

Hurricane Katrina: Ten Years Later

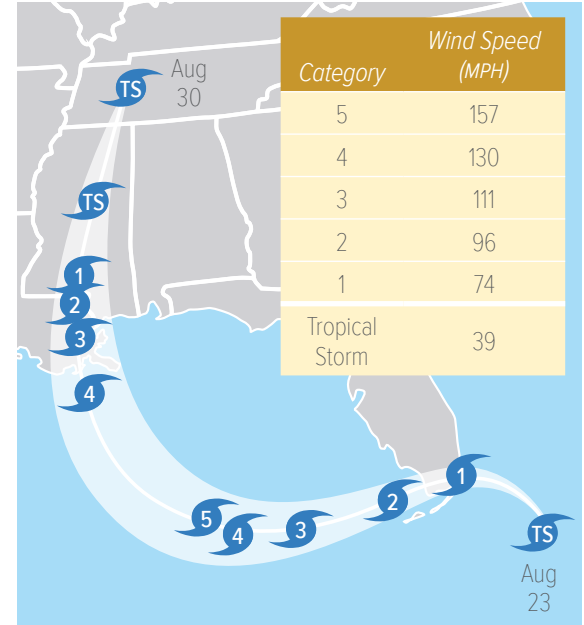
A Look Back at the Costliest Hurricane in U.S. History

Hurricane Katrina was the costliest natural disaster in U.S. history. Forming over the Bahamas on August 23, 2005, the storm made landfall and moved across southern Florida on August 25 as a Category 1 hurricane, before rapidly gaining strength in the Gulf of Mexico.

Katrina then made its second U.S. landfall as a Category 3 storm on the morning of August 29, 2005, in southeast Louisiana, creating a path of destruction that affected six states, with Louisiana and Mississippi the hardest-hit.

The hurricane caused widespread wind and flood damage, exposing many weaknesses in the region's infrastructure, as well as the nation's preparedness for megadisasters.

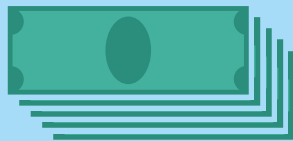
About 1,800 people lost their lives as a result of Hurricane Katrina.



The storm's path, August 23-30, 2005

Economic Impact: Katrina in Dollars and Cents

Total Economic Losses



\$125 bil

in 2005 dollars

(\$153 bil in 2015 dollars) – the highest annual insured catastrophe loss tally ever

Source: Munich Re.

Total 2005 Insured Catastrophe Losses in the U.S

Total Insured Losses for Hurricane Katrina

\$41.1 bil

\$61.9 bil

Source: Property Claim Services (PCS), a Verisk Analytics Business.

Percentage of Insured Losses by State (\$bil, inflation adjusted for 2015)



Louisiana

60%

\$31.0



Mississippi

33%

\$16.8



Alabama

3%

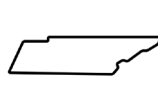
\$1.4



Florida

2%

\$0.9



Tennessee

1%

\$0.7



Georgia

1%

\$0.4

Source: Property Claim Services (PCS), a Verisk Analytics Business. Excludes flood losses paid by the NFIP. State icons by Maria Darron from The Noun Project.

Total National Flood Insurance Program Losses for Hurricane Katrina

Number of paid losses **167,969**

Amount paid **\$16.3 bil**

Avg paid loss **\$97,133**

Source: National Flood Insurance Program (NFIP).

