



National Hurricane Conference Workshop Hurricanes as Teachers: Lessons Learned to Minimize Future Losses

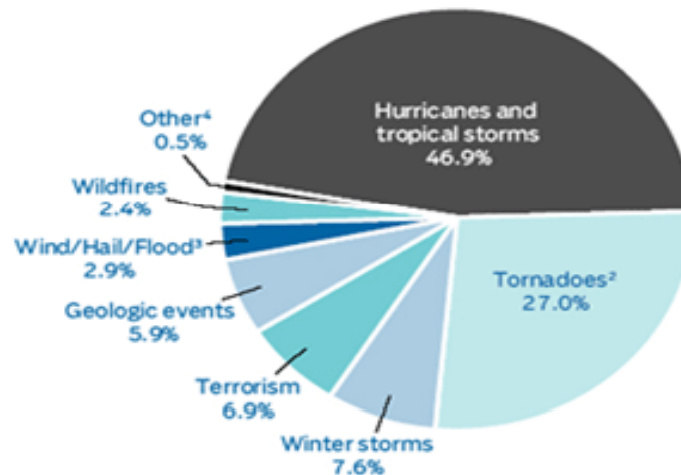
**2010 National Hurricane Conference
Thursday, April 1, 2010
Orlando Hilton, Orlando, Florida**

Jeanne M. Salvatore, SVP, Public Affairs,
Insurance Information Institute ♦ 110 William Street ♦ New York, NY 10038

- **Insurance and Hurricanes**
- **Lesson Learned from Hurricanes Katrina, Wilma, Ike & (Andrew)**
- **Current State of Preparedness**
- **Key Consumer Education Messages**
- **I.I.I. Resources**
- **Questions**

Insurance and Hurricanes

INFLATION-ADJUSTED U.S. CATASTROPHE LOSSES BY CAUSE OF LOSS, 1989-2008 (1)



(1) Catastrophes are all events causing direct insured losses to property of \$25 million or more in 2008 dollars. Adjusted for inflation by ISO.

(2) Excludes snow.

(3) Does not include flood damage covered by the federally administered National Flood Insurance Program.

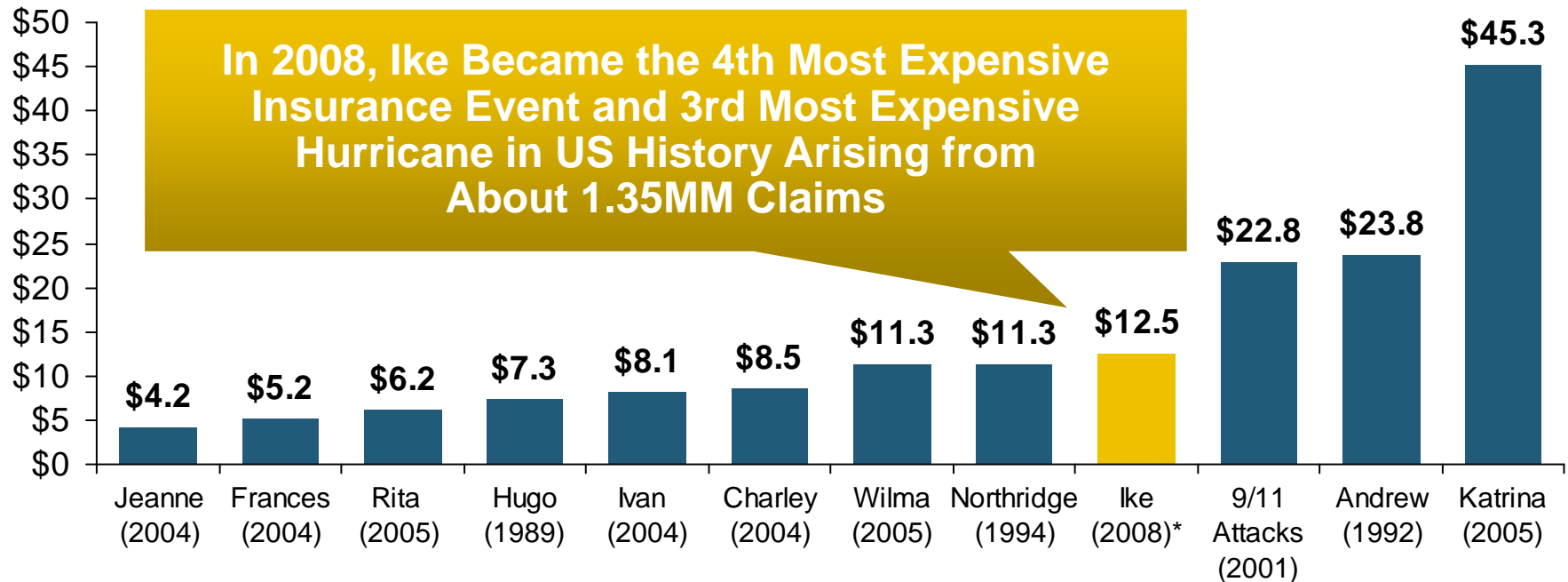
(4) Includes civil disorders, water damage, fires other than wildfires and utility service disruptions.

