



Connecticut Insurance Department

STORM IRENE RESPONSE & RECOVERY

Prepared For The Shoreline Preservation Task Force

May 23, 2012



Storms, State & Industry

Connecticut risks, response and lessons learned

Impact on Insurance



Storm Irene

Connecticut's Risks

- Coastal Property: \$479.9 billion worth of property insured on CT coastline, 6th highest of 18 Atlantic states
- Value of insured coastal property: Comprises 64 % of all insured property in the state, 2nd only to FL
- Trees: Nearly 60% of CT is forested. One of the most heavily forested states, among the most densely populated



Storm Irene

PREPARATION – Long Range (Spring- Early Summer 2011)

- Updated contact list of industry catastrophe personnel
- Reviewed best practices of insurance departments in coastal states
- Surveyed industry to assess needs for quickest response
- Launched flexible Seasonal Risk Preparedness Web site:
 - ✓ Tips for claims filing and preparation
 - ✓ Links to NFIP, FEMA, state emergency sites
 - ✓ Policyholder FAQs
 - ✓ Industry guidance



Storm Irene

PREPARATION – Short Term: Irene A Week Away

August 24-26

- Redesigned Disaster Preparedness Page with Irene specific info
- Activated catastrophe licensing process
- Had credentialing reciprocity in place for adjuster access
- Did pre-emptive media interviews on anticipated coverage questions

Saturday, August 27

- Licensing division continued to process emergency applications
- Surveyed industry for number of adjusters in region ready to be mobilized
- Commissioner, P&C director at EOC throughout weekend

Sunday, August 28

- Irene hits



Storm Irene

RESPONSE/RECOVERY

- Continued emergency licensing
 - ✓4,200 emergency adjusters by Sept. 6
 - ✓5,587 by Oct. 25 (5 days before Nor'easter)
 - ✓6,685 total emergency licensees for both events
- Commissioner toured Cosey Beach
- P&C Director joined FEMA assessment teams
- Consumer affairs staff at Cosey Beach for follow-up meetings
- Daily communication with industry to assess needs



Storm Irene

RESPONSE/RECOVERY – Communications

- Updated Irene Web Page with:
 - ✓ List of 800-claims numbers
 - ✓ Locations of claims vans
 - ✓ List of companies not applying hurricane deductibles
 - ✓ Updated FAQs with Irene specific topics, flooding, trees, food spoilage
- Leveraged outreach with:
 - ✓ Governor's messaging & press conferences
 - ✓ Links to state Irene page
 - ✓ 2-1-1
 - ✓ Print & broadcast media
 - ✓ Facebook, Twitter



Storm Irene

Irene Recovery - By the numbers

Insurance Industry

Claims – 60,000+

Paid out – \$230 million

FEMA Individual Assistance*

Applications approved – 2,863

Assistance paid out – \$9 million

* (Source: DEMHS – May 7, 2012)



Storm Irene

Lessons Learned

- **Pre-emptive messaging and outreach, PSAs**
- **Collaboration/communication with state & federal agencies, industry**
- **Established new hurricane deductible guidelines – now in statute**
 - ✓ **64 carriers did not apply HD – more than 94% of market**
- **Web site upgrade underway for industry contacts and damage data**
- **Working with DESPP on credentialing for emergency adjusters**



Impact & Response

The Balancing Act

- Connecticut requires insurers to write in all areas
 - Industry cannot pick and choose
- Must balance consumer protection with industry solvency

Industry Concerns

- More costly storms
- More risk and more costly risk
- ✓ More people living on shoreline
 - ✓ Building bigger homes



