

Cat Tales 2005 Edition 1

Cat Tales is the e-newsletter for members of the Institute for Catastrophic Loss Reduction. ICLR's disaster loss prevention research and education initiatives are part of the insurance industry's ongoing effort to save lives and reduce property damage. Please share *Cat Tales* with others in our industry.

Welcome to this first edition of *Cat Tales* for 2005. Items in this report include:

- Asian tsunami dominates headlines
- World disaster reduction conference
- ICLR/UN host international conference
- Homeowners are not aware of hazard coverage
- Lessons from the blackout
- Loss reduction seminars for insurers

Tsunami headlines world media coverage

For the past few weeks the devastating tsunami in south Asia dominated news coverage worldwide. ICLR staff were widely quoted providing expert commentary on the science of loss prevention and information about Canadian exposure to coastal flooding. This tragedy has also added to the importance of the international conference this September on hazard warnings that will be hosted by ICLR and the United Nations. There has been unprecedented generosity from the corporate sector and the public in support of disaster response and fund raising for victims. We are proud of the effective leadership shown in this effort by our partner, the Canadian Red Cross.



World disaster reduction conference

ICLR were leading participants in the January conference on disaster reduction held in Kobe, Japan. 3,500 scientists and political leaders met to develop new strategies for reducing losses caused by natural hazards. Dr. Simonovic, ICLR chair, engineering, presented the new international strategy for flood damage reduction. Dr. McBean, ICLR chair, policy, presented a strategy for reducing damage in urban centres. There was extensive media coverage of this important event, and it will likely have a significant influence on Canadian disaster mitigation policy.



Dr. Simonovic was also at the conference representing the United Nations Educational, Scientific and Cultural Organization (UNESCO). Dr. McBean was recently appointed Chair of the International Council of Science



Union's Planning Committee for the Natural Hazards Research Program. Such leadership with the world's leading disaster research and education organizations helps to extend the influence of ICLR's efforts.

ICLR hosts international conference

In December 2004, the Institute for Catastrophic Loss Reduction partnered with three United Nations agencies to host an international conference on Water and Disasters. Chaired by Professor Slobodan Simonovic, ICLR's chair, engineering, the conference brought together more than 100 experts from around the world to develop an international strategy for flood damage reduction. They shared knowledge and expertise about international, national and local initiatives aimed at minimizing the impacts of water-related disasters. This was an important opportunity to showcase ICLR's scientific and policy leadership, and all parties found the event to be extremely successful.

The results of the workshop are significant to Canadian insurers because of the threat of water-related damage in many parts of the country. Last July, for example, the industry experienced several hundred million dollars in water damage claims in Edmonton and Peterborough. ICLR has prepared information to help educate homeowners about how to protect themselves and property entitled "Floods – Protect yourself and your home." This is available on the ICLR website or as a brochure that member insurance can send to policyholders.

Homeowners are not aware of hazard coverage

How well do Canadian homeowners understand insurance coverage for natural hazards? Would they like their insurance companies to send them information about hazard safety? Do homeowners approve of insurance companies funding loss prevention research? The Institute for Catastrophic Loss Reduction set out to answer these questions thorough the first survey of its kind in Canada. ICLR hired a market research company to survey homeowners about natural disasters and insurance coverage. More than 2,000 homeowners from across the country were asked about their perceptions regarding coverage for natural hazards under their homeowners' insurance policy. The hazards included flood, wildfire, severe windstorm, hail, lightning, coastal flooding or sea surge and heavy snowfall. There were also questions to test homeowner knowledge about insurance in general. Two central findings were drawn from the survey:

- Homeowners are not very knowledgeable about how their property insurance protects them from natural hazards
- Most homeowners would like their insurer to tell them more about natural hazards and loss prevention, including industry-funded research in this area.

We were disappointed to find that **none** of the homeowners who responded answered all of the questions about insurance coverage correctly! Less than 1 percent scored above 80

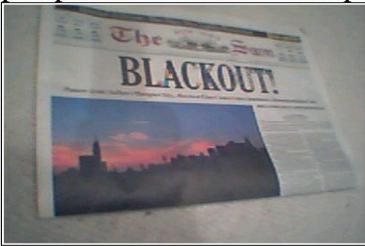
percent for the questions about hazard coverage. Typically, they answered less than 50 percent of the hazard coverage-related questions correctly.

We found that homeowners have a good general sense of their coverage. For example, almost everyone knew that fire damage and theft losses are covered, however their knowledge of coverage for natural disasters was disappointing. For instance only 48 percent were aware that they were covered for wildfire damage, only 29 percent were aware that flood damage was not covered, and only 13 percent believe that terrorism damage is covered.

Low levels of consumer awareness can result in inadequate coverage, disappointment during the process of claim filing and handling, negative publicity for the insurance industry and lack of information about simple loss prevention procedures. There are options to address these concerns. For instance, insurers could include ICLR loss prevention information brochures in standard mailings to their policyholders.

Lessons from the blackout

On the first anniversary of the August 2003, Blackout ICLR researcher Dr. Brenda Murphy released the findings of her report regarding the current preparedness of Ontarians for a similar event. Dr. Murphy surveyed 1,203 Ontario residents regarding perspectives and activities pertaining to the blackout. The blackout left 50 million Canadians and Americans without electricity. With some going without power for over 48 hours.



A key finding of this research is that emergency preparedness is not a high priority for most people. For instance, although residents were generally aware that households share a significant part of the responsibility for emergency preparedness and most had the components of an emergency preparedness kit, they had not assembled them into one package. The research also indicated that respondents believe that both local and provincial governments should do more to effectively prepare communities for emergencies. One important opportunity to ensure continuing interest in emergency management and to increase our resilience to emergencies and disasters is to support government agency and research institute initiatives related to disaster mitigation and emergency preparedness.

Dr. Murphy's report is available under “publications” on the ICLR website.

Loss reduction seminars for insurers

We have launched our sixth year of loss reduction seminars for members. All sessions are held in Toronto from 1:30 to 3:30p.m.. In January, the first session focused on wildfire damage to homes. Some other sessions will include:

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| February 18 | Dr. Ron Stewart (Montreal) | Winter storms |
| March 18 | Dr. Jon Galsworthy (London) | Reducing wind damage to homes |
| April 22 | Diane McClure (Boston) | Reducing business continuity losses for small business |
| May 13 | Dr. Jean Andrey (Waterloo) | Road safety and severe weather |
| June 17 | Dr. Tara McGee (Edmonton) | Human dimensions of fire management |
| Sept 23 | Ron Bianci (Toronto) | Inside the Weather Network |
| Oct 21 | Chuck Vance (Tampa) | Fortified homes /designed for safer living |
| Nov 18 | Dr. Michael Bartlett (London) | Three Little Pigs project |

For further information about these and other upcoming sessions please contact Tracy Waddington at twaddington@iclr.org.