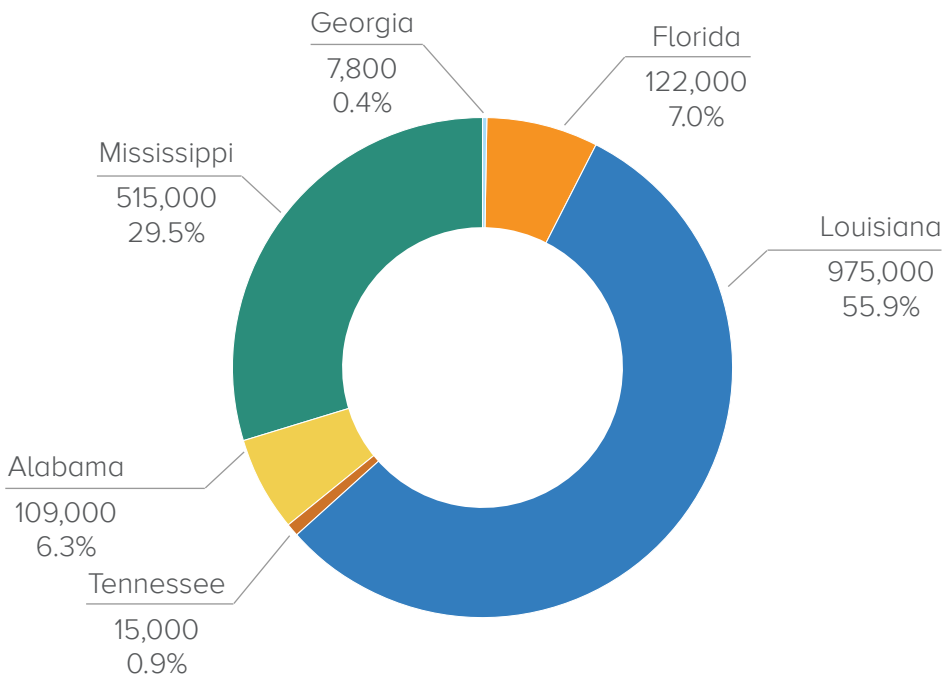
Insurance Claims by Coverage and State*

Total Losses and Claims by Line of Insurance

	Claims	Losses (in billions)
Personal Property (homes & their contents)		
	1.2 mil	\$17.9
Vehicles		
	346,200	\$2.2
Business		
	156,600	\$21.1
Total	1.7 mil	\$41.2**

*Excluding flood claims. **Total based on rounding.
 Source: Property Claim Services (PCS), a Verisk Analytics Business.

Hurricane Katrina Claims by State



Nearly **56%** of the more than **1.7 mil** Hurricane Katrina insurance claims were in Louisiana.

> 29% were in Mississippi.

Other Sources of Hurricane Katrina Recovery Funds:

Public and private outlays to help the Gulf Coast rebuild and rebound

Government

U.S. Congress designated more than **\$120 bil** for relief programs for the victims of Hurricane Katrina:



Rebuilding & Infrastructure

The Federal Emergency Management Agency (FEMA) provided

\$19.6 bil

to Louisiana's communities to rebuild infrastructure and fortify properties and structures against future hazards.



People & Housing

The Individuals and Households

Program received **\$5.8 bil** to be used as housing assistance for rent, repairs and housing replacement (including furniture, clothing and replacement vehicles).

More than **92,000** households were also housed in FEMA temporary housing.



Health Care

Approximately **\$2 bil** of the remaining funds was allocated by the federal government for Medicaid and other health care needs.

Source: FEMA.

Private/Charities



Red Cross Donations

\$2.2 bil

in funds were raised by the American Red Cross and affiliated relief organizations.



Foundations & Corporations

Charitable foundations and corporations donated more than **\$1.3 bil** in monetary donations and goods to those affected by Hurricane Katrina and Hurricane Rita (which struck the Gulf Coast less than four weeks later). A study by the Foundation Center reveals that the overwhelming majority of these donations occurred within 16 months of the storms.



Insurance Industry

The insurance industry contributed more than **\$70 mil** to relief organizations, while volunteers from insurance businesses contributed countless hours assisting relief efforts and giving aid to families affected by Hurricane Katrina.

Sources: The Red Cross; the Chronicles of Philanthropy; Insurance Information Institute *Impact* magazine.

Where Are We Now?

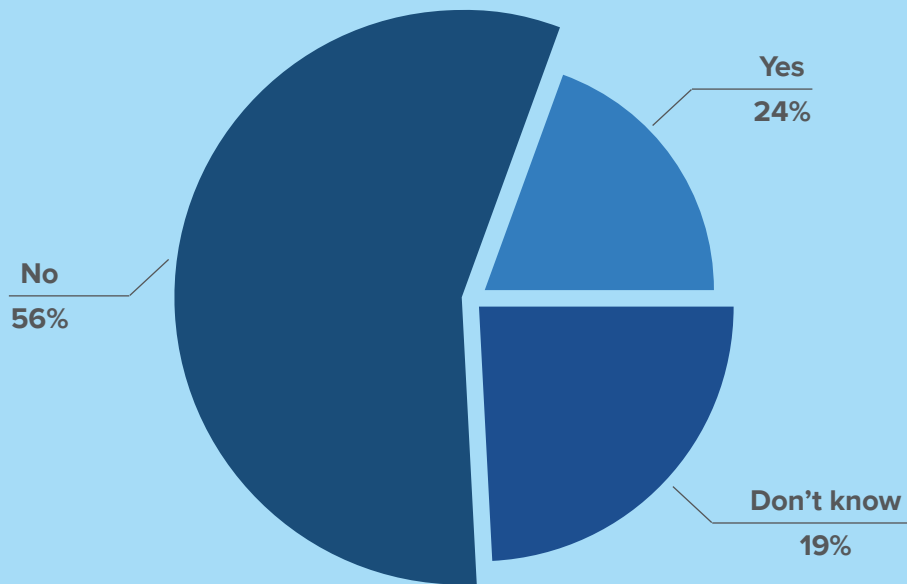
Katrina +10: Lessons Learned and Opportunities Lost

Flood Insurance:

Awareness—what's covered; what's not?