Changing Demographics

1938

- Approx 1.1 million people lived in coastal counties

2000

- 2 million people in coastal counties

Today

- Two thirds of CT population live in the coastal counties



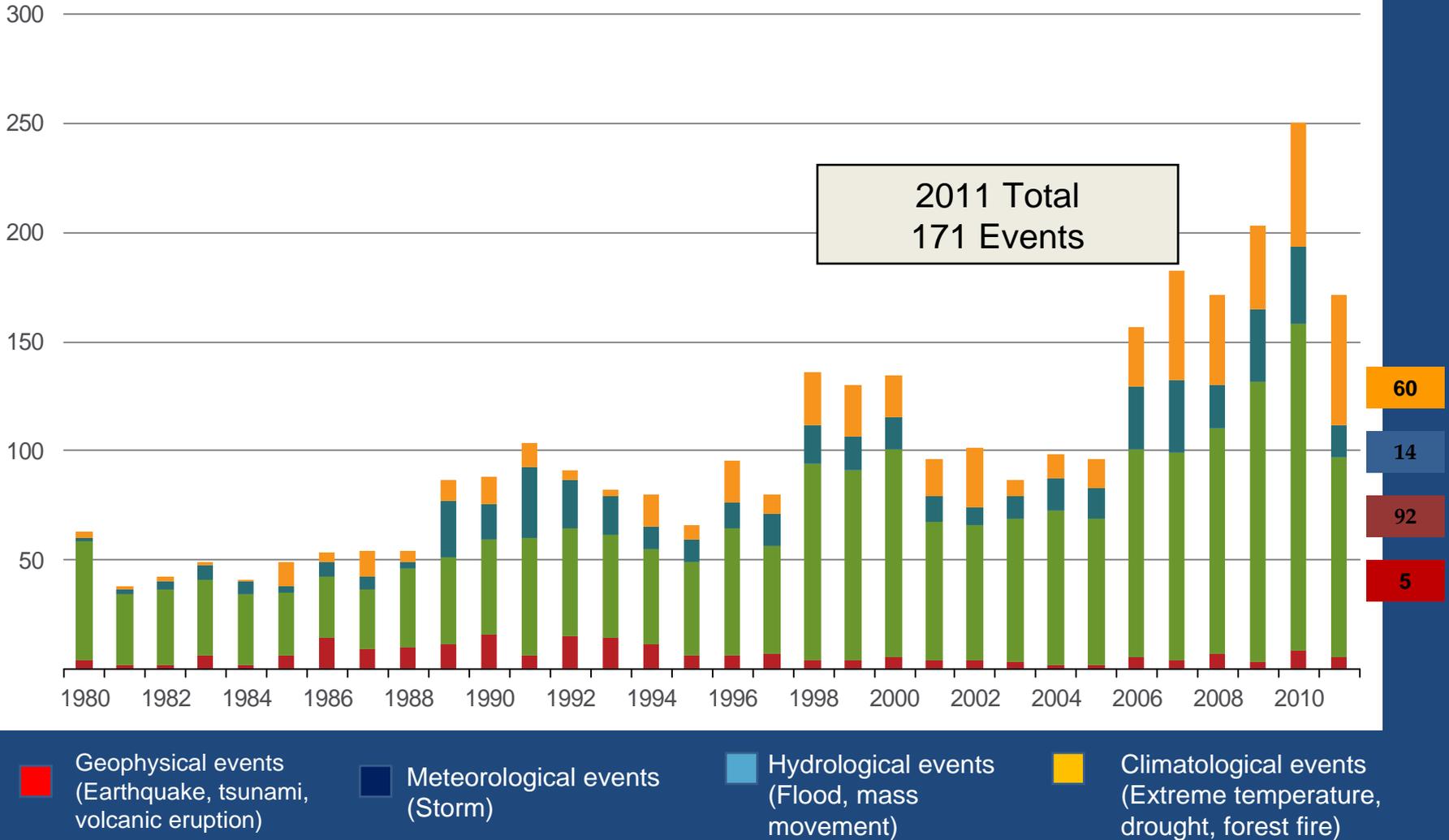
U.S. Catastrophe Losses 2011

- **\$50 Billion in *Economic* Losses**
More than double through same period in 2010
- **~\$25 Billion in *Insured* Losses from 100+ CAT Events**
Represents close to a tripling through same period in 2010