Source: ISO's Property Claim Services unit (PCS).

Lesson 1: Hurricanes are Costly!

Top 12 Most Costly Disasters in US History

(Insured Losses, 2008, \$ Billions)



**8 of the 12 Most Expensive Disasters in US History
Have Occurred Since 2004;
8 of the Top 12 Disasters Affected FL and 10 have been
Hurricanes**

* PCS estimate as of August 1, 2009.

Sources: PCS; Insurance Information Institute inflation adjustments.

Cost of Hurricanes

TOP 15 MOST COSTLY HURRICANES IN THE UNITED STATES

(\$ millions)

Rank	Date	Location	Hurricane	Estimated insured loss (1)	
				Dollars when occurred	In 2009 dollars (2)
1	Aug. 25-30, 2005	AL, FL, GA, LA, MS, TN	Katrina	\$41,100	\$45,148
2	Aug. 24-26, 1992	FL, LA	Andrew	15,500	23,702
3	Sep. 12-14, 2008	AR, IL, IN, KY, LA, MO, OH, PA, TX	Ike	12,500	12,456
4	Oct. 24, 2005	FL	Wilma	10,300	11,315
5	Aug. 13-14, 2004	FL, NC, SC	Charley	7,475	8,489
6	Sep. 15-21, 2004	AL, DE, FL, GA, LA, MD, MS, NJ, NY, NC, OH, PA, TN, VA, WV	Ivan	7,110	8,075
7	Sep. 17-22, 1989	GA, NC, PR, SC, VA, U.S. Virgin Islands	Hugo	4,195	7,258
8	Sep. 20-26, 2005	AL, AR, FL, LA, MS, TN, TX	Rita	5,627	6,181
9	Sep. 3-9, 2004	FL, GA, NC, NY, SC	Frances	4,595	5,219
10	Sep. 15-29, 2004	DE, FL, GA, MD, NJ, NY, NC, PA, PR, SC, VA	Jeanne	3,655	4,151
11	Sept. 21-28, 1998	AL, FL, LA, MS, PR, U.S. Virgin Islands	Georges	2,955	3,889
12	Oct. 4, 1995	FL, AL, GA, NC, SC, TN	Opal	2,100	2,956
13	Sep. 14-17, 1999	NC, NJ, VA, FL, SC, PA, 10 other states	Floyd	1,960	2,524
14	Sep. 11, 1992	Kauai and Oahu, HI	Iniki	1,600	2,447
15	Sep. 5, 1996	NC, SC, VA, MD, WV, PA, OH	Fran	1,600	2,188

