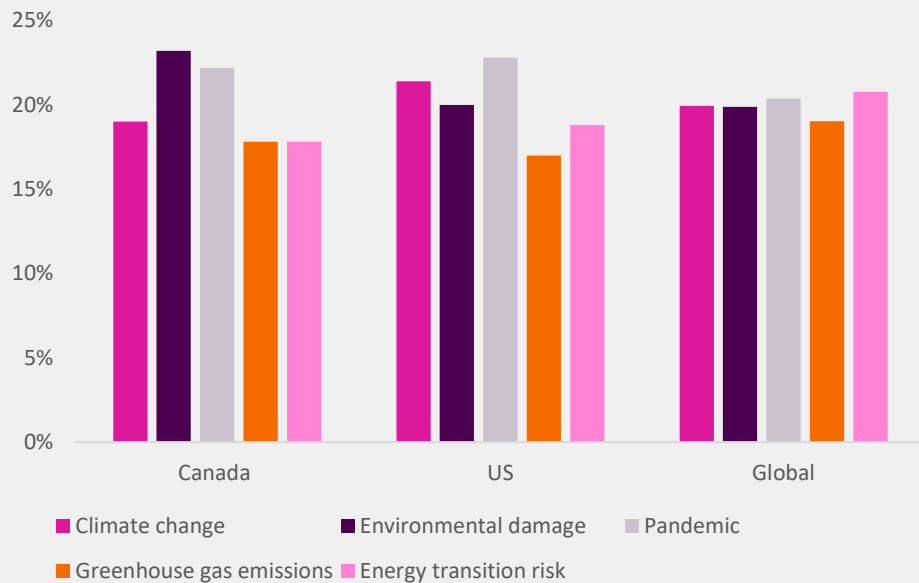
A varied, volatile risk landscape



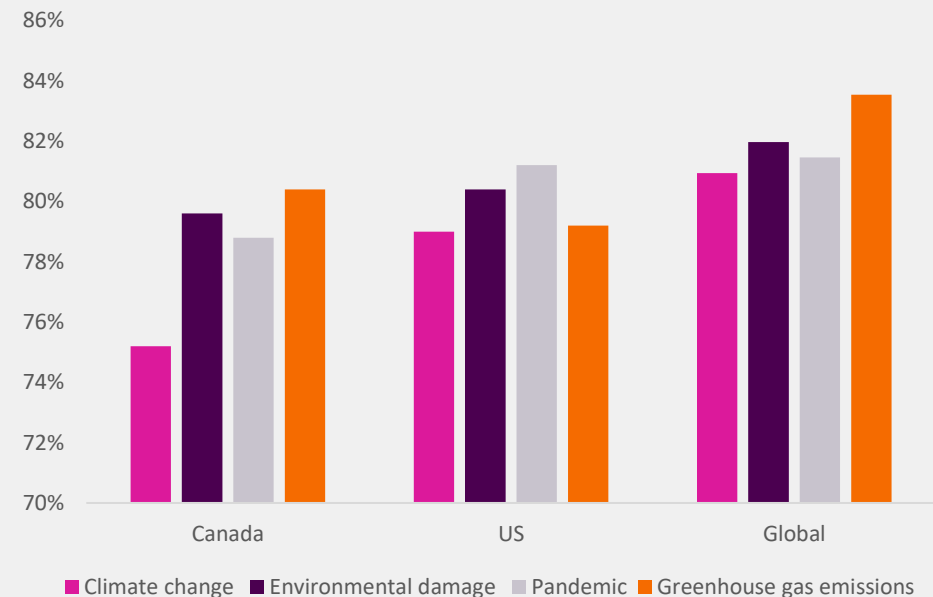
