



**Minutes of the Sixth Management Board Meeting
Held at 1 Cornhill, courtesy of Royal & SunAlliance
15:30 to 18:00 on Thursday 16 July 1998**

Present	:	David Simmons	-	Benfield Greig
		Dougal Goodman (Chairman)	-	British Antarctic Survey
		Paul Brand	-	Catlin
		Leonard Alliston	-	CGU
		Nigel Finlay	-	DP Mann
		Nick Golden	-	Royal & SunAlliance
		Max Lewis	-	Sedgwick
		James Orr	-	TSUNAMI (Secretary)
		Simon Groves	-	Wren
Apologies	:	Simon Jennings	-	Benfield Greig
		Gemma Hawes	-	Insurance Unit (Policy) HM Treasury

Dougal Goodman thanked Royal & SunAlliance for hosting the meeting.

1. Confirmation of Fifth Management Board Minutes

Accepted without amendment.

2. New Members of Consortium

Dougal Goodman reported that he had met Bronek Masjoda and Nick Thomson of Hiscox on 30 April. Bronek Masjoda was supportive of TSUNAMI, although Nick Thomson's was interested in specific products, which are outside the scope of the initiative. For this reason, Hiscox turned down the offer of involvement in TSUNAMI.

With regard to GRE, Dougal Goodman confirmed that Chris King of Benfield Greig was seeking to arrange an introduction through his contacts.

David Simmons confirmed that Benfield Greig were happy to continue with their, effectively, double contribution to TSUNAMI.

Commercial Union merger with General Accident

Len Alliston asked that Commercial Union should now be referred to as the CGU Group, following the merger with General Accident.

Dougal Goodman acknowledged this request and confirmed that a meeting had already been held with David Crichton from General Accident and Julian Beardsworth of CGU, to discuss TSUNAMI. Len Alliston confirmed that David Crichton should be kept informed and involved in discussions on TSUNAMI.



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3. Project Director's Report:

a) Financial Position TSU/98/14

James Orr talked the Board through an initial financial statement for TSUNAMI and confirmed that, in principle, some £424,000 remained to be committed to research and other activities of the initiative.

b) Promotion of TSUNAMI TSU/98/15

James Orr briefly described the promotion of the initiative to date and distributed copies of the relevant articles from the Times, Telegraph and The Actuary magazine. He also informed the Board that he had not treated promotion as a priority to date. The Board confirmed its satisfaction with the level of promotion of the initiative.

c) Visits TSU/98/16

James Orr described the visits that had been made since the last Board meeting and explained that on four of the listed trips he had been accompanied by representatives from the consortium companies. He confirmed that this had been useful as it provided direct contact between insurers and scientists.

4. Projects:

a) QRA Workshop TSU/98/17

Dougal Goodman reported on the Quantitative Risk Assessment Workshop which was held at the Institute of London Underwriters on 2 July.

Future Workshops

Dougal Goodman asked the Board to suggest topics for future workshops.

Paul Brand suggested a discussion of the Year 2000 issue, with a focus on the risks from embedded chips in engineering systems. This was supported by the Board. James Orr is to draft a proposed agenda, attendees list and identify speakers for the event, to be held in September.

Nick Golden suggested that the Atomic Energy Agency Technology consultancy could provide a speaker. In addition, David Simmons suggested Stewart Kinloch from the credit insurer NCM, who had looked at the insolvency risk to companies from the "Millenium Bug".

Action James Orr



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b) Extreme Value Statistics TSU/98/18

James Orr reported on the Newton Institute Programme, looking at extreme value statistics. Max Lewis asked that dates for the closed workshop and senior management dinner were set as soon as possible.

Action James Orr

Nick Golden raised the need to exploit the results of this project and suggested that a report could be produced that raised the insurance market's awareness of the new methods.

c) Tropical Cyclones Forecasting Project TSU/98/19

James Orr reported on the Tropical Cyclones Forecasting Project and explained that exclusivity clauses would be written into the contract with the Met.Office. These would place a time bar on the release of details of the methods and forecasts to give a potential advantage to the consortium companies.

Len Alliston also suggested that the Met.Office was required to refer to the TSUNAMI Board if they were asked to provide details of third parties. This was supported by the Board.

Action James Orr

Improving Wind Damage Risk Assessment TSU/98/23

Dougal Goodman put an outline proposal before the Board from Stephen Mobbs from the Universities Weather Research Network (UWRN), setting out a proposed study of spatial wind gust behaviour and extreme value estimates. The Board confirmed its interest and asked that a full proposal should be requested.

