



The H. John Heinz III Center for Science,  
Economics and the Environment

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**LEADING INSURERS, PUBLIC OFFICIALS AND ENVIRONMENTAL  
GROUPS CALL FOR BOLD ACTION TO ADAPT TO CHANGING  
CLIMATE TRENDS TO PROTECT AMERICA'S COASTLINES**

**Resilient Coasts Blueprint Outlines Steps to Reduce Risks and Losses in Face of  
Growing Threats**

WASHINGTON & BOSTON—As another hurricane season approaches and government leaders debate U.S. climate policy, a first-ever coalition of leading insurers, public officials, risk experts, builders and conservation groups today announced a bold blueprint of policy changes and common sense actions that could reduce economic losses from future storms and rising sea levels by as much as half along U.S. coastlines. The coalition urges the Obama Administration, Congress, local leaders and the private sector to see that these actions are implemented through regulation, investment, education and other means.

“Our coasts are threatened, there are reasonable steps to counter those threats, and we as a nation are not yet taking them,” states the *Resilient Coasts Blueprint*, which identifies critical steps from fine-tuning climate risk models to predict rising seas and powerful storms; to preserving vital, storm-buffering wetland areas; to strengthening building codes to reduce hurricane losses. “Evidence shows we can reduce our risks and our costs by 50 percent or more.”

Directed by The Heinz Center and Ceres, the blueprint was endorsed today by a diverse group, including The Travelers Institute, The Nature Conservancy, National Oceanic and Atmospheric Administration, the Wharton School, and the Mayor of Charleston, S.C.

“Our policymakers need to make wise and tough decisions, and this consensus blueprint provides an important roadmap for collaboration to address increasing hazards along our shores,” said Deb Callahan, president of The Heinz Center.

“The people of Charleston, South Carolina, are already combating rising seas,” said Charleston Mayor Joe Riley, noting that one foot of sea level rise would inundate some of the state’s shoreline areas up to a half-mile inland. “Charleston is one of our nation’s treasures, and without serious action today to confront these risks it—and many other American cities—faces an uncertain future. The pressures on our coast will continue unabated, making regional planning essential to shape growth and to protect our social, economic and natural well being.”

A 2008 assessment by the Wharton School’s Risk Center shows fast-rising economic losses worldwide from hurricanes and other natural catastrophes, with many of the biggest impacts along coastal areas. Losses have increased from just over \$50 billion in the 1950s to nearly \$800 billion in the 1990s, with about \$620.6 billion so far in the current decade. Last year’s losses exceeded \$200 billion, including \$40 billion in losses from Hurricanes Gustav and Ike in the U.S. alone.

“Investors are increasingly exposed to economic losses fueled by coastal development that ignores the intensifying hazards from rising sea levels and stronger coastal storms,” said Mindy S. Lubber, president of Ceres, a leading coalition of investors and environmental groups working on sustainability challenges such as climate change. “Reducing risks along the coasts will protect vulnerable populations and the long-term value of investments at the same time.”

Noting that the Gulf and Atlantic coasts have nearly \$9 trillion of insured coastal property, coalition members called on investors to take stock of their coastal exposure, especially in real estate and infrastructure, and for banks to include climate risks in lending- and investment-related due diligence.

“The Travelers Institute’s support of the Resilient Coasts Initiative reflects its deep belief that loss mitigation, strong and well enforced building codes, and sensible land use planning are critical to reducing risk to life and property as well as to making private insurance more plentiful in coastal areas,” said Joan Woodward, Travelers executive vice president of public policy. “Because of the critical nature of its work, the Resilient Coasts Initiative is the first project to receive the support of the newly created Travelers Institute, which was established to participate in public policy dialogue on matters of interest to the insurance marketplace and contribute to solutions on a wide range of issues that face our customers and the communities we serve.”

The blueprint’s specific recommendations include:

- Enabling planning for climate impacts by providing the necessary science and decision-making tools;
- Requiring risk-based land use planning;
- Designing adaptable infrastructure and building code standards to meet future risk;
- Strengthening ecosystems as part of a risk mitigation strategy;

- Developing flexible adaptation plans;
- Maintaining a viable private property and casualty insurance market;
- Integrating climate change impacts into due diligence for investment and lending.

An increasing number of studies underscore the value of reducing coastal vulnerabilities. A Wharton study concludes that homeowners in Florida could reduce losses from a severe hurricane by 61 percent, resulting in \$51 billion in savings, simply by building to strong construction codes. South Carolina, New York and Texas would see savings of 44 percent, 39 percent and 34 percent, respectively, according to the same study. Similarly, the National Institute of Building Sciences shows that every dollar spent on mitigation saves society about four dollars on recovery costs. Despite this evidence, nearly all U.S. coastal cities and towns lack adequate land use requirements and building code standards to realize these savings.

The blueprint cites the example of 500 commercial clients of the insurer FM Global, which experienced about 85 percent less damage from Hurricane Katrina as similarly situated properties. The reduced losses were directly the result of building retrofits and other hurricane loss prevention and preparedness measures taken by the insurer's 500 policyholders. The investment return was striking—a \$2.5 million investment in loss prevention resulted in \$500 million in avoided losses.

The blueprint comes as debate is intensifying in Congress over climate adaptation. The recently announced draft Waxman/Markey climate and energy bill would require states and federal agencies to develop climate adaptation plans, create dedicated funds for ecosystem adaptation efforts and establish a National Climate Service to create climate data and adaptation support tools for local governments.

“It is high time to address the impacts of severe weather and rising seas on the lives and livelihoods of coastal citizens,” said the Heinz Center’s Callahan. “This blueprint provides thoughtful, multi-sector guidance as Congress defines a national strategy for a more resilient future.”

### **About the Heinz Center**

Established in December 1995 in honor of Senator H. John Heinz III, **the H. John Heinz III Center for Science, Economics and the Environment**

(<http://www.heinzcenter.org/>) is a nonprofit, nonpartisan institution dedicated to improving the scientific and economic foundation for environmental policy through multisectoral collaboration. Focusing on issues that are likely to confront policymakers, the Center creates and fosters collaboration among industry, environmental organizations, academia, and government in each of its program areas and projects. In this, the Center is carrying out the legacy of Senator Heinz.

### **About Ceres**

**Ceres** (<http://www.ceres.org>) is a leading coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability

challenges such as global climate change. Ceres coordinates the Investor Network on Climate Risk (INCR), a group of 80 institutional investors and investment firms with collective assets totaling more than \$7 trillion.

**About The Travelers Institute**

The Travelers Institute, created by The Travelers Companies, Inc. (NYSE: TRV), seeks to be a thought leader on public policy topics of importance to the insurance marketplace. The Institute draws upon the industry expertise of Travelers' senior management and the technical expertise of many of Travelers' underwriters, risk managers, and other experts to provide information and analysis to public policy makers and regulators. The Institute partners with academic and non-profit institutions throughout the world to host discussion forums regarding topics of interest to the insurance marketplace. Travelers is a leading provider of property casualty insurance for auto, home and business. For more information, visit [www.travelers.com](http://www.travelers.com).

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