Canada vs. US vs. Global Concerns

Comparative Analysis of Environmental and Climate Risks

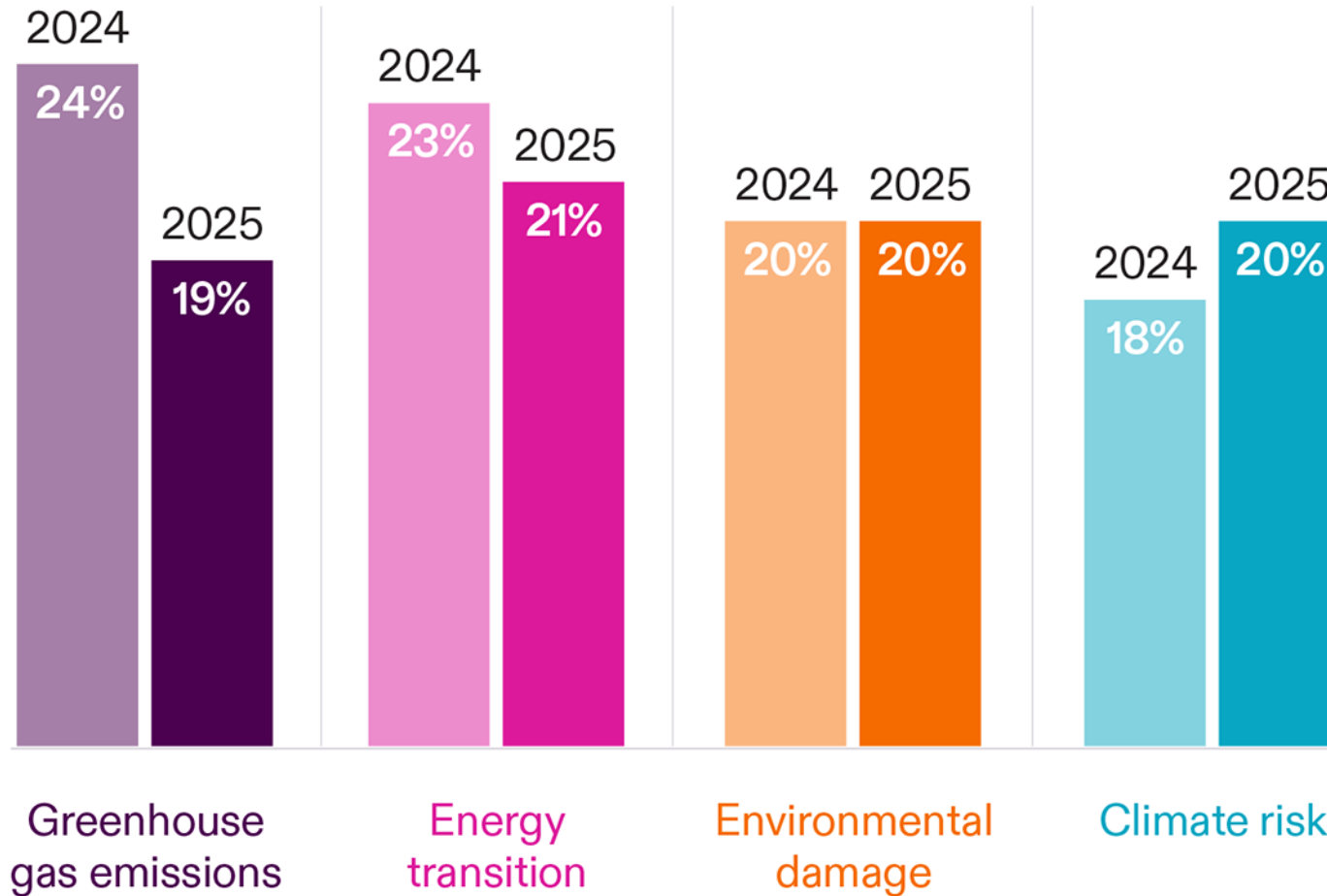