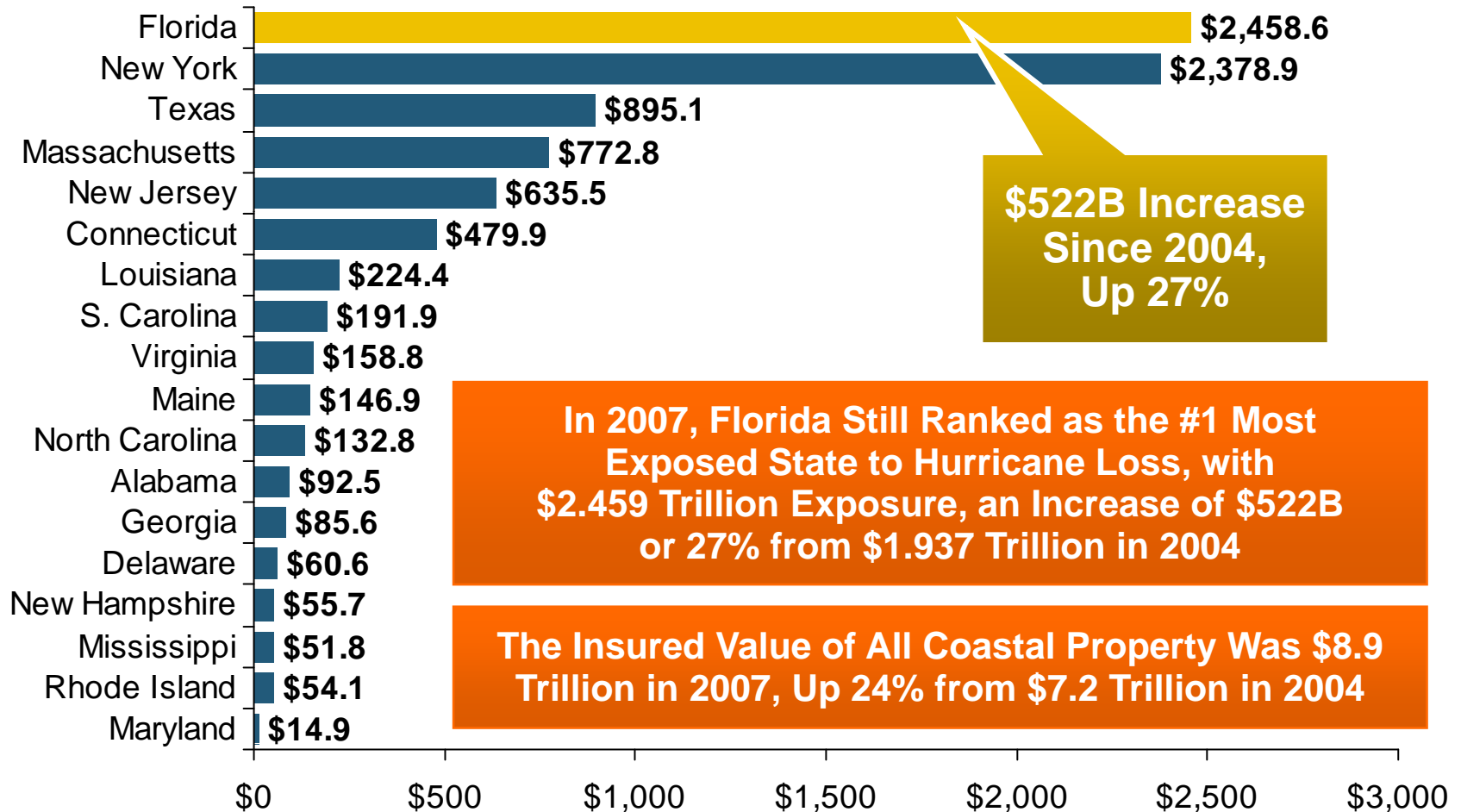
(1) Property coverage only. Does not include flood damage covered by the federally administered National Flood Insurance Program. As of September 2009.

(2) Adjusted to 2009 dollars by the Insurance Information Institute, using the Bureau of Labor Statistics' Inflation Calculator.

Source: ISO's Property Claim Services unit (PCS); U.S. Bureau of Labor Statistics.

Total Value of Insured Coastal Exposure

(2007, \$ Billions)



Lesson Learned from Hurricanes Katrina, Wilma, Ike (and Andrew)

Hurricane Andrew

- Watershed event that proved that hurricanes are far more destructive and costly than experts predicted. It led to a far better understanding of what could happen if a hurricane hit a major metropolitan area. It was the costliest disaster in U.S. history until Hurricane Katrina.
- Importance of both strong building codes and effective enforcement. Insurers now incorporate this into rate making in all coastal states that way they take into account quality/proximity to a fire department.
- Created a greater awareness of the importance of building and/or retrofitting a home to withstand a disaster.

