

Kicking Off Hurricane Preparedness Season 2013

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Attendees listen to the “Kicking Off Hurricane Preparedness Season 2013” panel discussion at the NYSE.

On May 31, 2013, in partnership with NYSE Euronext, the Wharton School, and the Partnership for New York City, the Travelers Institute convened disaster preparedness professionals, business and community leaders, and government officials at the New York Stock Exchange for the third annual “Kicking Off Hurricane Preparedness Season” symposium to highlight key lessons learned from Storm Sandy. Held on the eve of the start of the 2013 hurricane season, the event highlighted how the City of New York and NYSE successfully prepared for, and quickly resumed operation following, the storm and provided disaster preparedness tips and insurance education information.

The symposium began with welcoming remarks by Larry Leibowitz, NYSE Chief Operating Officer, who spoke about the NYSE as a symbol of the financial markets and resiliency. He reflected on how following September 11 and Storm Sandy, the reopening of the financial markets and the Exchange became a symbol of things returning to normal. He also spoke about the importance of companies planning ahead for disaster, emphasizing that the companies that withstand disaster do so not because of good fortune, but because of hard work, advance planning and willingness to invest in contingencies.

He also made the point that companies can not plan for every possible scenario, so it is important to have the right teams in place so they can have the flexibility to manage the disaster as it occurs and coordinate with the federal, state and city officials in their disaster plans.

Joan Woodward, Travelers Executive Vice President, Public Policy, and President of the Travelers Institute, reviewed the remarkable statistics of Storm Sandy, reminding attendees of the magnitude and scope of the storm. New York City had not seen a storm like Sandy since 1960 when Hurricane Donna hit Long Island. Storm Sandy had a 13-foot surge in some areas, and according to the Insurance Information Institute, caused more than 1 million homeowners insurance claims, more than 250,000 auto insurance claims and more than 200,000 business insurance claims. Only Hurricanes Andrew and Katrina have produced more insured losses. Woodward shared with the attendees that the Travelers Institute holds the event annually to bring together stakeholders to pause and examine what can be done better before the next hurricane season. She also shared the Travelers lesson learned from Storm Sandy – that consumers need and want help understanding how insurance works and how to buy



Seth Pinsky, President of the New York City Economic Development Corporation, and Director of New York City Mayor Michael Bloomberg's Special Initiative for Rebuilding & Resiliency

the right policies to protect themselves and their families. She announced a new, multi-year consumer insurance education program led by the Travelers Institute, which is comprised of a national symposia series and a print and electronic toolkit of insurance information called the [Insurance Guide](#).

Seth Pinsky, President of the New York City Economic Development Corporation, and Director of New York City Mayor Michael Bloomberg's Special Initiative for Rebuilding & Resiliency, delivered the keynote address. Pinsky's comments previewed the release of the Special Initiative for Rebuilding & Resiliency's report addressing the challenges of rebuilding local communities impacted by Storm Sandy, as well as improving critical citywide systems and infrastructure in order to bolster resiliency. Pinsky explained that the report will answer three questions—what happened during Sandy and why, what could happen in the future, and how should the City rebuild post-Sandy and prepare for the future. He described workshops hosted across the City to connect with elected officials, community groups and the public at large on these important questions.

Looking to the future, Pinsky said Sandy should serve as a reminder that the City is vulnerable and perhaps more so than once thought. The damage assessed against FEMA's 1983 flood maps shows that more than half of all impacted buildings lay outside the 100-year floodplain. FEMA, he said, had been in the process of updating the maps when the storm hit. Interim maps were released just after the storm, vastly increasing the number of residents, jobs and buildings that could be affected. Pinsky underscored the importance of public education around these weather-related risks, saying we need to look at risks based on

science to understand what the challenges are. One problem, he said, is that these issues seem so overwhelming that people want to bury their heads in the sand. He concluded by saying that the City's forthcoming plans will be ambitious but achievable, acknowledging and stretching limited resources to maximize impact. (The City of New York released its report, "A Stronger, More Resilient New York," on June 11, 2013.)

Following Pinsky's speech, Woodward moderated a panel discussion entitled, "Lessons Learned from Storm Sandy—Preparedness, Response and Recovery," which included:

- Howard Kunreuther, Professor of Decision Sciences and Business and Public Policy at the Wharton School of the University of Pennsylvania and Co-Director of the Wharton Risk Management and Decision Processes Center
- Jim McConnell, Assistant Commissioner for Strategic Data, NYC Office of Emergency Management
- Joe Mecane, Executive Vice President and Head of Cash Execution, NYSE Euronext
- Robert Walsh, Commissioner of the NYC Department of Small Business Services (SBS)



L to R: Joe Mecane, NYSE; Howard Kunreuther, the Wharton School; Joan Woodward, Travelers Institute; Robert Walsh, City of New York Small Business Services; and Jim McConnell, City of New York Office of Emergency Management

Before the panel discussion began, Woodward polled the audience via electronic polling devices to gauge how prepared they are for a natural disaster. The audience responded:

- 35% have a home survival kit
- 16% have a documented contents inventory of their household belongings
- 28% have a disaster evacuation plan
- 76% have a business continuity plan/know their company's plan



Joan Woodward, Travelers Institute President

Woodward provided tips from Travelers risk control experts for preparing disaster survival kits, evacuation plans and a documented contents inventory. Step-by-step planning guides are available at [Travelers Prepare and Prevent](#).

