



By
Scott Stephenson

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Looking back to the extreme weather impact of Sandy, health care officials in New York City, in advance of the storm, were trying to decide whether to evacuate hospitals. In the end, many chose not to move patients prior to the storm. Unfortunately, numerous hospitals were then catastrophically flooded and patients had to be moved during the worst of the barrage.

Certainly there are myriad variables that go into a situation like that, but as analytics become increasingly sophisticated, they will be able to help risk-bearing organizations, including insurers, develop appropriate prescriptions for

With models and technology constantly improving, relying on automated analytics tools is critical because climate situations can be complex, making it difficult to assimilate evolving data and draw conclusions quickly.

For example, when trying to understand the effects of a power outage, complex analytical tools can intersect the weather with the electrical grid. Models can include what may lie in the cross hairs, such as trees, and even simulate individual trees breaking or being uprooted onto the power lines serving specific groups of customers and policyholders.

Despite the widespread acknowledgement of corporate climate risks, many companies function with rudimentary risk

mitigation systems.

Today, rudimentary won't suffice. Analytical tools can allow us to understand when winds are expected to threaten specific properties, when power can be restored, or at what times flooded roads can once again be used to access affected areas.

All of these data points can help inform numerous decisions, from evacuation to recovery, and include judicious, timely claims settlement and property reconstruction, so people and communities can get back on their feet.

Consider a 2013 report from the World Economic Forum that estimates economic losses from Sandy at \$70 billion for just New York and New Jersey. As severe weather events continue to escalate, it is mission-critical for companies to look beyond forecasts and embrace predictive analytics.

Some uncertainty will always remain when it comes to climate events. But the accuracy of advanced analytics can help mitigate the business damage and human toll caused by disasters.

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Eyes of the Storm

Insight: Models can include what may lie in the cross hairs, such as trees falling onto power lines.

Powerful analytics can help insurers predict and mitigate climate-based losses.

mitigating risk—by providing the contextual detailing that can better inform decisions. Further, businesses must scrutinize their operations to incorporate both first- and second-tier dependencies in their risk mitigation plans.

Today's advanced climate models are capable of effectively projecting the impact of storms as they get closer to coastlines or geographic regions. Such models can assess the total number of policyholders expected to be affected, when an event is expected to worsen, or when it will be safe for insurance personnel to move into the area.

The models often are able to get down to an individual building level, facilitating a preplanning process and allowing companies to communicate proactively with policyholders so they can take certain loss-control measures—such as boarding windows, reducing the chance of fire, and so on—to mitigate damage.

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