Hurricanes Katrina, Rita & Ike

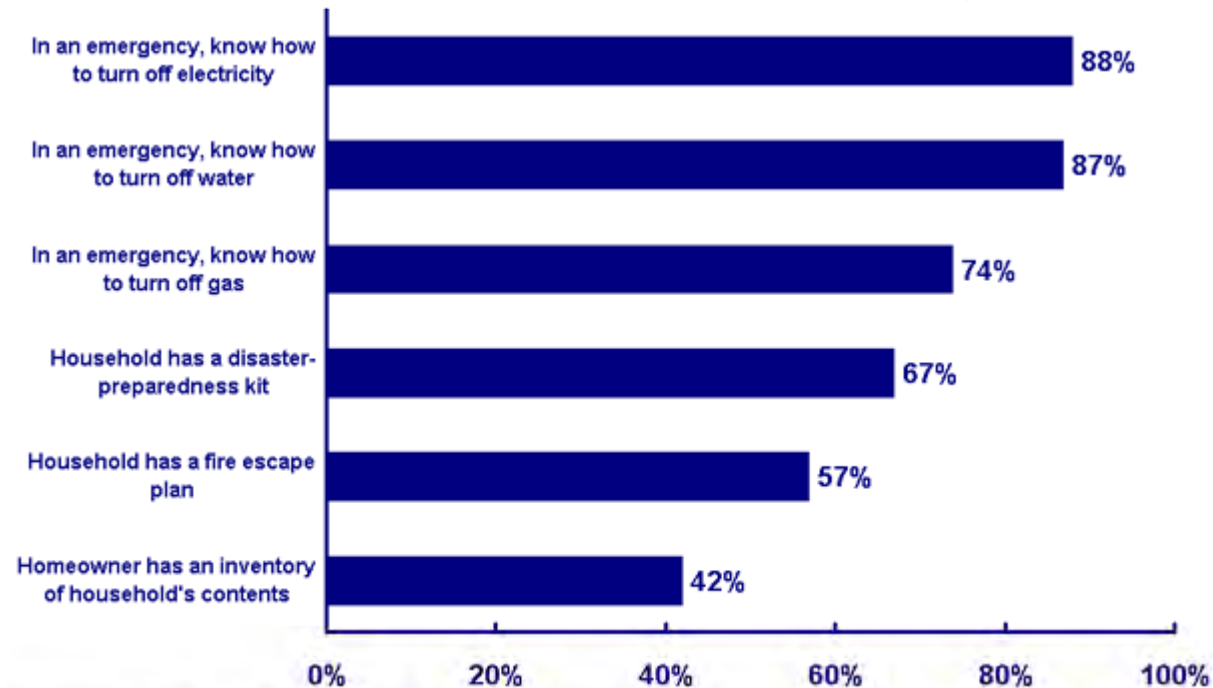
- Hurricane Katrina exposed many of the weaknesses in the nation's preparedness for megadisasters. It left more devastation and a higher reconstruction bill because of extensive commercial and residential development along the Gulf coast and the record breaking storm surge – reportedly as high as 29 feet.
- The 2005 hurricane season (Katrina, Rita, Wilma) showed many people in flood zones failed to purchase flood insurance, many communities in harm's way had failed to enforce building codes and there needs to be greater attention placed on land use patterns in areas most vulnerable to storm damage.

- Hurricanes Katrina, Rita & Ike demonstrated the need for coastal residents to heed the warnings about evacuating their homes and plan to leave for a long time – possibly for good. Pets are also an important component in the planning and are a good way of motivating people to do the right thing.
- There is a cost associated with coastal living – hurricane deductibles, higher insurance costs all need to be considered.

Current State of Preparedness

Current State of Preparedness

HOUSEHOLDS WITH DISASTER-PREPAREDNESS MEASURES



Source: Insurance Research Council: Public Attitude Monitor, 2003.

This is the good news about disaster preparedness!

Current State of Preparedness

19. Q. Do you have a written or photographic inventory of your possessions to help document losses to your insurer in case of a disaster?