Risk concerns



Perceived preparedness

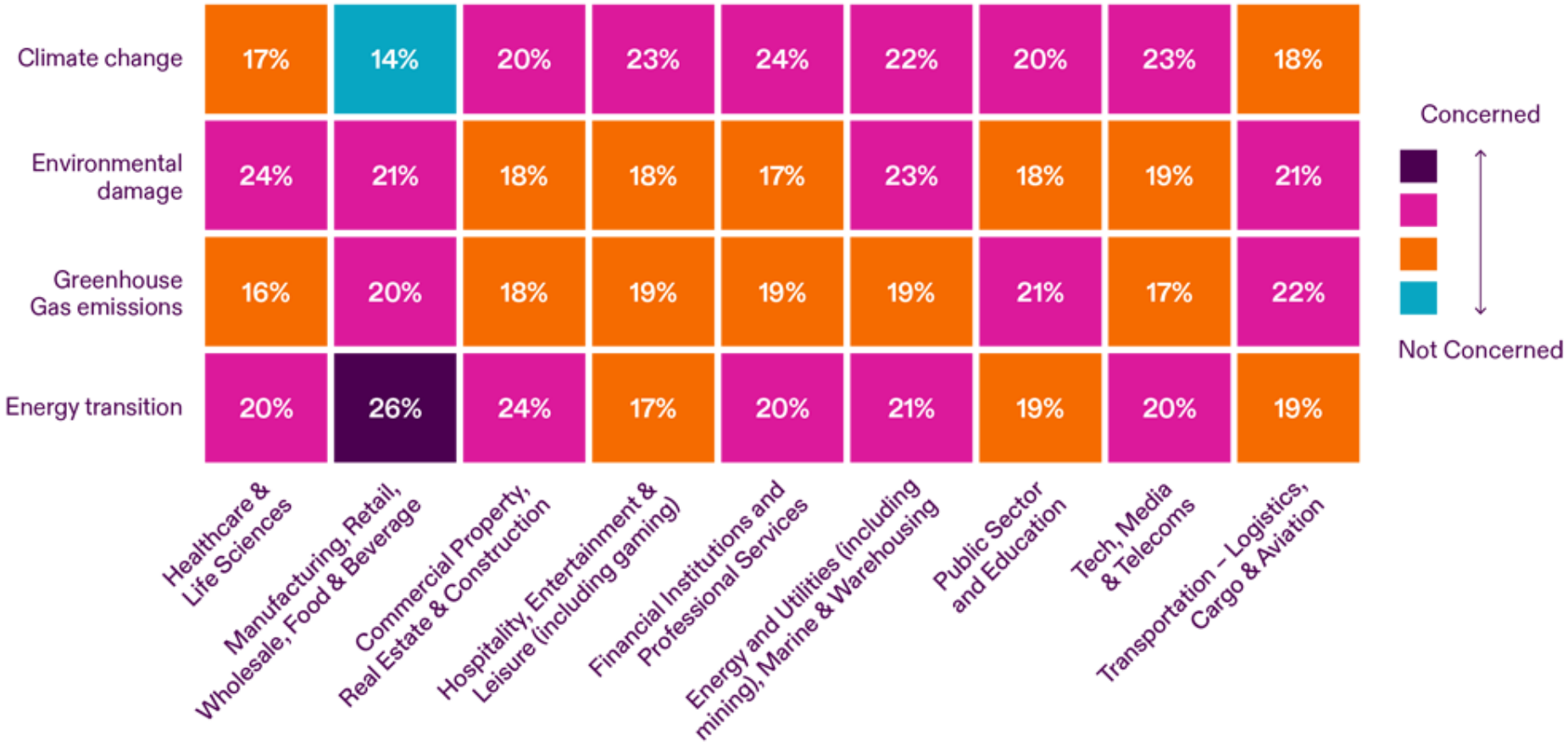


Environmental & Climate global risk ranking

