

# RAA



## Build It Better Leadership Forum



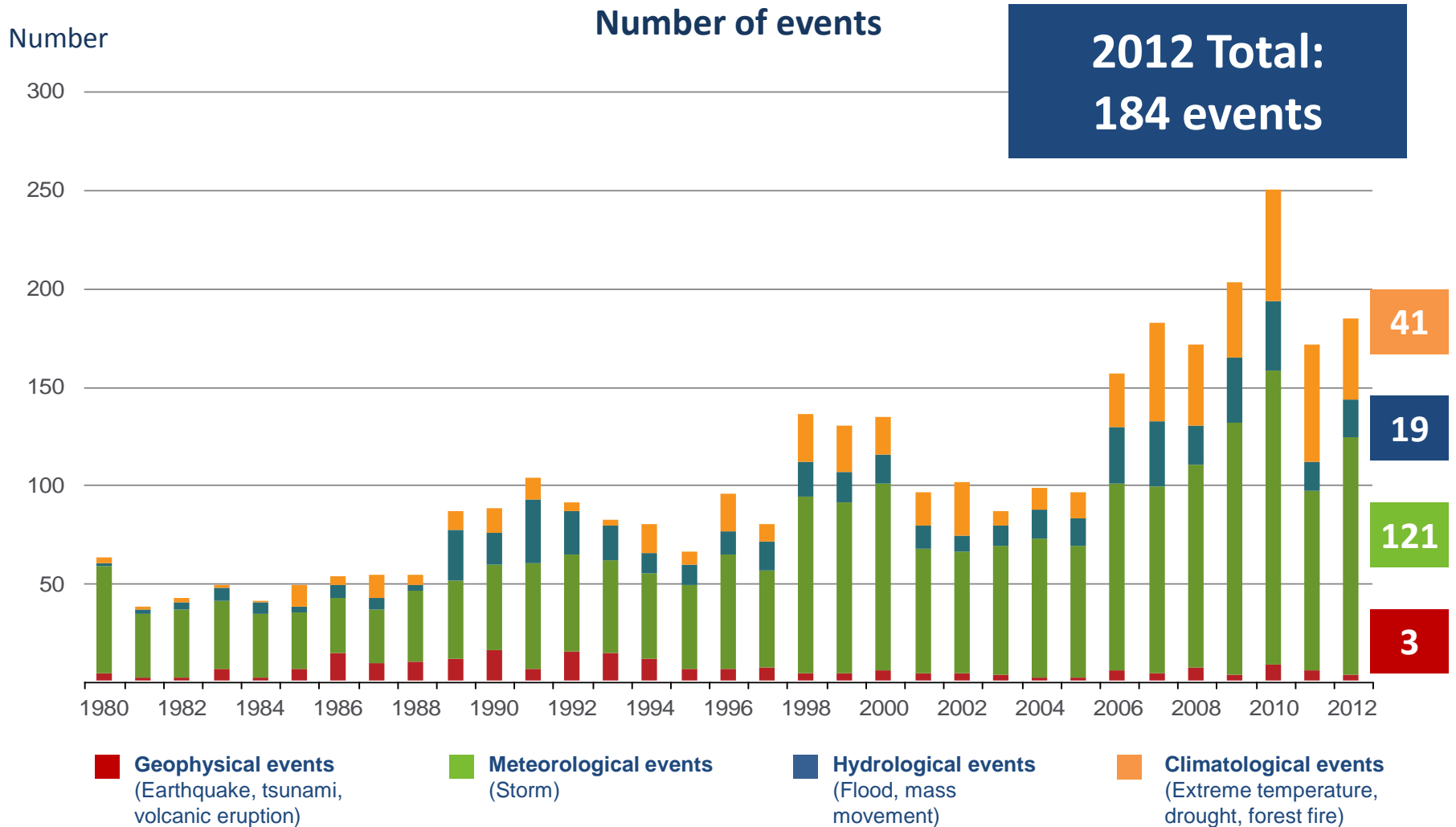
**May 17, 2013**

**Frank Nutter**

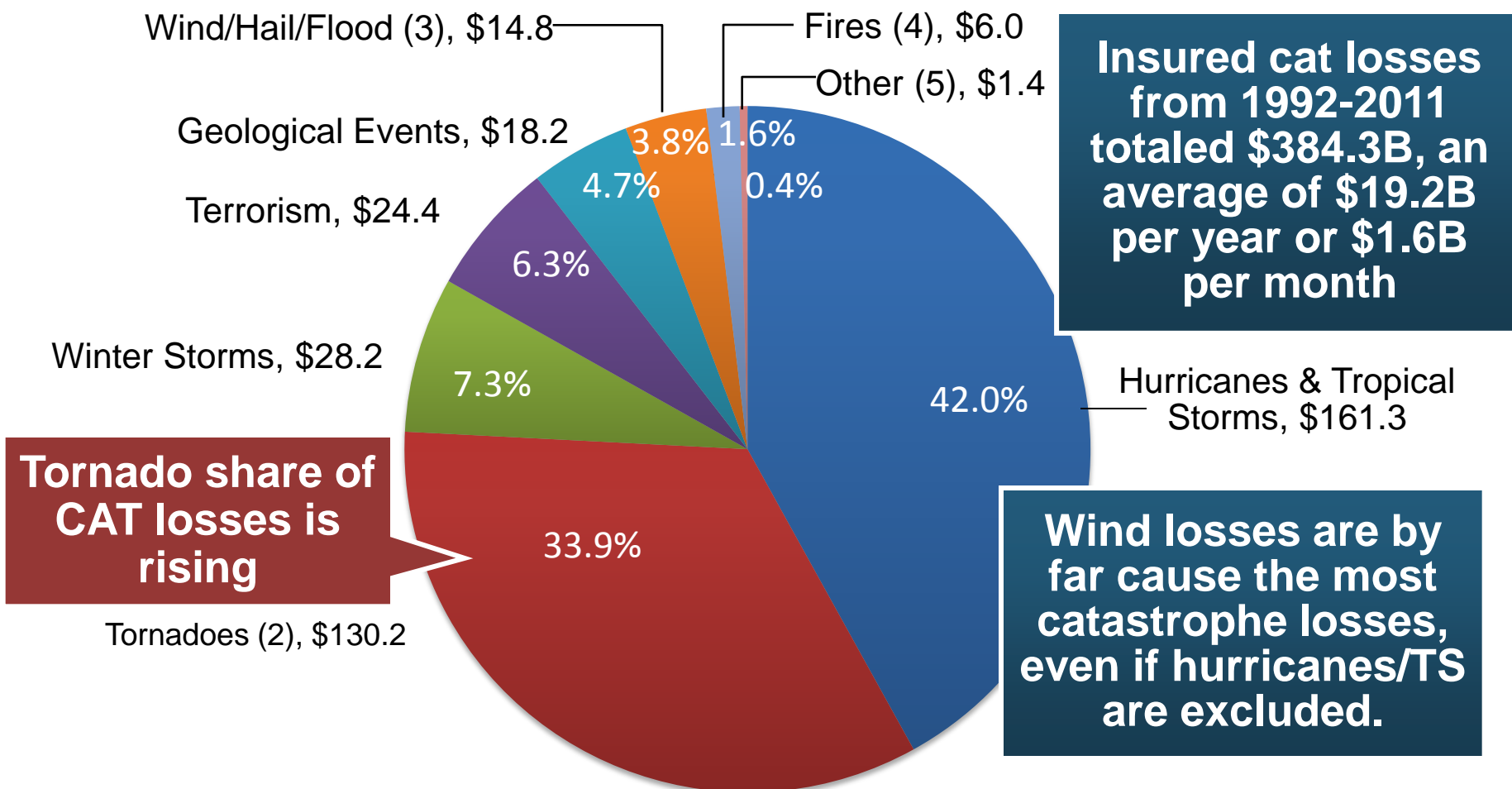
**President, Reinsurance Association of America**

# Natural Catastrophes in the USA

## 1980 – 2012



# Inflation Adjusted U.S. Catastrophe Losses by Cause of Loss, 1990–2011<sup>1</sup>



1. Catastrophes are defined as events causing direct insured losses to property of \$25 million or more in 2009 dollars.
2. Excludes snow.
3. Does not include NFIP flood losses
4. Includes wildland fires
5. Includes civil disorders, water damage, utility disruptions and non-property losses such as those covered by workers compensation.

