



Chaire Développement durable
Ecole polytechnique - EDF

Séminaire Développement durable et économie de l'environnement

Erwann Michel-Kerjan *

The Wharton Business School, USA & Ecole Polytechnique, France

Dealing with the Extra-Ordinary: Managing and Financing Large-Scale Risks in a New Era of Catastrophes

Mardi 13 novembre 2007, de 17 heures à 19 heures,

**à Sciences Po- salle Goguel – 56, rue des Saints-Pères - 75007 Paris
(M° Rue du Bac - Saint-Germain-des-Près)**

Résumé (la conférence sera en français)

Some keep arguing that disasters have always existed and that we should not pay more attention to them than before. The reality, however, is radically different. The natural disasters that have occurred during the past few years have exposed us to an entirely new scale of devastation due to increased development in hazard-prone areas. Out of the 20 most costly insured disasters that occurred in the world between 1970 and 2007, half of them (ten) happened just in the past 6 years, nine of which in the United States. In 2005, three major hurricanes – Katrina, Rita and Wilma – made landfall in the Gulf of Mexico within a six-week time period, killing over 1,400 people and leading to insurance reimbursements and federal disaster relief of over \$180 billion in the United States alone; a historical record. These events are now leading to a profound paradigm shift.

In the aftermath of Katrina, the Wharton Risk Center in Philadelphia launched a large initiative, in conjunction with Georgia State University in Atlanta and the Insurance Information Institute in New York City, along with 16 leading insurance, reinsurance, banking, and defense industry companies. The presenter will share some of the results of this multi-year effort; a series of in-depth analyses of the efficiency and equity of current disaster insurance and mitigation programs in the U.S. market (Florida, Texas, New York and South Carolina) and its state-based regulatory environment, and their impact on loss distributions between different stakeholders. The study focuses specifically on hurricane risk and flood hazard and on protection to homeowners.

The principal purpose in undertaking these in-depth studies is to examine alternative long-run sustainable strategies for reducing disaster losses and providing financial support to victims of these events. From a political vantage point, however, this is extremely difficult to do because the U.S. has *not* experienced any severe disasters during the past two years. There is a tendency for all of us, whether in the role of homeowner, decision maker in a private or public sector organization, or as a political representative at the local or national level, to pay attention only to short-run crises.

In its scale, the amount of data collected and analyzed, and the level of interaction with key stakeholders in the public and private sectors, the Wharton initiative on *Managing and Financing Large-Scale Risks in a New Era of Catastrophes* is seen today as one of the most comprehensive studies ever undertaken on these issues in the United States. There are lessons to be learned for Europe and Asia as well

Erwann Michel-Kerjan is Managing Director of the Wharton Risk Management and Decision Processes Center, a center with over 20 years of experience in developing business strategies and public policies for dealing with catastrophic risks.

Erwann Michel-Kerjan is also Faculty Research Associate at the Ecole Polytechnique in Paris where he completed his doctoral studies before joining Wharton in 2002. He has also studied or been visiting scholar at McGill, Columbia and Harvard.

He has authored or co-authored over 50 publications at the crossroads of financial management and global risk governance and his view regularly appears in leading media. His book *Traité des nouveaux risques* (with Olivier Godard, Claude Henry and Patrick Lagadec), was published by the French editor Gallimard in 2002. From 2003 and 2005 he served on the OECD Task Force on Terrorism Insurance which published *Terrorism Insurance in OECD Countries* in July 2005. His most recent book, *Seeds of Disaster, Roots of Response. How Private Action Can Reduce Public Vulnerability* (with P. Auerswald, L. Branscomb and T. LaPorte, Harvard/GMU), was published by Cambridge University Press in 2006 (www.SeedsofDisaster.com)

He serves as expert or advisor on these emerging issues for many corporations and government bodies, and he is a founding member of the *OECD's Secretary General Advisory Board on Financial Management of Large-scale Risks* and of the *World Economic Forum's Global Risk Network*.

In 2007, Erwann Michel-Kerjan was named a Young Global Leader by the World Economic Forum (Davos), an honor bestowed to recognize and acknowledge the most extraordinary leaders of the world under the age of 40. Other honorees include Amy Butte (Executive Vice-President of the New York Stock Exchange), Sergey Brin and Larry Page (co-founders of Google), and Terence Tao (2006 Fields Medal).

Merci de confirmer votre présence, au plus tard le 9 novembre, à Isabelle Delaporte

(iddri@iddri.org ou par télécopie : 01 53 70 21 45) avec le bulletin ci-joint.

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à la conférence de Erwann Michel-Kerjan, le 13 novembre 2007.

Merci de renvoyer ce bulletin réponse à **Isabelle Delaporte**
par télécopie au 01 53 70 21 45 ou par courriel à isabelle.delaporte@iddri.org
avant le 9 novembre.