	<u>May 2009</u>	<u>May 2008</u>
Yes	47%	54%
No	52	45
Don't know	1	1

Percent who have an inventory

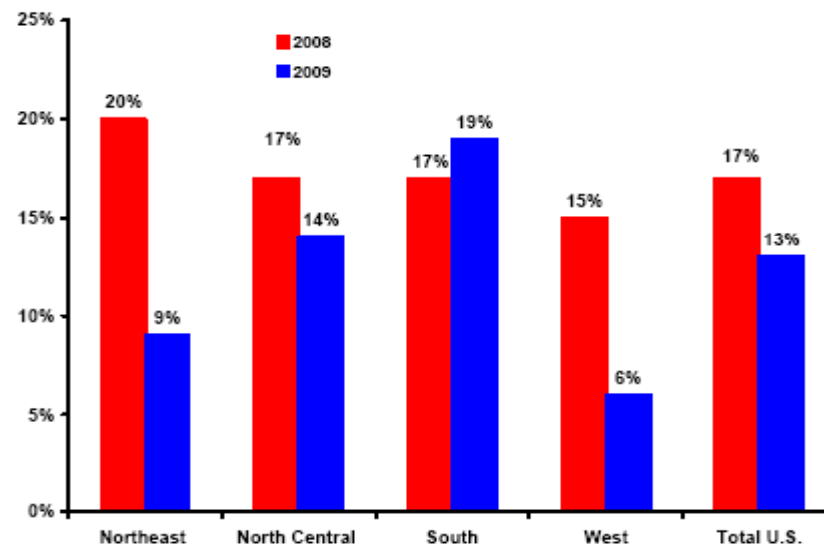
Northeast	36	49
North Central	48	57
South	53	62
West	46	40

According to the I.I.I.'s Insurance Pulse, the portion of Americans who an inventory of their possession dropped in May 2009 compared with 54 percent a year ago. This marks the first time less than half of respondents said they have an inventory of their possession since the I.I.I. began asking this question in The south is the only region where more than half took the time to create this important document.

Current State of Preparedness

Fewer people now have a flood insurance policy than a year ago, especially in the Northeast and the West

20. Q. Do you have a separate flood insurance policy?

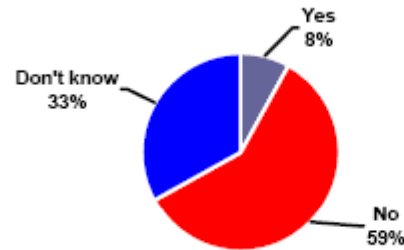


About a quarter from of Americans still believe their homeowners policy covers damage from flooding during a hurricane

Current State of Preparedness

About 60 percent of Americans say that the government will not pay for damage to their homes that is not covered by their home insurance policy, the same as a year ago.

22. Q. Will the government pay for damage to your home that is not covered in your homeowners policy? (Asked of those who have homeowners insurance.)




Key Consumer Education Messages





Key Consumer Education Messages

- I. Review Insurance Coverage *Before* Hurricane Season
- II. Create a Home Inventory
- III. Take steps to Make Your Home More Hurricane-Resistant
- IV. Plan your Evacuation Ahead of time
- V. Test your Evacuation Plan by Taking the Ten Minute Challenge

Consumers, media and others have amnesia when it comes to past disasters. Repetition, innovation and many methods of distribution are needed to make a difference.


INSURANCE
INFORMATION
INSTITUTE

Know Your Stuff® HOME INVENTORY

SHARE    

Welcome


to Know Your Stuff® – Home Inventory, the Insurance Information Institute's free online home inventory software. This application makes creating and updating your home inventory easy and efficient. And with our free, secure online storage you will have access to your inventory anywhere, any time. You never know when a disaster may strike, but you can be prepared with an up-to-date home inventory.



Sign Up

Are you a new user?


[START NOW](#)



Guided Tour

Find out all about the features offered by Know Your Stuff® – Home Inventory and how to use them.

[VIEW](#)



Taking Inventory

Watch a video and read our guide about the importance of "Taking Inventory."