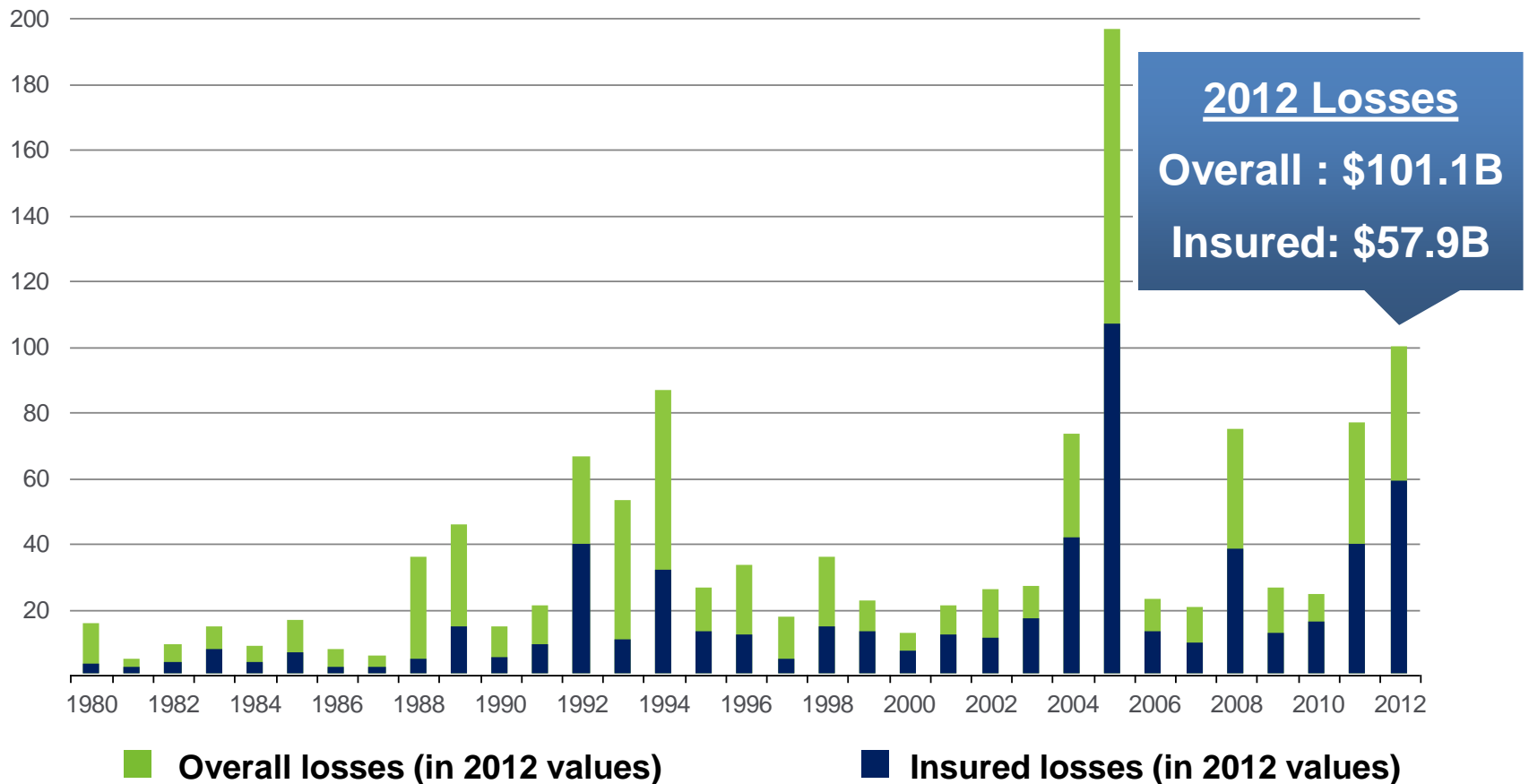
Source: ISO's Property Claim Services Unit.