Action Dougal Goodman

d) Shape of Uncertainty - thanks to participants and verbal update

James Orr thanked the Lloyd's representatives for allowing Mojdeh Keykhah to meet their underwriters. Ms Keykhah is working on a PhD under sponsorship from the ABI. The PhD has over a year still to run and an interim report on the interviews is expected in August. Copies of this report will be sent to the supporting companies.

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5. UK Flood Analysis - Discussion

Dougal Goodman explained how Synthetic Aperture Radar (SAR) could be used to assess the impact of flood events, particularly as SAR is unaffected by cloud cover. He distributed a picture of a raw radar image, along with copies of the processed images that identified the extent of the flooding.

David Simmons suggested that a remote sensing workshop could be arranged and said that he had a number of suitable contacts. Nick Golden expressed his reservations about the value of remote sensing in informing risk assessment, although he accepted that flood response could be guided using such information.

Discussion of this topic is to be continued internally within and between the consortium companies. James Orr is to develop a proposal for a workshop to consider this area.

Action Consortium Companies and James Orr

6. Announcement of Opportunities TSU/98/20

The Board discussed the proposed announcements of opportunity and agreed on the budgets and levels of participations as detailed below.

UK Flood

Funding between £20,000 and £50,000 would be advertised and the project will be supported by Benfield Greig, CGU, DP Mann, Royal & SunAlliance and Sedgwick. Wren declined to support the project.

Uninsured Losses

Funding between £20,000 and £50,000 would be advertised. There was broad support for the project, although Benfield Greig were asked to amend the proposal to reflect the broad geographical interests of the Board. A copy of the revised proposal will be distributed to the Board, who will confirm their support.

Teleconnections

Funding between £50,000 and £100,000 would be advertised and the project will be supported by Benfield Greig, Catlin, CGU, DP Mann, Royal & SunAlliance, Sedgwick and Wren.

Tsunamis

Funding of up to £40,000 would be advertised and the project will be supported by Benfield Greig, Catlin, CGU, DP Mann, Royal & SunAlliance, Sedgwick and Wren. The project should aim to review current literature and provide an expert judgement of the level of risk that is posed by tsunamis.



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Proposal Assessment Criteria

The assessment criteria were agreed as:

- 40% - suitability and competitive advantage to consortium
- 20% - deliverability
- 20% - quality of science and the standing of the researchers
- 20% - originality of research.

In addition, criteria for assessing value for money will be drawn up

Action James Orr and Dougal Goodman

7. Review of Progress with Gemma Hawes of the Insurance Unit (Policy) of HM Treasury

Dougal Goodman explained that Gemma Hawes had been unexpectedly unable to join the meeting and sent her apologies. He also confirmed that a meeting would be arranged with Gemma Hawes to provide an update on the initiative and maintain support within HM Treasury.

Action Dougal Goodman

8. Web Site development and PointMan proposal **TSU/98/21**

Dougal Goodman asked whether members of the Board used the Web Site. Max Lewis and Simon Groves confirmed that they had visited it. The Board confirmed its support for developing the Web Site as a resource for the insurance industry. They also agreed to provide contacts within their companies to support a development of the Web Site as a resource for the insurance industry.

The Board confirmed its thanks to Benfield Greig for offering to donate the Point Man system to TSUNAMI. The Board also confirmed that James Orr should investigate the development of the system for use by TSUNAMI, although time committed to this task should be limited.

Action James Orr



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9. Any Other Business

Satellite Risks

TSU/98/24

Simon Groves put forward a satellite risks research proposal, to include research by Dr Alan Johnstone from Mullard Space Science Laboratory and Dr Alan Rodger from British Antarctic Survey. The proposal included work on solar weather, satellite design vulnerability and satellite construction standards.

Benfield Greig, Catlin and Wren confirmed their support for the project. The Board members from CGU, DP Mann, Royal & SunAlliance and Sedgwick confirmed that they would discuss the issue with their colleagues and report back.

Action Len Alliston, Nigel Finlay, Nick Golden and Max Lewis

Newton Institute Risk Management Workshop

Dougal Goodman explained that the director of the Isaac Newton Institute for Mathematical Sciences had invited a proposal for a three week workshop in August 2000 which would coincide with the end of TSUNAMI's initial period of funding. He suggested that this workshop could discuss risk management issues, bringing together experts in risk from insurance, finance and economics. If the proposal was accepted, the Isaac Newton Institute would provide most of the funding.

The Board supported Dougal Goodman in submitting a proposal to the Newton Institute Steering Committee on behalf of TSUNAMI and asked for a more detailed description of the likely content.

Action Dougal Goodman and James Orr

10. Date of Next Meeting

It is proposed that the 7th Board meeting should be held on 22 September. Max Lewis offered to host this on behalf of Sedgwick Re. The meeting would be held at the boardroom on the 6th Floor of the Sedgwick Centre.