

# THE PROMISE OF PROPERTY LOSS MITIGATION: WHERE WE ARE GOING AND WHAT IT WILL LOOK LIKE WHEN WE GET THERE

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Good afternoon. Our conference this year focuses on the intersection between environmental sustainability and disaster resistance: "Going Green and Building Strong." While we were preparing for all of the events this week, I was thinking about how far the "green" building movement has come. About the wide acceptance of "green" technology – and the now ongoing societal race to build, retrofit and live "green". That led me to think about our own future in the property mitigation area.

Another recent event that had me mulling the future was the Insurance Institute for Highway Safety's 50th anniversary celebration. That event was a wonderful tribute to a very successful organization. Without question, the IIHS has transformed the way that autos are engineered, and the way drivers and passengers interact with vehicles and the roadway.

As many of you know, I worked at the IIHS, and served on their Board for many years. It was at IIHS that I really came to understand the essential and beneficial link between research and safety – or loss control. While I was at the IIHS event, listening to speeches about IIHS and their remarkable achievements, I had a couple of thoughts: on the one hand, I was proud to have been associated with IIHS, and even prouder to be at the anniversary celebration representing IBHS; on the other hand, I was thinking about how IBHS is now starting to move quickly down a newly re-defined applied research path of our own, hoping and planning our own remarkable achievements in the property loss mitigation arena.

It was comforting to see and talk with many of the other attendees at the IIHS celebration. Their pride, enthusiasm, passion and commitment to loss prevention were obvious – and energizing. They all want more success. They weren't saying, "OK, that's it. We've done some great things, and we can rest." They are going to push IIHS to do even more and reach beyond the incredible things they already have accomplished.

And yes, they all have high expectations of IBHS and are anxious to see where we will be on our 50th anniversary. Sitting there, I realized that I was in a room full of mitigation junkies – or maybe mitigation evangelists. And I am one of them; they are my people.

My people don't understand why everyone doesn't see the simple, obvious beauty of mitigation. We want effective mitigation everywhere across the country, and for everyone, regardless of the value of their assets. We know that those assets – which are homes and businesses in the IBHS world – deserve protection. As do the families, businesses, and communities attached to those assets. We can't understand why everyone doesn't see the world the way we do, because we know with certainty that if mitigation was truly a core public value, the world would be a much safer, better and happier place.

Maybe you are one of us "Mitigationites." Your presence here certainly suggests that you either are already a believer or you want to be a believer...

In any event, let me talk to you as though we're all on this journey together, side by side. We're all Mitigationites, and we can't wait to see what lies ahead and the success we'll have in making the world a

better place. The IBHS 50th anniversary is about 18 years away. I don't want to rush our lives away; but we may not all be together again then for a look back at how much property loss mitigation potential has become reality. So, I thought today, we should pause and take a look at how far we've already come, and talk about where we are going and what we'll find when we get there. A preview of IBHS at 50 years old, if you will.

First, where we are today... I believe that today, we Mitigationites are poised and standing on the brink of incredible things. This is our dawn. We have so much success ahead of us, and it is based on some very, very hard work done by many other individuals; some of whom are in this room. They have been toiling away in the loss prevention, control and reduction fields for years – both at IBHS and elsewhere. A large number of the people on whose shoulders we stand, and from which we will leap forward, are insurance company and reinsurance company executives.

A quick digression about insurance and mitigation... Yes, safety can be good for individual insurance companies' bottom lines, primarily because where workers, homeowners, business owners and others have put safety systems into place, losses to property and people decline. However, this is not a one-way, self-serving venture for insurers.

It is equally true that where losses decline, workers and home and business owners benefit directly – because they can avoid the terrible financial, emotional and other strains that losses to property and people cause. Consumers and businesses have definite personalized stakes in effective loss prevention and reduction.

Mitigation is a win-win situation for insurers and policyholders. And if you count the savings that accrue to government agencies at the county, federal, local and state levels, it is a win-win-win-win proposition.

We have set ourselves a task: to build on this win-win-win-win premise and the tremendous work already done over many years to improve the resiliency of structures and contents to natural and man-made forces.

