



# ***Natural Disaster Risk: Liability or Asset?***

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**Once upon a  
time ...**

## Thailand floods could create laptop shortage

By David Goldman @CNNMoneyTech November 1, 2011: 2:10 PM ET



PHOTO: CHRISTOPHE ARCHAMBAULT/AFP/GETTY IMAGES

The Canon factory north of Bangkok is just one of hundreds of manufacturing facilities impacted by the floods in Thailand.

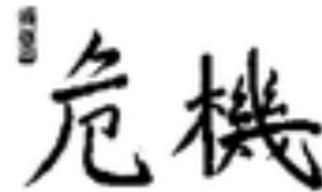
# Enterprise Risk Management as a Tool

Chinese symbols for risk.

First symbol represents  
"danger."

Second symbol represents  
"opportunity."

Enterprise Risk Management is increasingly viewed as a tool to take advantage of opportunities.



Source: Aabo, T., J. Fraser, and B. Simkins, 2010, *The Rise and Evolution of the Chief Risk Officer: Enterprise Risk Management at Hydro One*, in *Enterprise Risk Management*, Wiley.

# What if we embraced our flood risk?



A vision for managing  
natural disaster risk



Proposals for public/private  
stakeholder solutions

# Raising Awareness

- Collect appropriate data on risks
- Communicate the message in a way that informs and motivates

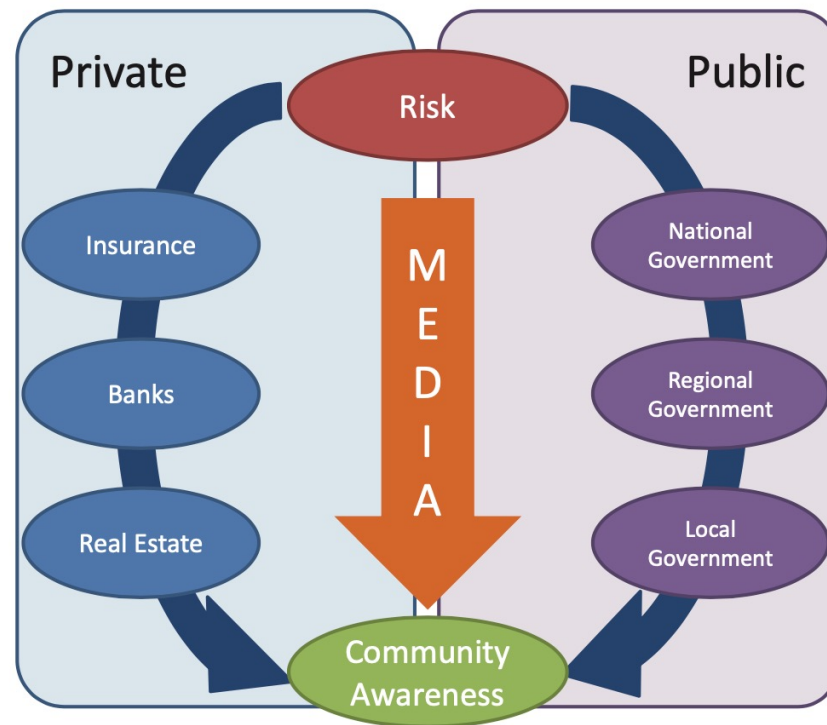
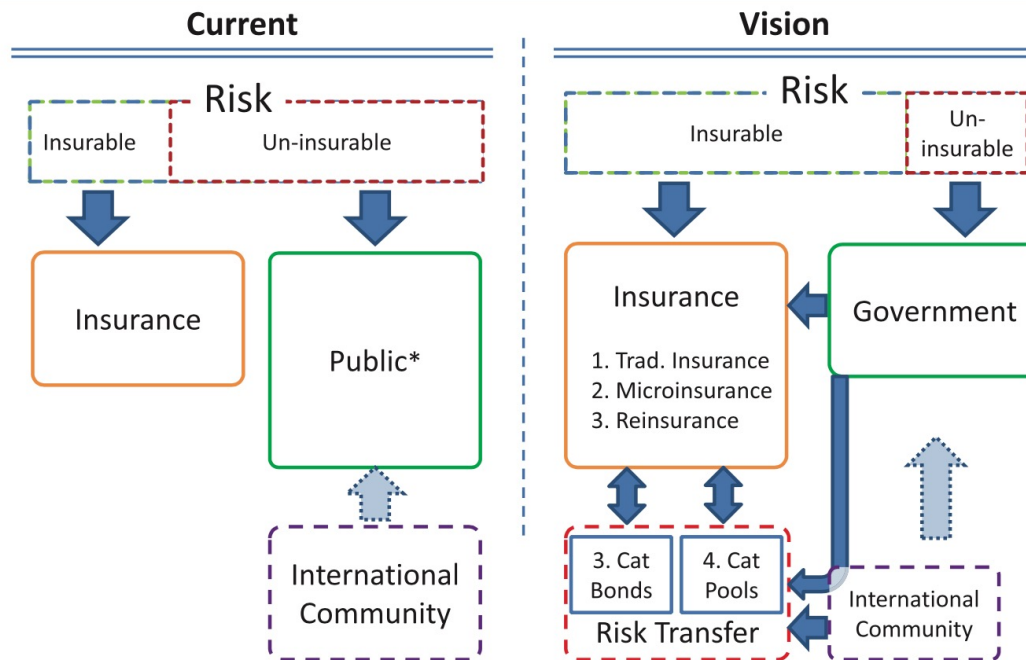


Figure 6.4: The vision for increased financial preparedness



\* Government may step in to pay for losses where resources allow, otherwise individuals will pay

# Example

- + From 2012 to 2016 California residents paid
  - + **\$963,400,000** In NFIP premiums.
    - + They received
      - + **\$20,835,233** payments.
        - + What if part of the
          - + **\$942,564,126** difference
            - + had been used to buy down risk?

# **What if we viewed active natural disaster risk management as an asset?**

**We could expand the opportunities to bring private capital into the financing of new infrastructure.**

**We could improve our competitiveness.**

**We could reduce mitigation costs for everyone.**



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