Source: Insurance Information Institute



U.S. Natural Disasters 1980-2011

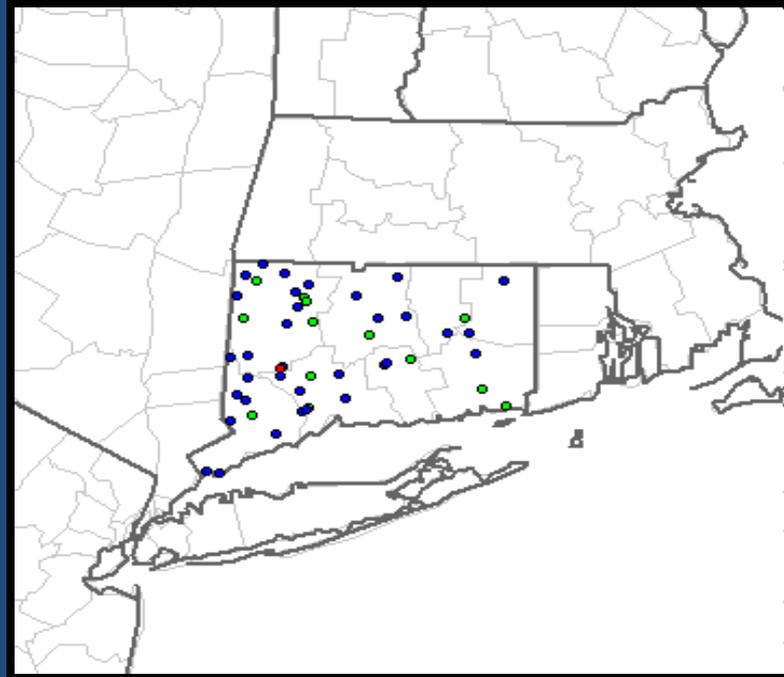




Connecticut Storms 2011

Total Reports = 71
Tornadoes = 1
Hail Reports = 25
Wind Reports = 45

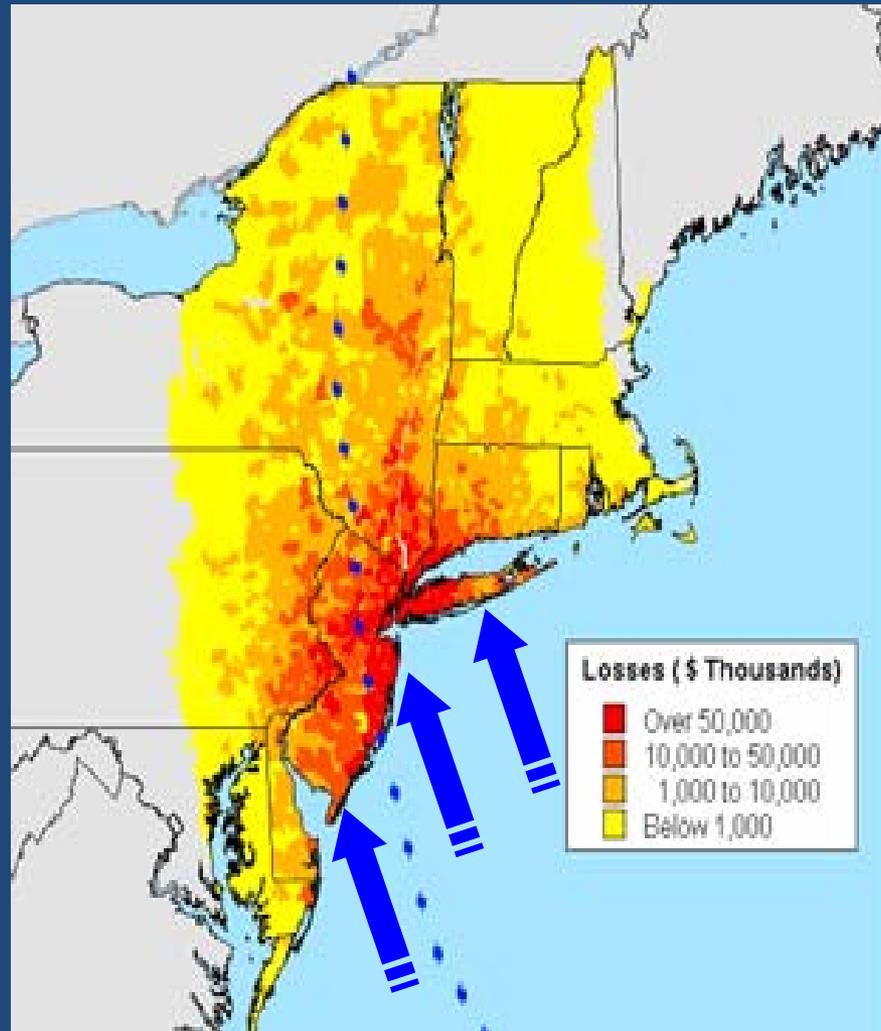
- **February Winter Storm**
\$165 million
- **March Wind/Thunderstorm**
\$9.5 million
- **Storm Irene**
\$230 million
\$8.6 million NFIP paid claims
- **October Nor'easter**
\$247 million