Our task now is to take a quantum leap. To move not just to the next level of success, but to move several levels upward. To drive and drive and drive until we meet with broad-scale success in adapting our built environment so, that it really is resistant when it comes to a variety of natural and man-made perils.

Wind and water. Fire. Hail. Ice and snow. Earthquakes. These are our enemies. We cannot prevent their attacks. But we can thwart them. We can make sure they do not defeat us and our communities. We can make sure that homes and businesses are resilient.

By the way, we have set ourselves this task at a critical time for our society. More people and property than ever before are directly in harm's way.

Fifty percent of the U.S. population lives within 50 miles of a coast. One out of every three housing units in the contiguous U.S. is now located in the Wildland Urban Interface, where wildfires rage.

Approximately 29 percent of the nation's population lived in a county that experienced at least one hurricane in the last 25 years. We have more than 3,000 hailstorms in this county each year, and that hail pounds homes, businesses, and vehicles again and again.

There is about \$9 trillion of insured property sitting along our nation's hurricane-exposed Gulf and Atlantic Coasts. And global climate change will exacerbate this situation.

And, approximately 41 percent of the U.S. population lives in a county that face medium to high earthquake risk.

In other words, this is a really big challenge – an incredible task.

So we'd better get started in earnest and keep our shoulders to the wheel, because we have a lot of work ahead of us. Oh, and we'll need a game-changer. Something that helps push progress harder and faster than it has come in the past.

This is where our new IBHS Research Center comes in. We'll be talking about the IBHS lab over the next few days, and I'm happy to answer any questions about the facility today, but let me be clear about the research center right now.

It is a game-changer. It is transformative. The work that goes on there will have a huge impact on our society. Everyone associated with its creation should be very proud – and anyone who is not associated with it should want to be. It is that exciting.

This lab will produce meticulous, rigorous applied science that will influence building design, construction, rehabilitation, renovation, and recovery. The investment that about 50 insurance, reinsurance and brokerage companies are making to build the lab is impressive – and we have no doubt that they will see impressive short- and long-term returns, and results once the lab is up and running, beginning next year.

Now, let's talk about what our future will look like...

In this future, the IBHS Research Center's objective, transparent testing has provided the factual and visual bases needed to sort out which building materials, systems and techniques really can reduce or prevent losses associated with specific perils.

Strong, appropriate building codes will be in place – and well enforced – in every jurisdiction in the land.

Mortgage lenders, property appraisers, developers and Realtors all see and recognize the value of stronger, safer homes and commercial buildings. These buildings are worth much more in the marketplace than less well-built structures.

Consumers appreciate the value proposition of stronger, safer structures – when they look to construct something new, or move into an existing building.

The environmental community accepts that “green” building and mitigation are very much aligned.

People have stopped building in places that constantly flood, and there are real costs or other disincentives to building in other environmentally sensitive or protective areas. Government “weatherization” grants and loans exist side by side with extensive programs to provide tax breaks and government funds to prevent homes and businesses from becoming landfill, or greatly enlarging someone's carbon footprint by burning to the ground.

Everyone views mitigation as a good investment, and feels confident that they will reap financial and personal rewards for strengthening their homes, businesses, and communities.

...and of course, we will have found another word for “mitigation” – one that doesn't sound like “litigation” and is easy for kids to understand... Something for the communications folks out there to take on now, so we'll be ready...

It will be a beautiful future. But make no mistake – that future will have been hard fought, and hard won. And it will have been worth the battle. It will be satisfying, and the weird thing will be that the millions of beneficiaries of our work will never know what we did for them or even who we are or were. They'll just accept mitigation the way my nieces and nephews accept computers. It is just a part of life.

So today, while we are all together, and while we are knee-deep in setting the stage for this wonderful future, let's pause. Right now, let's celebrate that we have the opportunity to – and will – make things better for coming generations of property owners and renters. We will save lives and property, while helping to preserve the natural environment. We will leave our mark for posterity by being a force for improving public safety and community resilience.

We Mitigationites are part of something much bigger than ourselves, and we should be proud now. And we should know that, without a doubt, those who stand together to celebrate IBHS' 50th anniversary in 18 years will look back on us and toast our shared success.

Thank you.