[VIEW](#)

[ABOUT I.I.I.](#) | [SUPPORT](#) | [TERMS + CONDITIONS](#) | [PRIVACY POLICY](#)

 **EZASSET**
#1 IN ASSET MANAGEMENT

ENTERPRISE
PARTNER


POWERED
BY
 **STRONGTECH**

 **TRUSTe**
CERTIFIED PRIVACY



Continues to Seesaw

By TIM HOELLE

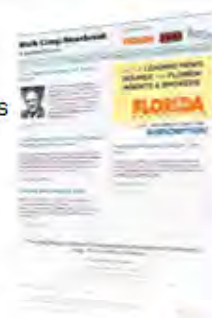
For the past several years, rates in the E&S commercial property insurance market have been flat, making consumers happy. However, carriers and brokers continue to fight for an ever-shrinking market share.

[Read More](#)

[Read More News](#)

eNewsletter

Work Comp Newsbreak provides national workers' compensation news each month across all disciplines - regulatory, legal, claims, carrier, broker, agent, employee and employer.



Enter Your Email Address

Sign-up

Blog



Insuring Florida

Lynne McChristian is the Florida representative for the Insurance Information Institute. Her blog, Straight Talk, www.insuringflorida.org/blog/, addresses Florida-specific insurance issues.

Recent Posts

- [One DIY project leads to more for stronger home](#)
- [Getting insurance credits that are deserved](#)
- [Some auto insurance rates rising](#)
- [Why "insurance deregulation" are scary words](#)

Personalities

GARY FINEOUT

Citizens' Board Divided Over Borrowing

Citizens Property Insurance Corp. has found itself on the defensive once again. Questions about its contracts and finances have sparked criticism from elected officials and divided the governing board.

SHARON MOORHEAD

Florida PEOs Mind Their Own Business – and Their Clients – in Tough Times

Florida has the highest PEO market penetration of any

- [9/11 Nightmare Coming to an End](#)
- [Sink Wants Answers](#)
- [Workers' Compensation Premium Fraud Claims Many Victims](#)
- [Florida's E&S Commercial Property Insurance Market Continues to Seesaw](#)

☒ Book a flight
 ☒ Check in at the office

☒ Quote, bind and deliver insurance policies

800-334-5579 www.getapco.com

Calendar

HIPAA and the HITECH Act of 2009

Hotel Indigo Jacksonville, Jacksonville, FL

March 18, 2010

PLRB/LIRB 2010 Claims Conference & Insurance Services Expo

News / Breaking Weather

From The Weather Channel®

Spring break.

Current Surface

Tactic: Social Media



The screenshot shows the Insurance Information Institute's Facebook page as it appeared in early 2010. The browser is Internet Explorer, displaying the URL <http://www.facebook.com/InsuranceInformationInstitute>. The page layout includes a top navigation bar with the Facebook logo, login fields, and a "Sign Up" button. Below this, a banner encourages users to sign up for the page. The main content area features the I.I.I. logo, a mission statement, and a list of fans. The right sidebar displays several posts from the page, including updates from Elinne F. Torres Gonzalez, the I.I.I. itself, and OK Go. The bottom of the browser window shows the status bar with "Done" and "Internet | Protected Mode: On".

Insurance Information Institute | Facebook - Internet Explorer provided by Dell

<http://www.facebook.com/InsuranceInformationInstitute>

Facebook

Keep me logged in | Forgot your password?

Email | Password | Login

Sign Up | Insurance Information Institute is on Facebook

Sign up for Facebook to connect with Insurance Information Institute.

Insurance Information Institute

Wall | Info | Photos | Discussions | Reviews | Boxes | >>

Elinne F. Torres Gonzalez Many people really don't know big losses could have a role in their tax filing. I'll be talking about that with our friends at ACTUALIDAD 1020 Miami talk radio, early in the morning 6:30-6:40, in Spanish!
March 11 at 9:00pm · Comment · Like · Report

Insurance Information Institute We may be in for an above-average tornado season, according to the weather experts, even if we're off to a slow start.
[+ MY YANCOO](#) **Tornado Watch » Insurance Industry Blog**
www.ii.org
It looks as if spring will bring increased tornado and severe storm activity for property/casualty insurers due to the wet El Niño winter, at least that's what the weather experts believe. Greg Forbes, ...
March 10 at 7:43am · Comment · Like