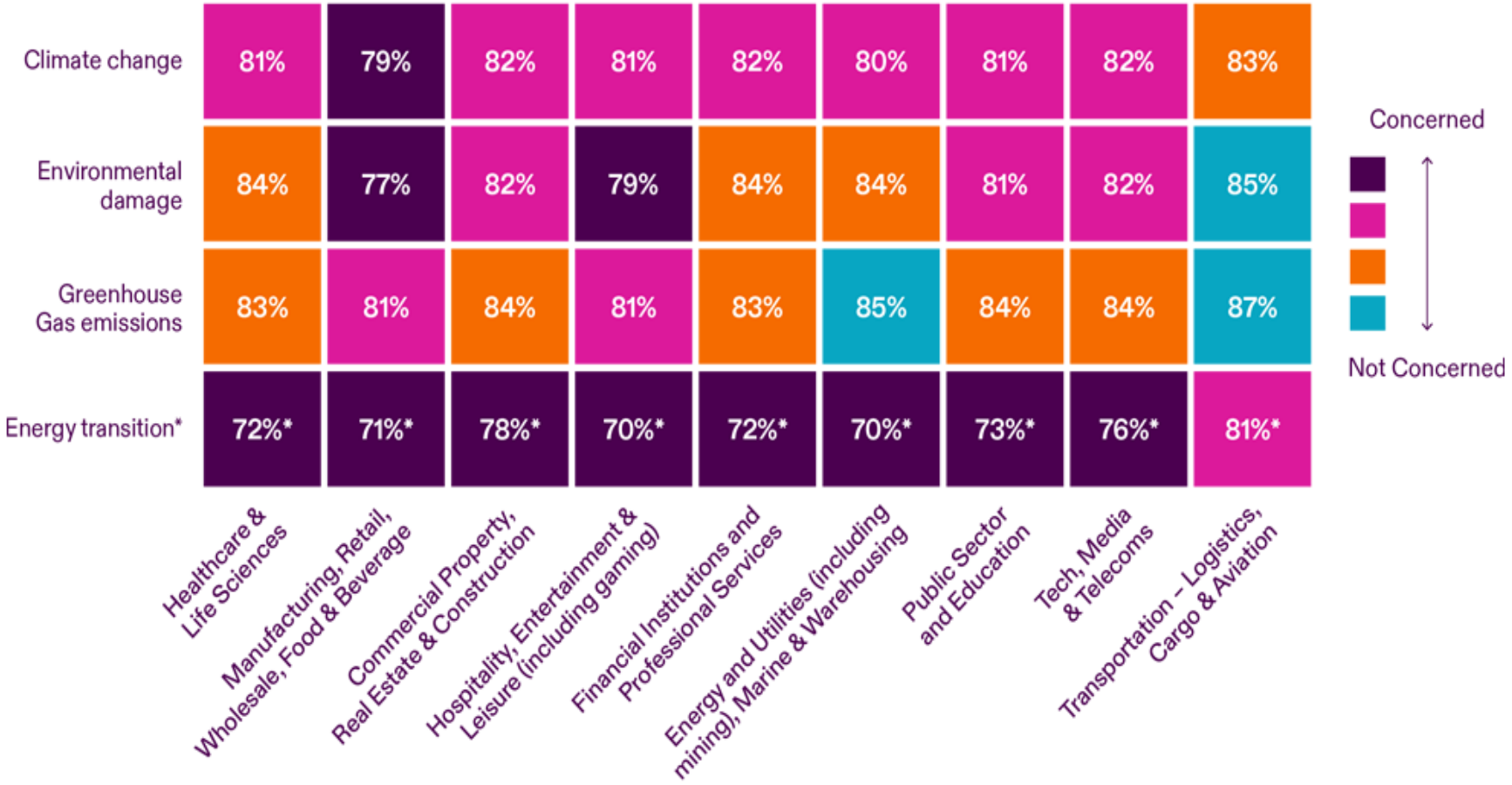


Percentage of global executives that ranked these risks as their top concern in 2024 and 2025.

