

**COULD THE INSURANCE INDUSTRY
HELP MAKE FLOODPLAIN
MANAGEMENT SUSTAINABLE?**

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What flood problem?

- Protected by
 - Levees
 - Drains
 - Dams
- Denial
 - “It couldn’t happen again”
 - “There hasn’t been a flood since I’ve been here”
 - “I was all right last time.”
 - “100 years? I’ll be dead before then.”

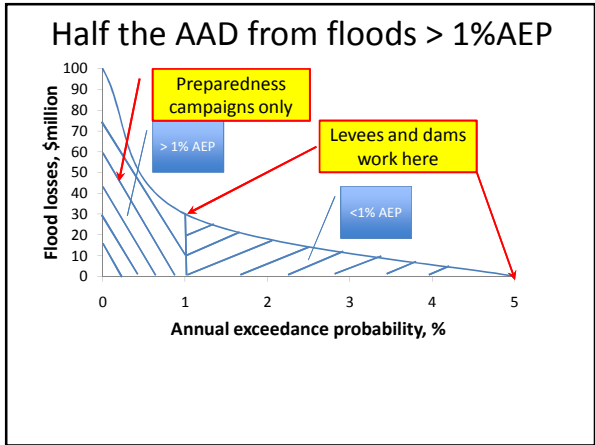
Some flood engineers ignore half the
problem?

- Very rarely above the 1% AEP level

TRUE

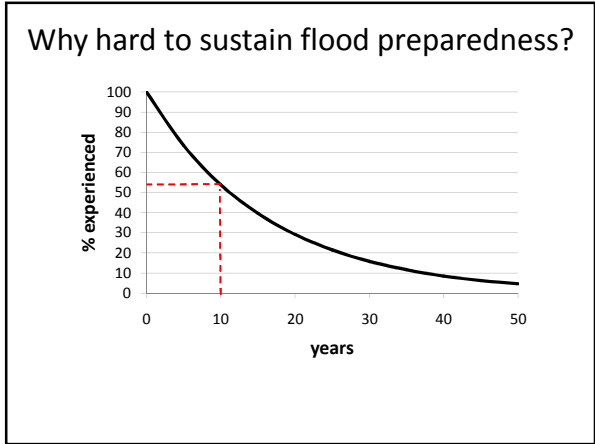
- So average annual damage (AAD) relatively
small

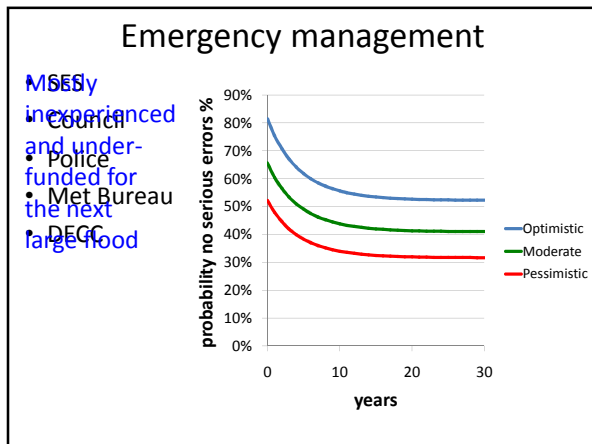
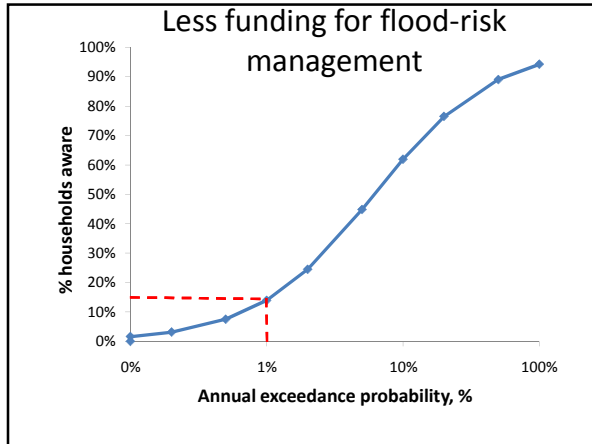
FALSE



**Improving preparedness economically
better than levees and dams**

- Benefit – cost ratio:
 - Levees, dams etc – 0.3:1 to 0.5:1
 - Improving preparedness – 3:1 to 5:1
- Why isn’t it being done?
 - Rare economic evaluations of preparedness strategies
 - Hard to keep preparedness campaigns going





- ### Who could insist?
- Insurance industry
 - More aware how much floods really costing
 - Increasingly want to reduce flood losses
 - Independent of government
 - Influential
 - Funding won't get diverted

How could insurance companies help?

- Automatically on Flood Committee?
- Ask one question:
- What is being done to sustain flood preparedness?
- Carrot: modest contribution to running secretariats of Committees?
- Stick: no continual preparedness campaign a breach of the Manual?

Summary

- Half the flood problem being neglected
- Very difficult to keep flood preparedness campaigns going
- Insurance industry could provide steady pressure