

Real-Time Tropical Cyclone Surface Wind Analyses and the Insurance Industry

**Federal 57th Interdepartmental Hurricane
Conference**

March 12, 2003

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How Insurers Use Real-time Analyses

- Who is IBHS?
- Role of Insurance in Hurricanes
 - Response and recovery
 - Planning for future events
- Role in Mitigation

Institute for Business and Home Safety

*An initiative of the property casualty
insurance industry to reduce deaths,
injuries, property damage, economic losses
and human suffering caused by natural
disasters*



\$1 Trillion on the Line in Florida Alone

- Insured Residential Property:
 - \$791 billion (9/99)
 - 4.7 million single-family dwellings
 - 179,216 condominiums
 - 585,452 mobile homes (1/99)
- Total Insured Property: \$1 trillion
- Cat 4 or 5 in Southeast Florida, more than \$50 billion (*Insurance Information Institute*)

Risky, but Important Venture

- Florida insurers paid \$1.55 for every \$1 in premiums, 1988- 1997 (NAIC)
- In 1995, mainly from Opal and Erin, entire U.S. industry experience was \$112 paid for every \$100 collected
- Entire U.S. experience in 1992 (Andrew), \$158 paid for every \$100 collected

Hurricanes and the Insurance Industry

ROLE = PAY CLAIMS

Recovery and Real Time Data

- Claims Adjusting Issues
 - Where and how many adjuster to send
 - Where to house and deploy adjusters
 - Resolving adjuster access issues
- Financial Issues
 - Estimated total losses for establishing reserves
- Data Collection

Data Collection and Mitigation

- Two data elements critical:
 1. Magnitude of the loss
 2. Magnitude of the event
- Real time analysis helps
 - Gets ground measurement instruments sited
 - Provide much needed reference points

Clemson Hurricane Deflectors



Impacts of Research

- Hurricanes deflected?
- Relationships between wind speeds, damage and insured losses documented
- Proof and refinement of mitigation recommendations
- Better hurricane loss models
- Insurers can better serve policyholders

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