

NEWS RELEASE

The Travelers Institute Launches Initiative on Catastrophe Readiness

Travelers Announces Program to Write Policies for Fortified Homes in Coastal Communities

HARTFORD, Conn., December 7, 2009 – [The Travelers Institute](#) today launched an ongoing initiative to promote and raise awareness of catastrophe readiness. As part of this initiative, The Institute hosted the Partnership on Mitigation Summit, convening a panel of experts to discuss strategies for making homes more resilient. At the summit, The Travelers Companies, Inc. (NYSE: [TRV](#)) announced a pilot program to write insurance policies in certain states along the Atlantic and Gulf coasts for homes meeting established standards designed to resist the impacts of tropical storm and hurricane winds. Qualifying homes will be eligible for a 35 percent hurricane premium credit.

“Homes built to meet these stringent standards are better able to withstand severe weather, reducing property losses and saving lives, and we want to promote and raise awareness of these smarter building practices,” said Eric Nelson, Travelers Vice President, Personal Insurance. “Building stronger homes is a key principle of the [Travelers Coastal Hurricane Wind Zone Plan](#), our proposal to improve the availability and affordability of catastrophic wind coverage in communities along the Gulf and Atlantic coasts. We hope this initiative and meaningful premium credit will encourage homeowners, builders and building officials to adopt these disaster resistant standards.”

Nelson served as moderator for The Institute’s Partnership on Mitigation Summit held at Travelers Claim University in Windsor, Conn. The panelists included:

- Julie Rochman, President and CEO – [Institute for Business & Home Safety](#);
- Dail Rowe, Ph.D., Senior Scientist, Regional Manager – [WeatherPredict Consulting, Inc.](#);
- Manuel Lonfat, Ph.D., Managing Director – [Travelers](#);
- Jay Guin, Ph.D., Senior Vice President of Modeling and Research – [AIR Worldwide](#);
- Ann Roberson, Manager – [SC Safe Home Program](#), South Carolina Department of Insurance.

“I am pleased to join with The Travelers Institute in helping to get the word out about the importance of fortifying homes to be more resilient to natural disasters,” said Julie Rochman, President and CEO, Institute for Business & Home Safety. “When homes are built or retrofitted to make them more durable, we are protecting property, saving lives and helping to reduce costs to consumers and insurers.” The IBHS [Fortified ... for safer living®](#) program is one example of a designation that would qualify a home for Travelers’ new 35 percent hurricane premium credit.

“We believe that investment in mitigation and other policies that proactively manage risk are the most promising ways to help storm-exposed communities safeguard themselves from natural catastrophes, both physically and financially,” said Dail Rowe, Senior Scientist and Regional Manager, WeatherPredict Consulting, Inc. “We are developing innovative, cost-effective mitigation approaches for both new construction and retrofit applications for the existing built environment, and we applaud The Travelers Institute for convening this summit and fostering discussion about this important topic.”

Dr. Jay Guin, Senior Vice President of Modeling and Research at catastrophe modeler AIR Worldwide, described how building codes evolved in response to catastrophes such as Hurricane Andrew, how changes to building codes are incorporated into catastrophe models and how catastrophe models can be used to assess the impact of mitigation features. Dr. Guin commented, “AIR post-disaster damage surveys have found that mitigation efforts have proven to be quite effective.”

Established in 2007, the SC Safe Home Program offers grants for South Carolinians to strengthen their homes against the damaging effects of hurricane force winds. Program Manager Ann Roberson presented these key findings:

- According to a June 6, 2006 FEMA press release, for every dollar spent on mitigation, society saves \$4 in potential losses and reconstruction costs. Based on this information, the SC Safe Home Program has reduced the potential loss and future reconstruction costs from a hurricane or severe wind event impacting the state by more than \$15 million.
- Homeowners have reported, on average, a 29 percent savings in their energy costs after replacement windows have been installed through SC Safe Home.
- Houses retrofitted through SC Safe Home are more attractive risks to insurance companies. Homeowners have reported savings in their insurance premiums of up to 23 percent.

“Potential changes in hurricane activity and a significant growth in property development have left U.S. coastlines vulnerable to catastrophic risks. As a result, consumers, builders and regulators are asking how to mitigate risk,” said Joan Woodward, Travelers Executive Vice President of Public Policy and head of The Travelers Institute. “Loss experience data shows dramatic benefits of mitigation strategies that can effectively reduce potential future hurricane losses. Today’s summit brought together a range of experts to begin collaborating on mitigation strategies that can provide significant value to society by creating more resilient communities.”

About The Travelers Institute

The Travelers Institute, created by The Travelers Companies, Inc., engages in discussion and analysis of public policy topics of importance to the insurance marketplace and the financial services

industry. 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.

Travelers is a leading provider of property casualty insurance for [auto](#), [home](#) and [business](#). For more information, visit www.travelers.com.

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