# Natural Catastrophes in the USA

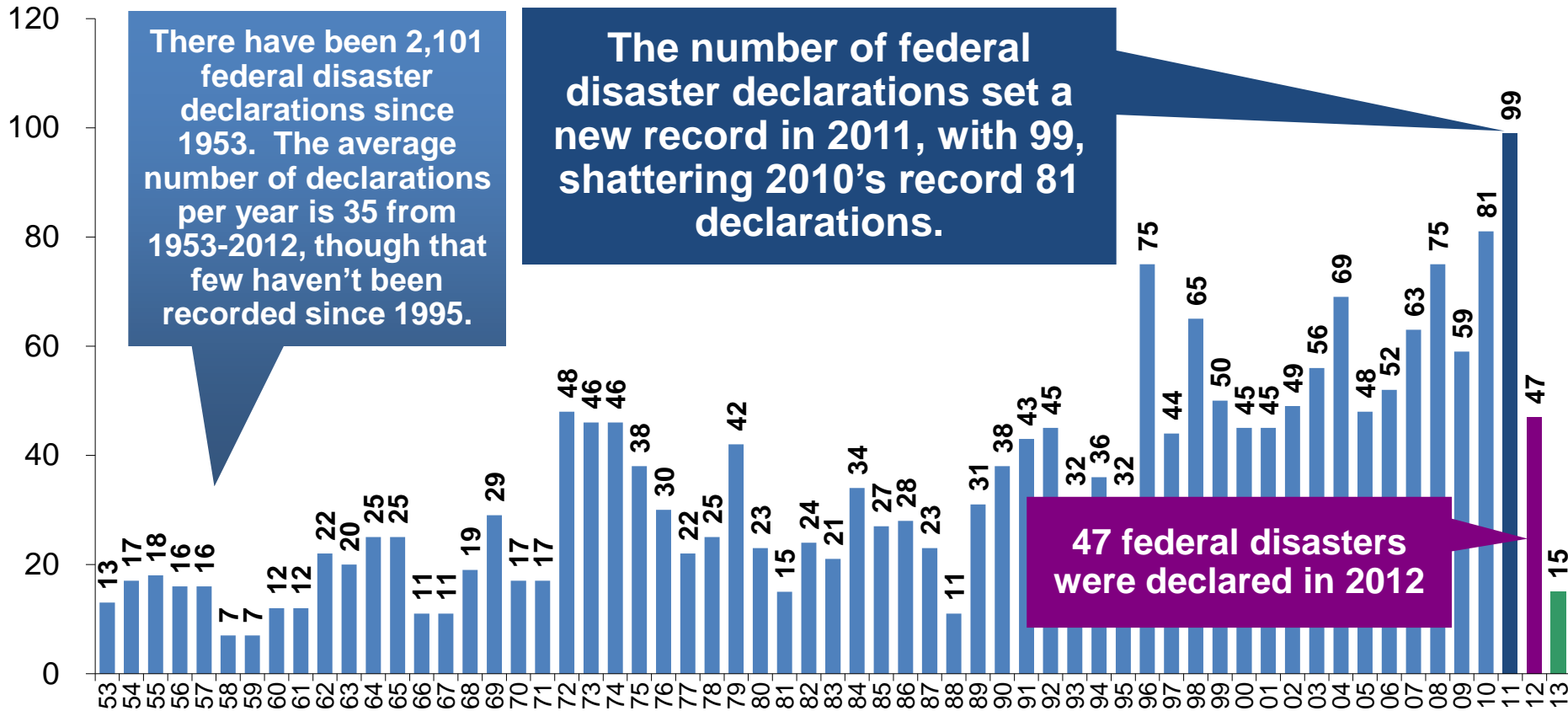
## 1980 – 2012

Overall and insured losses

Insured losses in the U.S. In 2012 were the second highest on record.