Insurance Information Institute *Pulse* Poll: Home Insurance

“Does your homeowners policy cover damage from flooding during a hurricane?”



A majority of homeowners—more than **56%**—are aware that their homeowners insurance does NOT cover damage due to flooding—however, a large segment of respondents (just over **43%**) either believed that their homeowners policy covered floods, or did not know the answer.

Growing Coastal Exposure by State

Even as awareness of flooding due to coastal storms rises, so, too, does the population and value of coastal properties.

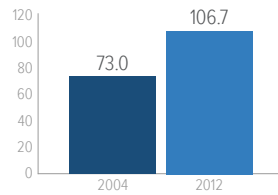
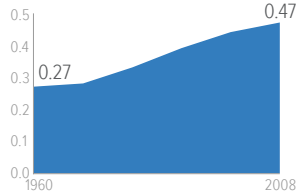
Population in Coastal Regions by State (mil)

Insured Value of Gulf and Eastern Seaboard Properties (\$bil)

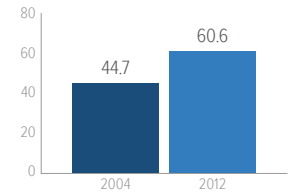
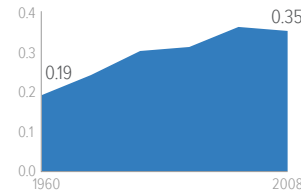
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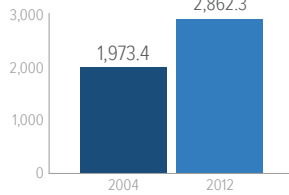
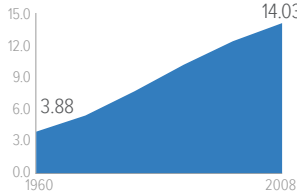
Georgia



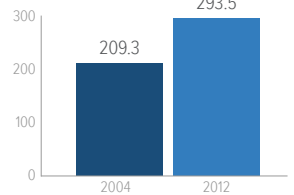
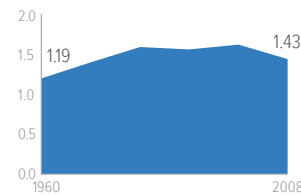
Mississippi



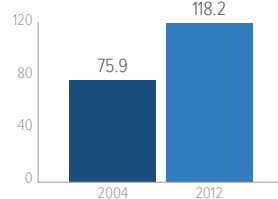
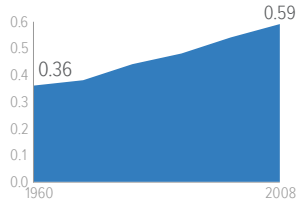
Florida



Louisiana

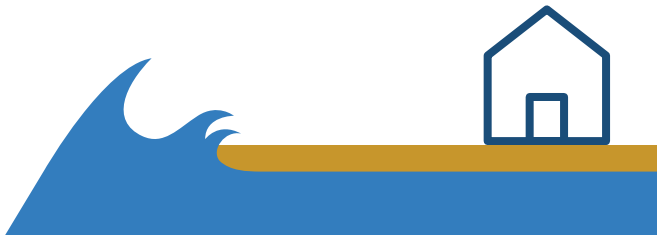


Alabama



Sources: U.S. Census Bureau; AIR Worldwide.

The Nature of the Risk



The entire coastline of the eastern seaboard and Gulf Coast states sits less than

10 feet above sea level,

making these areas more vulnerable to the effects of sea level rise—and flooding generated by hurricane caused storm surge.

Additionally, growing population in coastal areas has led to the type of development (and its impact on environmentally sensitive areas) that further increases the risk of storm surge.

Source: National Oceanic and Atmospheric Administration (NOAA).

New Orleans Population

The Crescent City:

Rebounding, but not out of harm's way

Flooding and damage after Katrina forced a mass exodus, as the city's population fell by **> 50%**.

People have steadily returned, with the population growing **84%** between 2006 and 2014, including **11%** since 2010.

Orleans Parish Population (000s) by Year

2004	461.702
2005	454.845
2006	208.653
2007	288.113
2008	336.644
2009	354.883
2010	347.800
2011	360.341
2012	369.250
2013	378.715
2014	384.320

Growth since lowest population
Since 2010

84%
11%

Source: U.S. Census Bureau.

Takeaways



Hurricane Katrina demonstrated the vital role insurance and reinsurance play in helping individuals and businesses recover from the devastating effects of disasters.

To date, the total value of claims paid by private insurance companies and the federal government's National Flood Insurance Program (NFIP) has amounted to more than **\$57 bil** (over \$70 bil in 2015 dollars).



Meanwhile, the population living in hurricane-exposed states and the total value of insured coastal exposure nationwide continues to grow.



Disaster losses along the coast are predicted to escalate in the coming years, as the number of people in harm's way and the value of properties and businesses at risk continue to increase.



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