

Risk Management

New Hampshire Coastal Risk & Hazards Commission (RSA 483-E)

Presented by:

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Managing Risk:

If it is predictable . . .

. . . it is preventable!

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Classic Risk Management Model

1. Risk Identification
2. Risk Assessment
3. Risk Control Techniques
4. Risk Management Monitoring

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1. Risk Identification

<u><i>Method</i></u>	<u><i>Example</i></u>
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Prior experience	Past NH events
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Experiences of others	Superstorm Sandy
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Research/science	LiDAR, COAST
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Wisdom	Imagine the possibilities
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2. Risk Assessment

$$\frac{\text{Likelihood of occurrence} \times \text{Projected impacts}}{\text{Expected loss}}$$

(Goal – Set priorities for action)

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3. Risk Control Techniques

<u>Method</u>	<u>Applicability</u>
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Avoidance	Little
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Transfer	Limited
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Control Measures	Highest
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Insurance:

A form of risk transfer

- Financial component only
- Limited remedy
- Multitude of providers (FEMA/NFIP, public entity risk pools, commercial, homeowners)
- Variations in coverages

Insurance is reactive, not proactive

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GAO

United States Government Accountability Office
Report to Congressional Committees

January 2014

FLOOD INSURANCE

Strategies for
Increasing Private
Sector Involvement

GAO-14-127

Reported stakeholder conditions:

1. Accurately assess risk to determine premium rates
2. Charge premium rates that reflect the full estimated risk
3. Sufficient consumer participation to properly manage and diversify their risk

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Control Measures

Possible Examples

- Legislation
- Rulemaking
- Ordinances
- Policy
- Planning
- Awareness
- Education
- Engineering
- Enforcement
- Training/Drills

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Economics of Climate Change Adaptation (ECA)

2009: Swiss Re and other leading organizations developed a methodology to quantify local climate risks

Up to 68% of climate change generated losses can be avoided with cost-effective adaptive measures.

http://media.swissre.com/documents/sigma1_2014_en.pdf



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Recommendations

1. Establish appropriate parameters for decision-making
2. Develop control measures that are:
 - Well reasoned
 - Defensible
 - Performance-based
 - Able to be consistently applied

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