# Number of Federal Disaster Declarations, 1953-2013\*



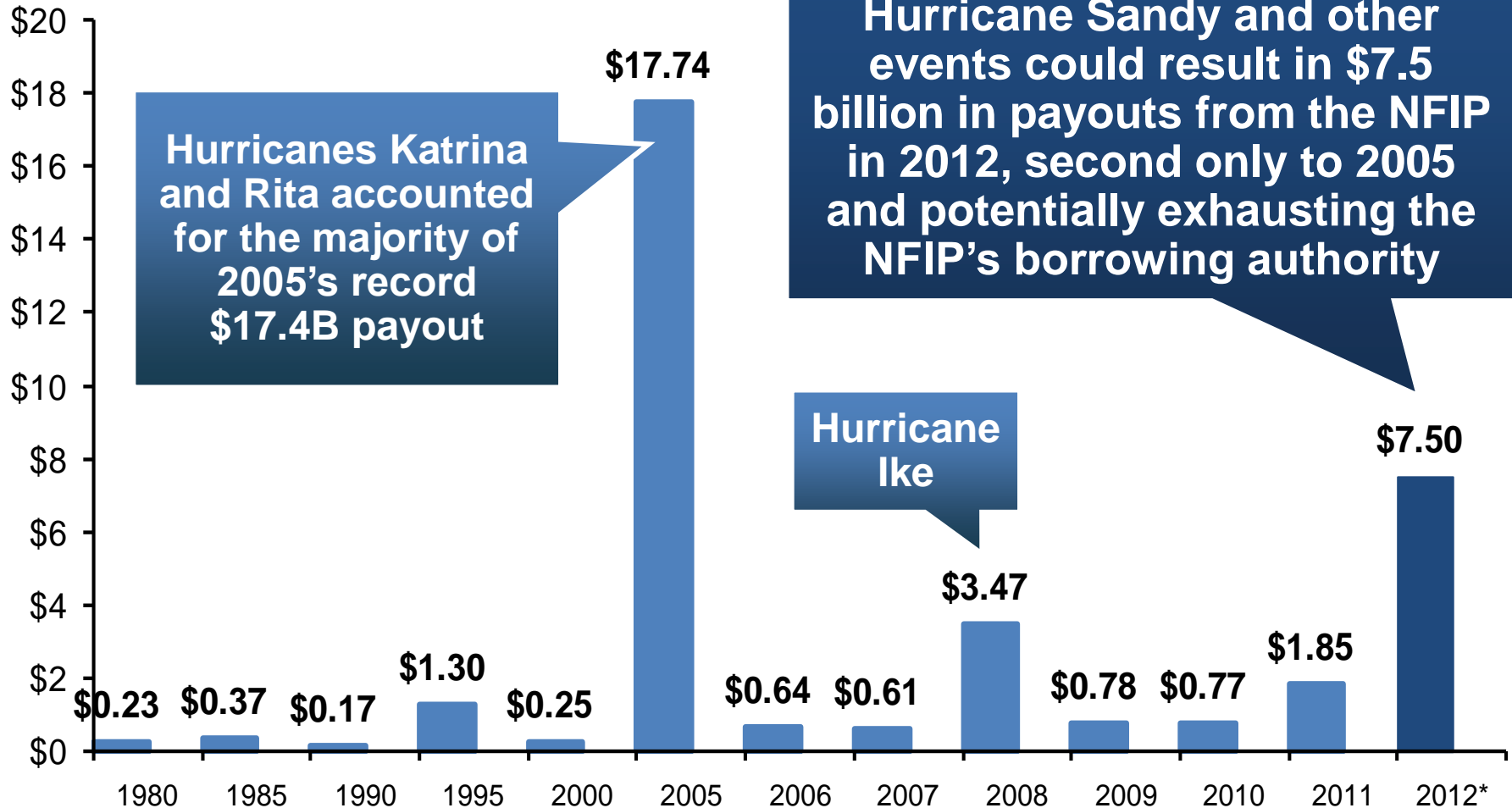
**The Number of Federal Disaster Declarations Is Rising and Set New Records in 2010 and 2011. Hurricane Sandy Produced 13 Declarations in 2012/13.**

\*Through May 1, 2013.

Source: Federal Emergency Management Administration; <http://www.fema.gov/disasters>; Insurance Information Institute.

# Flood Loss Paid by the National Flood Insurance Program, 1980-2012E

Billions (Original Values)



Hurricanes Katrina and Rita accounted for the majority of 2005's record \$17.4B payout

Hurricane Sandy and other events could result in \$7.5 billion in payouts from the NFIP in 2012, second only to 2005 and potentially exhausting the NFIP's borrowing authority

Hurricane Ike

\*Estimate as of 11/25/12.

Sources: Department of Homeland Security, Federal Emergency Management Agency, NFIP; Insurance Information Institute.



# Resiliency Strategies

- Assess community resiliency
  - Building stock, critical facilities, infrastructure, supply chain
- State/ local Chief Risk Officer
- State authority over local safety/health and security actions
- Evaluate business interruption financing
- Improve building code and enforcement
- Develop a private sector emergency response capability
- Incorporate extreme weather and climate into state/local federal decision making
- Use nature to mitigate risk (Coastal Barrier Resources Act)
- Provide tax credits, disaster financing and/or a revolving loan fund for mitigation
- Reduce the Federal share of disaster assistance to communities or provide incentives for mitigation





**Is the NTSB a prototype for resiliency assessment?**



# RAA



[www.reinsurance.org](http://www.reinsurance.org)