

LEADERS

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Reframing resilience for communities struggling with severe weather events



By Kathleen Savio,
CEO of Zurich
North America

Imagine two worlds: one where natural hazards continue to increase in frequency and severity with mounting losses that grow year over year; and

the other where key stakeholders join together to enact change that will likely reduce impact from these inevitable severe weather events. The world we are helping shape is the latter. And the timing can't come soon enough.

Over the past two years, we have witnessed some of the most devastating severe weather events ever recorded. During 2017, the Gulf Coast and the Caribbean were pummeled in rapid succession by three of the most powerful hurricanes in history. Natural hazards escalated around the world as well. According to a study by Aon Benfield, 2017 was the costliest year on record solely for weather-related economic losses, totaling more than \$344 billion.¹

Last year brought its share of major severe weather events to North America. During the summer of 2018, massive wildfires destroyed more than three million acres in British Columbia, Canada.² In the United States, Hurricane Florence brought catastrophic flooding to the Carolinas in mid-September, and was followed a month later by Hurricane Michael – the most powerful storm ever to hit the Florida Panhandle. And in November, the worst series of wildfires in the history of California ravaged the state, tragically taking many lives and destroying thousands of homes and businesses.³

Of the 10 most devastating weather-related events in history, seven have occurred in the past decade. Recognizing this trend, in November 2018 the World Economic Forum (WEF) published a new report called *Regional Risks for Doing Business*.⁴ Drawing upon insights from a survey of approximately 12,000 private-sector decision-makers from more than 130 economies, the report looks at risks through the lens of their economic impacts on businesses. North American business leaders ranked severe weather as the third most serious risk to their business resilience in the years ahead – right behind cyber-attacks and data fraud or theft.

A key insight gained from the natural disasters of the past decade is an awareness of the significant gap between total economic losses caused by severe weather versus insured losses. The gap between 2017's weather-related economic losses of \$344 billion and the actual loss costs paid by insurers – \$132 billion – would amount to disaster protection gap of a staggering \$212 billion.¹

Zurich is working to help businesses and communities build resilience against severe weather by emphasizing the benefits of relevant insurance solutions combined with investments in proactive resilience strategies. Based on industry analysis of past events, we know that every dollar invested in prevention saves over five dollars on future losses.

Part of Zurich's own investment is our Global Flood Resilience Program, which focuses on the hazard affecting more people globally than any other – more than 250 million annually – which is responsible for some of the largest economic and humanitarian losses. We have invested \$55 million to help fund research and field work that has touched the lives of thousands of families and businesses.

Gaining valuable insights from past events is another important part of Zurich's commitment to developing resilience strategies. On a global basis, we have studied 13 flood disasters using our Post Event Review Capability (PERC) since 2013. The insights developed from these reviews helped us identify what has worked well in flood mitigation and where there is room for improvement. In 2018, we completed a PERC report specific to the experiences of Houston during and after Hurricane Harvey. The learnings gained through these PERC studies enable us to work with local businesses and communities in recommending actionable improvements to increase resilience to future events.

Creating a world where lives are saved and damage is reduced after inevitable severe weather events will take multiple stakeholders joining together to enact change. Harris County, Texas voters recently said "Enough!" after suffering from three 1-in-500-year floods in the past three years. On the one-year anniversary of Hurricane Harvey, they approved a \$2.5 billion bond proposal that will fund flood-mitigation projects with the goal of making Houston and neighboring communities more resilient to future flood events. This is an example of a community making the decision to enact change.⁵

At the federal level, we support the inclusion of much stronger resilience features in proposed reauthorization of the National Flood Insurance Program. And we are supporters of the United Nations Office for Disaster Risk Reduction "Build Back Better" initiative in the implementation of better building codes during recovery, rehabilitation and reconstruction wherever natural disasters occur.

Looking forward, the one thing we know is that natural hazards will continue to occur. Whether those hazards become disasters threatening life and property depends on businesses and individuals making the right choices and taking positive actions to strengthen resilience against them. Working together, we can make a difference in the impacts of the severe weather events certain to come in the years ahead.

