



Delegates and speakers of the HRMLF, which took place on the 21st and 22nd February, 2008, concurred that consideration of the following principles was essential for effective hurricane risk management going forward:

## Key Principles Emerging from the Forum

- 1) The number one focus of public policy should be reducing risk to human life.
- 2) Loss mitigation works. The science behind mitigation is clear. Properties built under current codes sustain dramatically less damage than do older buildings in hurricane conditions.
- 3) Risk must be reflected appropriately by insurance premiums, to communicate transparent signals about potential risks to life, property and environment through market-based prices, and to stimulate investment in cost-effective mitigation techniques
- 4) Sufficient capacity exists in the private insurance and capital markets to cover potential risks from natural perils.
- 5) New development in high-risk areas, and other conduct that increases risk, should not be subsidized, directly or indirectly.
- 6) Construction codes and risk mitigation products have been proven sound and effective. Enforcement of codes and of correct installation directly and significantly impacts loss reduction. Government should play an active role in research, standard-setting and enforcement.
- 7) Models give guidelines, not answers or absolute facts, and there is much good faith variance among models. This should be factored into policy-making.
- 8) There is still uncertainty around the science of hurricane research, and forecasting is still not absolutely accurate. This should be factored into policy-making. Further, increased investment in hurricane research is essential.
- 9) Outreach and educational programs such as My Safe Florida Home, South Carolina Safe Home, FLASH® and IBHS should be supported and encouraged.

10) One of the greatest challenges facing us is to make mitigation as accepted – and ultimately, demanded - by the public as buying a safe car or wearing a seat-belt. Much work needs to be done on consumer education using emotional as well as informational levers.

11) Policymakers should consider aiding needy current residents of hazard-prone areas to invest in the safety of their homes and to purchase adequate insurance coverage at risk-based rates. Any such support should be strictly means tested, should come from general public funding and not from insurance premium subsidies, and should include provisions to help avoid or minimize damage. There is no compelling public policy reason to cross-subsidize the affluent, or to encourage an increase in risk or contingent financial obligations.

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**“It’s property building that’s increasing losses, not atmospheric events.”** Karen Clark, CEO, Karen Clark & Company

**“Fundamentals about risk are its nonlinearity and its uncertainty.”** Sai Ravela, Professor and Research Scientist, Massachusetts Institute of Technology

**“If people have a choice between an extra bathroom or a mitigated house, help me make it compelling for them not to go for the extra bathroom...”**  
Kristin Beall, Contractor/TV Host

**“Together the insurance industry and the capital markets form an important force for risk capacity. Insurers provide expertise; investors provide capital.”**  
Aditya Dutt, Executive Director, Morgan Stanley

**“Our products are sound, but if they’re not used properly, there’s no point...”**  
Phillip Burton, VP & Branch Manager, Simpson Strong-Tie