Mecane described the experience at the New York Stock Exchange in lower Manhattan during Sandy. Mecane has led the development of key components of the NYSE Business Continuity and Disaster Recovery programs. Mecane recounted that although the NYSE had a disaster preparedness plan, there are some details that you might not consider until you are in the middle of a crisis. He described transportation challenges as one example. The financial markets reopened before public transportation, which made it difficult for people to get to work. Mecane went on to say that a few dedicated employees slept at the Exchange's Manhattan headquarters to run a command center, and the company did not have all the supplies needed to support these individuals. This is something currently being built into its disaster recovery plan. He also described how the company has very good remote capabilities, but since most employees' home Internet was down, most people were using their smart phones to conduct business. The NYSE is now looking at how it can provide solar chargers as well as temporary Wi-Fi locations for employees. Mecane reflected that while it's good to have disaster recovery plans, these plans need to be tested before a storm is imminent to reduce the issues that come to light during the height of a crisis.

Kunreuther discussed his research on human behavior related to risk and how it explains our lack of preparedness for these types of natural catastrophes. All the evidence says that people do not think a disaster is going to happen to them, he said, citing that less than 30 percent of people in the areas affected by Sandy had flood insurance even though many were required by their mortgage lender to have it. Kunreuther described how demand

for insurance goes up after an event, but after a few years without a loss people tend to determine that it's not worth the cost and unfortunately drop their coverage. He is an advocate for requiring flood insurance coverage for the life of the house to reduce the number of people who opt to drop coverage. He complimented New York City and the Bloomberg administration for trying to create more resilient communities and taking a long-term approach to the disaster recovery.



Howard Kunreuther, the Wharton School; and Joe Mecane, NYSE

Following Kunreuther's remarks, Woodward also polled the audience on the National Flood Insurance Program to gauge their knowledge on flood zones and flood insurance coverage.

- 30% knew that everyone lives in a flood zone – either a low, moderate or high risk area
- 94% knew that homeowners insurance does not cover flooding
- 22% have a National Flood Insurance Program insurance policy

McConnell spoke about how the City prepared for and learned from Hurricane Irene in 2011, but how they still were not entirely prepared for the massive recovery efforts required for Sandy, as the storm's scale was much larger than anyone had experienced. He spoke about how the City had to quickly expand its recovery efforts after the storm hit. OEM is concerned with life safety issues, and one of its key lessons learned from Sandy was the need to redesign the city's evacuation zones based upon the National Hurricane Center's revised modeling to reflect storm surge height estimates and wind direction or bearing (e.g., a storm traveling toward NYC in a NW direction will result in much more surge than one with a NE direction). The City now has six evacuation zones with each zone holding 500,000 people, which will provide more flexibility when deciding which regions need to be evacuated during future storms. He also spoke about



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the challenges of the weather service’s terminology – hurricane vs. tropical storm – and how technically there were no hurricane warnings issued for Sandy. Moving forward, the City will issue a storm surge warning regardless of how the storm is classified by the weather service.

Walsh began his remarks by acknowledging the hard work by the City’s chamber of commerce presidents in helping their communities recover. He spoke about the \$25 million in low-interest loans and grants that SBS is distributing to get the city’s businesses back up and running. The office will continue to provide loans, some with just a one percent interest rate, for the next five to seven years. The SBS team has been going door to door throughout the five boroughs to ensure businesses know of the services available to help them recover. The office has set up business solution centers in each of the five boroughs to help businesses with the paperwork required to obtain the available funds. He also spoke about the role community-based organizations have played in the recovery – neighborhoods with established, active community-based organizations are the communities bouncing back most quickly. He concluded his remarks by encouraging all in the audience to get out and support the neighborhood businesses and restaurants that have reopened in impacted areas of the City.

Woodward also turned to Nancy Ploeger, President of the Manhattan Chamber of Commerce; Jack Friedman, President of the Queens Chamber of Commerce; Linda Baran, President of the Staten Island Chamber of Commerce; and Carlo Scissura, President of the Brooklyn Chamber of Commerce to hear their lessons learned from Sandy. The comments included:

- There is a need for a disaster portal where all City agencies put information so businesses know where to go to find what they need to get assistance.
- Other communities that have been struck by disaster can be great resources and should be leveraged; for example, the Joplin Missouri Chamber had many helpful suggestions for getting businesses back up and running.
- Needs change quickly – be prepared to transition quickly.
- Businesses need help understanding the importance of contingency plans and the resources necessary to build strong plans.
- Part of disaster preparedness is having the right insurance coverage and understanding insurance policies – this needs to be built into disaster preparedness education.

Woodward concluded the discussion by reiterating that Storm Sandy has provided many teachable moments, and we all need to take what we have learned and apply it before the next storm. She encouraged attendees to follow the Travelers Institute’s consumer insurance education initiative and share the information compiled in the [Insurance Guide](#) toolkit.



Michael Simas of the Partnership for New York City asks a question of the panel.