

TSUNAMI

Linking Insurance and Science

**Minutes of the Fifth Management Board Meeting
Held at Lloyd's Room 915, courtesy of Wren
11:00 to 13:00 on Thursday 9 April 1998**

Present:

Simon Jennings	-	Benfield Greig
David Simmons	-	Benfield Greig
Dougal Goodman	-	British Antarctic Survey (Chairman)
Leonard Alliston	-	Commercial Union
Nigel Finley	-	DP Mann
Nick Golden	-	Royal & SunAlliance
Max Lewis	-	Sedgwick
James Orr	-	TSUNAMI (Project Director/Secretary)
Simon Groves	-	Wren

Apologies: Paul Brand - Catlin

The Chairman began by thanking Wren for hosting the meeting.

1. Confirmation of Fourth Management Board Minutes

Accepted without amendment.

2. Project Director's Report

- (a) A brief had been sent to E-mail contacts on a weekly/fortnightly basis, which gave comments on TSUNAMI's activities. The continuation of this practice was broadly supported by the Board. It was also suggested that clearer headings should be included for different topics within the brief.

Action James Orr

A web-page has now been set up for TSUNAMI, courtesy of British Antarctic Survey's own web-site. Full details of the URL, ID and Password will be sent to the whole Board.

Action James Orr

- (b) The final version of the initial TSUNAMI Business Plan is now available on the WebPage.
- (c) There was general support for the amended funding arrangements whereby overhead costs (those of the Project Director and expenses) would be met by scheduled cashcalls. However, details had not reached the Benfield Greig representatives, who would be sent copies.

Action James Orr

- (d) Proposal TSU/98/10 - The request for the appointment of a scientist to work with the Project Director was rejected and Nick Golden raised the concern that the focus of activities should be on producing research, rather building a network within the scientific community.

The request for a part-time clerical assistant was supported. The Project Director is to produce a suitable job specification and arrange an appointment through the British Antarctic Survey.

Action James Orr

3. Foundation for Science & Technology (FST) - Proposal TSU/98/11

This proposal was considered by the Board, who agreed that it would be an effective means of reaching the scientific community. However, it was suggested that industry events, such as lunchtime talks given by scientists at the Institute of London Underwriters may give a greater benefit.

It was agreed that sponsorship of an FST event would be supported. However, the date for such an event would be deferred until early 1999, at which time further material progress by TSUNAMI should have been achieved. It was also suggested that careful consideration be given to inviting a broad and influential audience from the insurance sector.

David Hall of the FST is to be informed of this decision and asked how many insurance industry representatives may be invited. Proposals for lunchtime talks are to be developed by the Project Director.

Action James Orr

4. Projects

- (a) Proposal TSU/98/12 - The suggestion of a training seminar of quantitative risk analysis was supported. It was also suggested that such a seminar (or a further one) should aim to provide technical staff (actuaries and statisticians) with a view of the "state of the art" in risk assessment, including consideration of catastrophe modelling's merits and limitations.

Action James Orr

- (b) Progress to date on Extreme Value Statistics (T031 & T032) was explained to the Board. Potential data sets and accompanying questions are to be produced by Benfield Greig, Catlin, DP Mann and Sedgwick. The Project Director will contact the relevant parties to progress this.

Action James Orr

- (c) It was confirmed that the British Geological Survey had delivered the Worldwide Earthquake Activity Database (WEAD - T001) and this was demonstrated to some of the Board. It was confirmed that those companies which choose to use the database would pay a fee of £1,000 per company per annum.

The Project Director will contact Royal & SunAlliance and Commercial Union to arrange demonstrations to underwriters.

Action James Orr

5. Action List

An updated version of the Action List will be posted on the WebSite.

Action James Orr

6. Announcement of Opportunity

The Board considered a short-list of potential themes for producing public announcements of opportunity for researchers to apply for funding:

1. Climatic Variability and Teleconnection

Nick Golden agreed that Royal & SunAlliance would provide a specification to research the variations in climate observed over Europe (or the World) and the potential links with the North Atlantic Oscillation (NAO) and El Niño events.

Research would aim to improve models for cyclone tracking and extreme wind estimates for Northern Europe, confirm whether we are facing a period of greater instability and consider whether there are cycles or trends in such levels of activity.

Action Nick Golden

2. Estimation of UK Flood Risk

Len Alliston agreed that he would ask Julian Beardsworth to work with David Simmons to develop an announcement to research the changes to UK flood risk from sea level rise, better terrain height analysis and river flow extreme value estimates. This project may also be extended to consideration of global flood risks.

Action Len Alliston

3. Offshore Platform Aggregated Exposures

Catlin are to be asked to develop an announcement to improve estimates of the aggregated loss exposure for North Sea oil and gas platforms from extreme waves using climate analysis, oceanographic studies and wave interaction with platforms of different designs.

Action James Orr (to inform Paul Brand)

4. Estimation of Risks from Seafloor Instabilities

David Simmons and Nick Golden agreed to jointly consider developing an announcement to estimate the risks associated with high value properties in low lying areas in the Carribean from tsunamis generated by collapse of the seafloor.

Action David Simmons and Nick Golden

7. **Proposal TSU/98/14 on Year 2000**

The Board asked TSUNAMI to identify experts in the academic or research communities who might advise on the risks associated with the Year 2000 Millenium Bug, other than those associated with application programming.

Action James Orr and Dougal Goodman

8. **Proposal TSU/98/15 Tropical Cyclones Report - Stewart Wass, Met.Office**

Stewart Wass made a brief presentation explaining the two proposals made at the end of the Met.Office's Tropical Cyclones Report and answered questions from the Board.

The Board then discussed the proposals and agreed that the Met.Office should be asked to coordinate the production of a Tropical Cyclones Prediction System, as described in proposal 1.

The Met.Office's work should be based on an initial study of proposal 1 (a statistical approach based on initial dynamic model predictions) and proposal 2 (a dynamic modelling approach, using an "adaptive" grid to model the weather with a higher resolution for the tropical cyclone generation and hazard areas).

The initial study should consider the merits of the two approaches and determine the form of the results/output which would be of greatest value to the insurance industry. It was confirmed that, upon completion of the initial study, it was the Board's intention that a full prediction system should be developed.

Nick Golden explained that a secondee from Royal & SunAlliance may be available to work on this project.

Action Nick Golden

A full brief is to be sent to the Met.Office, confirming the above.

Action James Orr

9. Any Other Business

A proposal from Mojdeh Keykhah (a PhD student from Oxford University) for an empirical study of the environment and decision-making behaviour of underwriters was presented. This received support from Benfield Greig, Catlin (prior to meeting), DP Mann, Sedgwick and Wren. Nick Golden asked for time to consider the practicalities of such a study and Commercial Union were not in a position to respond.

Copies of the proposal will be distributed to all Board members and the proposal will be developed with the interested companies. Further discussions will be held with Royal & SunAlliance and Commercial Union to discuss their support for this proposal.

Action James Orr

10. Date of Next Meeting

No arrangements were made for the next meeting, which should ideally be held before mid-July. A suitable date will be arranged by the Project Director.

Action James Orr