Insurance Information Institute If your home, car or boat was damaged or destroyed by a windstorm, fire, flood or vandalism in 2009, you may be able to deduct a portion of the loss from your taxes.
III - Did You Have Substantial Property Damage in 2009? You May Be Able to Deduct Unreimbursed Losses
www.ii.org
— With tax day rapidly approaching, taxpayers are sifting through their files to assess last year's gains and losses. If you suffered a loss of personal property not entirely covered by insurance, a portion ...
March 9 at 7:56am · Comment · Like

Insurance Information Institute Social media in action: OK Go's fabulous new Rube Goldberg-esque video was sponsored by State Farm; following its release on March 1, it has already been viewed on YouTube over 6 million times.
OK Go - This Too Shall Pass - Rube Goldberg Machine version
www.youtube.com
From the new album "Of the Blue Colour of the Sky" available at <http://www.okgo.net/store> Directed by James Frost, OK Go and Siynn Labs. Produced by Shelley Meyers. The official video for the recorded version of "This Too Shall Pass" off of the album "Of the Blue Colour of the Sky". ...
March 8 at 9:12am · Comment · Like

Elinne likes this.

Done | Internet | Protected Mode: On | 100%

Social Media: I.I.I.'s Blog


Insurance Industry Blog - Internet Explorer provided by Dell

http://www.iii.org/insuranceindustryblog/

Search the web


Insurance Industry Blog

Home | About | Links



TERMS + CONDITIONS

INSURANCE INDUSTRY BLOG



Claire Wilkinson

Bellwether Drywall Trial Gets Underway

MONDAY, MARCH 15, 2010
Posted by Claire under Emerging Risks, Legal Environment
Comments

A New Orleans federal courtroom will begin hearing an early test case in the Chinese-manufactured drywall products liability litigation today. In the case – *Hernandez v. Knauf Gips KG* – a New Orleans family contends that Knauf Plasterboard Tianjin Co. Ltd. produced drywall in their home that was “unsafe, defective and inherently dangerous.” The test trial will be heard by U.S. District Judge Eldon Fallon and its focus will be limited to property damage only. The Bradenton Herald notes that the case is among several hundred Chinese drywall lawsuits that have been consolidated into a single proceeding before a federal judge. It says the trial is likely to provide guidance on remediation that will make it easier to resolve future cases. As of February 17, 2010, the U.S. Consumer Product Safety Commission (CPSC) had received 2,941 incident reports related to drywall from 37 states, the District of Columbia, and Puerto Rico. More than 90 percent of reports are from Florida (59 percent), Louisiana (21 percent), Mississippi (6 percent), Alabama (5 percent) and Virginia (4 percent). Last November, the CPSC said it had found “a strong association” between homes with the problem drywall and the levels of hydrogen sulfide and metal corrosion in those homes. However, the findings on possible health effects are less definitive. Check out the I.I.I. fact sheet on Chinese Drywall for more info on what homeowners should do if faced with this problem.

Prepare for Earthquakes

THURSDAY, MARCH 11, 2010
Posted by Claire under Catastrophes, Education
Comments

California residents are the weakest link in earthquake preparedness and more than 60 percent have not done enough to make their homes safer and guard their personal finances, according to a newly released study. The California Earthquake Preparedness Survey conducted by the University of California Los Angeles School of Public Health

CATEGORIES:

- Alternative Risk Transfer (ART) (17)
- Asbestos Liability (1)
- Auto Trends (31)
- Aviation (10)
- Business Risk (91)
- Catastrophes (155)
- Climate Change (38)
- Coastal Property (1)
- Corporate Social Responsibility (13)
- Customer Satisfaction (23)
- Diversity (8)
- Education (21)
- Emerging Risks (101)
- Environment (23)
- Flood Insurance (33)
- Health & Safety (56)
- Industry Awards & Events (18)
- Industry Financials (39)
- Insurers and the Economy (104)
- Legal Environment (77)
- Marine (2)
- Market Conditions (72)
- Regulation (56)
- Retirement Security (5)
- Specialty Coverage (15)
- Sports (7)
- Technology (51)

SEARCH:

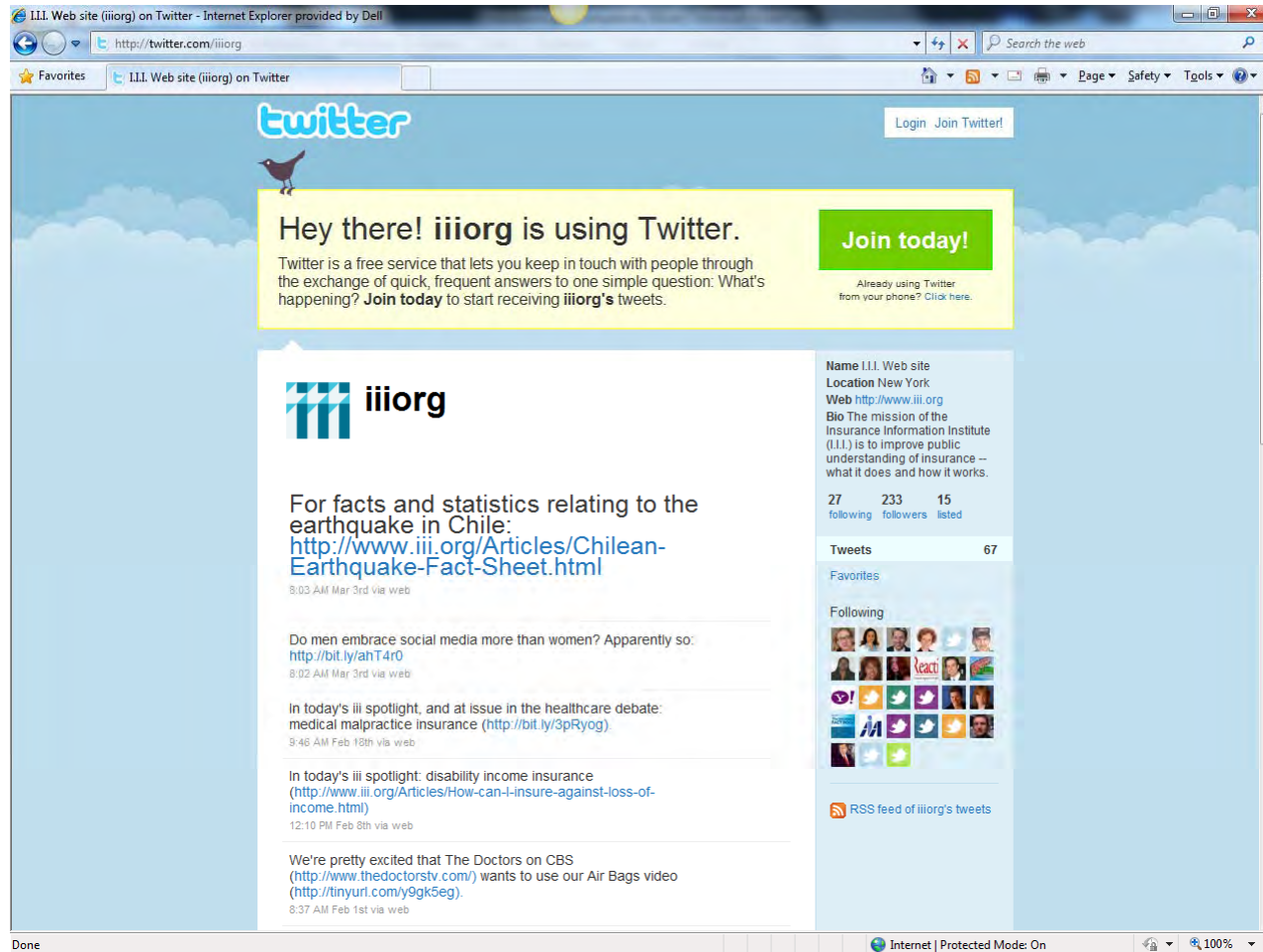
Search

Waiting for http://www.iii.org/insuranceindustryblog/...

Local intranet | Protected Mode: Off

100%

Social Media: I.I.I. has several Twitter Accounts



Reach individuals, trade press, consumers and general media

Insurance Information Institute Online:

WWW.III.ORG

***Thank you for your time
and your attention!***

Email: Jeannes@iii.org

Download at: www.iii.org/presentations