Sources: NOAA, ISO Property Claims Services



Potential of CAT 3-4 Storm

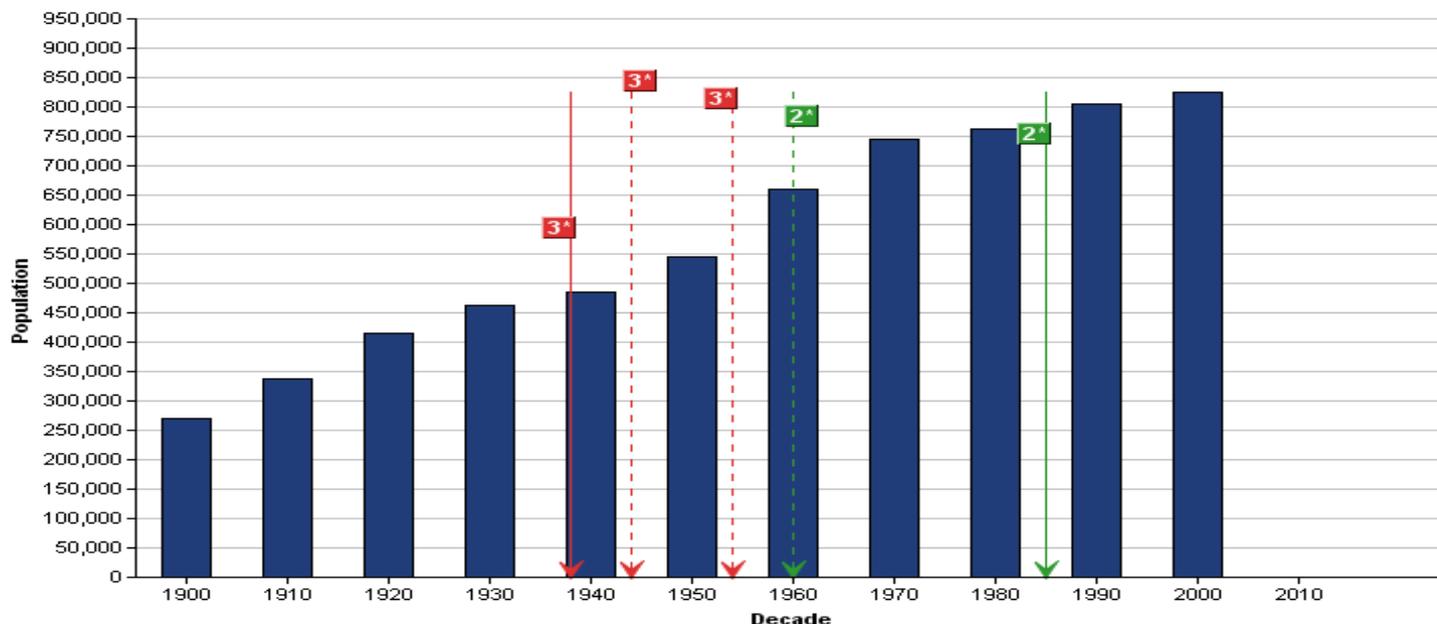


Source: AIR Worldwide



Hurricane Strike History

Hurricane Strikes vs Population for New Haven, Connecticut



Legend

- Hurricane Category 1-2
- Hurricane Category 3-5
- Storm moving faster than 30 m.p.h.
- Direct Strike
- Indirect Strike
- Conventional Landfall Storm (Moving from water to land)
- Exiting or Inland Storm (Moving from land to water)



Hurricane Strike Data: National Hurricane Center

Population Data: U.S. Census Bureau

NOTE: Population values may be missing in some counties, particularly for earlier periods. This is most often attributable to the fact that the county had not yet been established.