Global Industry Risk Heatmap

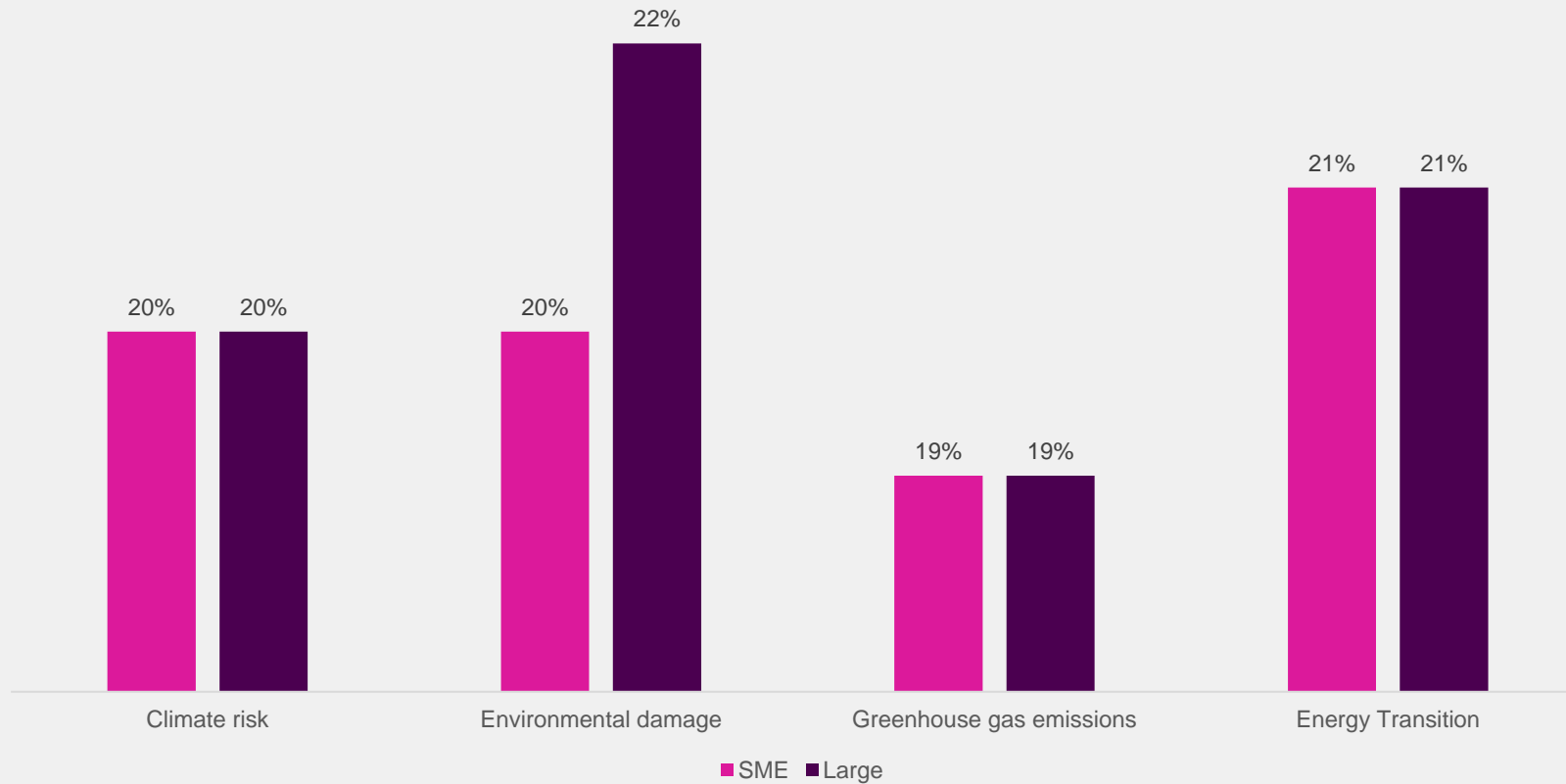


Global Industry Resilience Heatmap



Environmental & Climate risk concerns

Global SME versus large firm
risk concerns 2025



Percentage of global executives from SME firms (US\$250k-100m) and large firms (US\$100m+) as their top risk concerns.



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