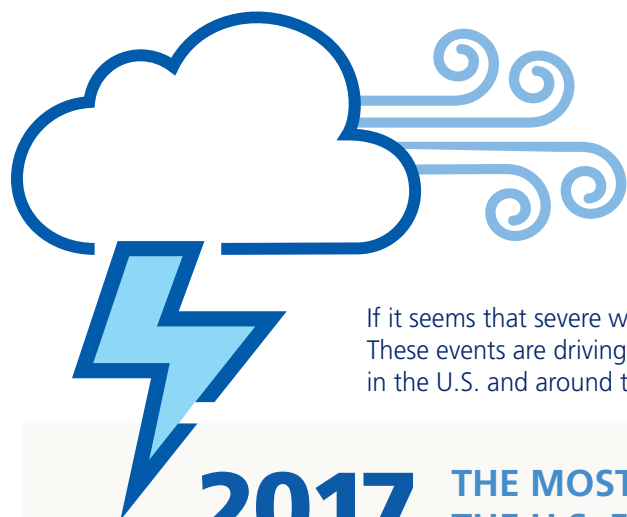
1. Aon Benfield. *Weather, Climate & Catastrophe Insight*, 2017 Annual Report. 2018.
2. Judd, Amy. "B.C. Wildfires Map 2018: Current location of wildfires around the province." *Global News*. 1 September 2018.
3. Locker, Melissa. "This list of the worst fires in California history puts the Camp fire in tragic perspective." *Fast Company*. 14 November 2018.
4. World Economic Forum, *Regional Risks for Doing Business - 2018*.
5. Despart, Zach. "Harris County voters pass \$2.5 billion flood bond one year after Harvey." *Houston Chronicle*, 26 August 2018.

“Creating a world where lives are saved and damage is reduced after inevitable severe weather events will take multiple stakeholders joining together to enact change.”

- Kathleen Savio



ZURICH®



SEVERE WEATHER

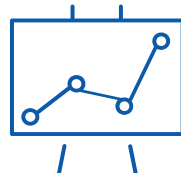
More frequent and more destructive

If it seems that severe weather events are growing more frequent and destructive, then you would be correct. These events are driving higher costs and increasing the risks of property damage, injury and death in the U.S. and around the world.

2017 THE MOST EXPENSIVE YEAR IN THE U.S. FOR WEATHER DISASTERS ON RECORD (TO DATE) ¹



16 MAJOR WEATHER DISASTERS COSTING **\$306 BILLION** IN DAMAGES



\$100 BILLION MORE THAN ANY PREVIOUS YEAR (ADJUSTED FOR 2018 DOLLARS)

RESILIENCE PLANNING PAYS DIVIDENDS



EVERY \$1 INVESTED IN RESILIENCE PLANNING **SAVES UP TO \$6** IN MITIGATION COSTS ³



ONE YEAR AFTER HURRICANE HARVEY, HARRIS COUNTY, **TEXAS PASSED A \$2.5 BILLION BOND PROPOSAL** TO STRENGTHEN THE HOUSTON AREA'S RESILIENCE AGAINST FUTURE FLOODING ⁴

SEVERE WEATHER IS MORE COSTLY AND FREQUENT ²

219 SEVERE EVENTS COSTING MORE THAN \$1 BILLION EACH SINCE 1980

\$1.5 TRILLION TOTAL COST FOR THOSE DISASTERS



THE FREQUENCY OF SEVERE EVENTS HAS TRIPLED SINCE 1980

WHEN IS THE RIGHT TIME TO PREPARE FOR THE NEXT SEVERE WEATHER EVENT?

NOW! BEFORE AN UNEXPECTED SEVERE WEATHER EVENT DAMAGES YOUR BUSINESS AND THREATENS YOUR PEOPLE

1. Smith, Adam B. "2017 U.S. billion-dollar weather and climate disasters: A historic year in context." National Oceanic and Atmospheric Administration (NOAA). Climate.gov. 8 Jan. 2018.

2. Coren, Michael J. "The US just had the most expensive year for weather disasters in history. Expect more." Quartz. 21 Jan. 2018.

3. National Institute of Building Sciences Multihazard Mitigation Council. "Natural Hazard Mitigation Saves: 2017 Interim Report." December 2017.

4. Despart, Zach. "Harris County voters pass \$2.5 billion flood bond one year after Harvey." Houston Chronicle. Accessed 30 Nov. 2018.

For more information about the risks posed by severe weather and the proven value of resilience planning, go to: zurichna.com/severeweather