NOTE: There may be discrepancies between the strike data shown in this chart and the HURDAT strike data used in the Historical Hurricanes Tracks Tool.

The National Hurricane Center is currently updating the strike data used for these charts.

For more information visit http://www.aoml.noaa.gov/hrd/data_sub/re_anal.html

NOTE: Population data is current as of 2000 U.S. Census. X-axis on graphs depict years through 2010 to illustrate storms that have occurred from 2000-2006.



Industry Response

Higher premiums

Higher deductibles

Reinsurance costs

Lower limits

Exclusions

Non-renewal

Market withdrawal



Impact on Premiums

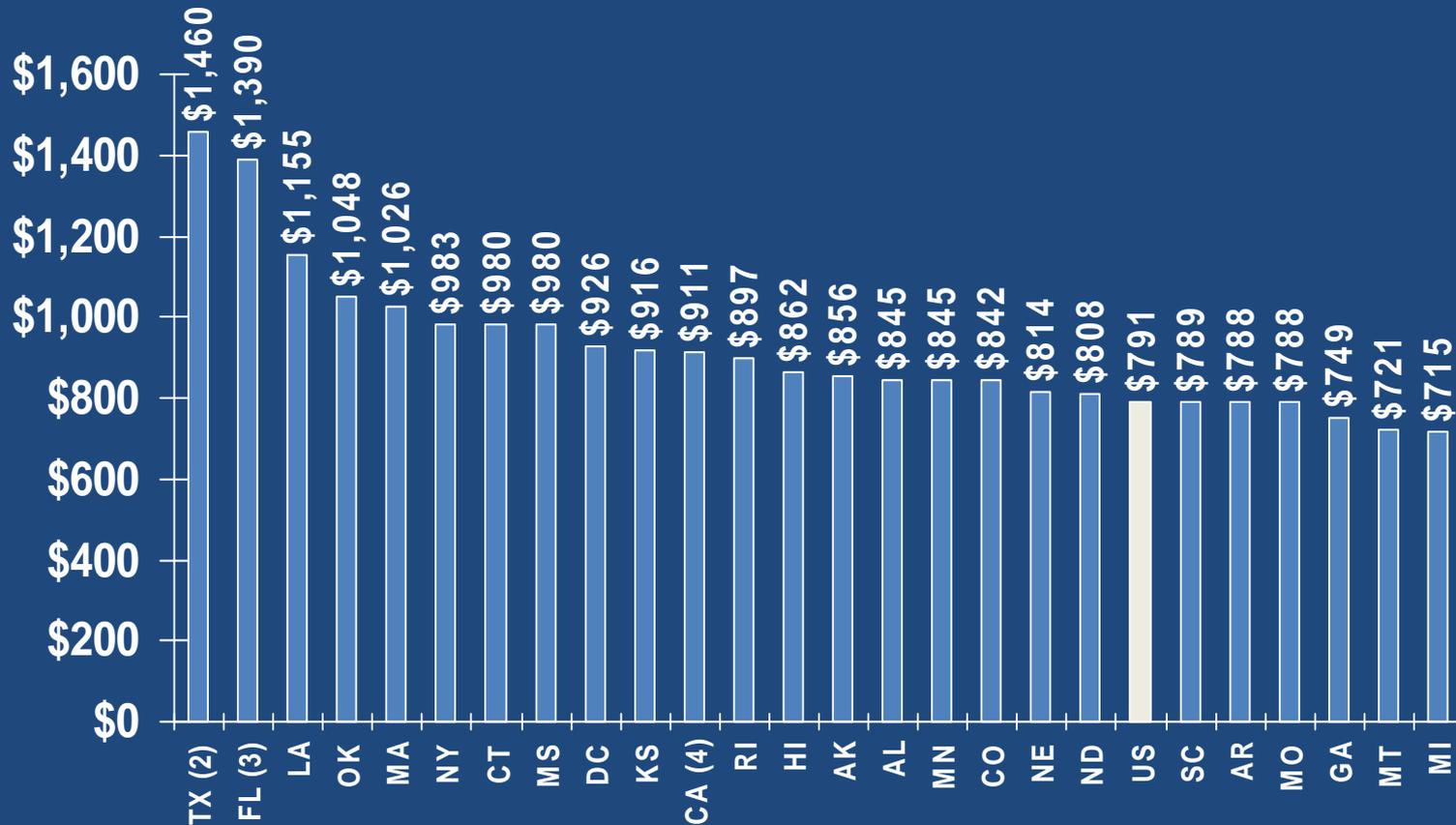
Homeowner insurance up 86.5 percent 2000-2010 despite little very little new construction.

Source: Insurance Information Institute





Average Home Premiums By State



Source: Insurance Information Institute



Proactive Steps

Building Codes

Land use

Disaster Preparation

Recovery/Resiliency

Broad-based Education

Public Policy



Institute for Business & Home Safety

Building code effectiveness

- CT ranked 6th of 18 coastal states
- 78% reduction in losses for “fortified” vs. non-fortified homes

Does “fortified” construction work....?



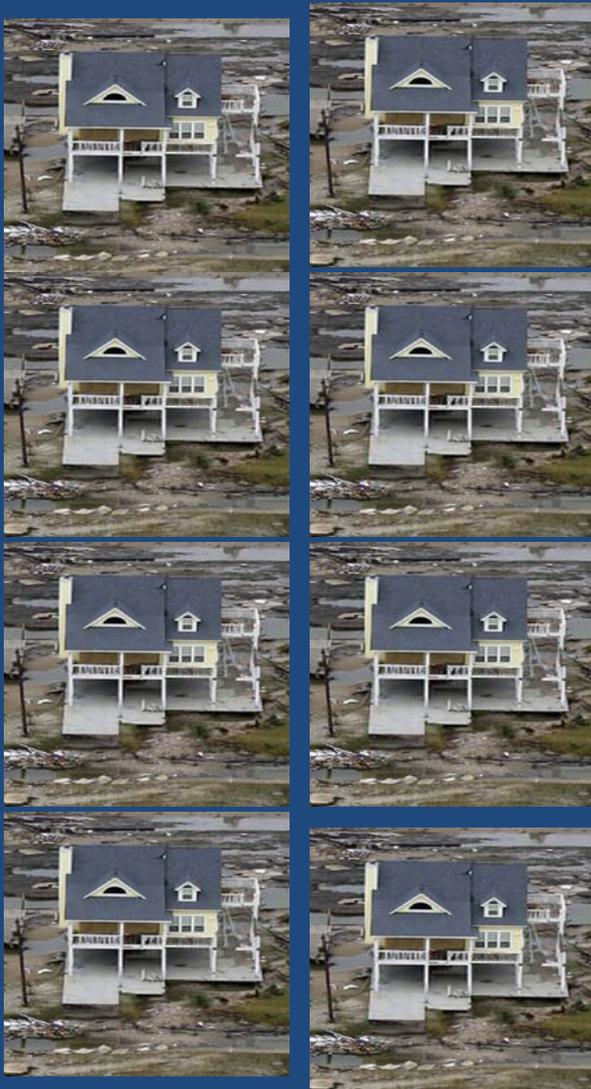
After Ike



Galveston, Texas – September, 2008



Stronger Homes, Stronger Market



- Fewer losses
- Carriers stay in the market
- Accessibility & affordability



High Risk Area
High Premiums
Carriers leave market
Few choices for consumers



CID – Recovery/Resiliency

CID co-chairs Statewide Recovery Task Force

Greater participation at EOC

Established Industry Advisory Council