

Hurricanes and COVID-19

By Karen Clark

The 2020 hurricane season will be an active one, according to all of the major forecasters. Colorado State University said there is a 69 percent chance there will be a major U.S. landfalling hurricane.

The tally began early with two tropical storms in May—ahead of the official start of the season on June 1.

KCC analyses suggest insurers should anticipate larger-than-normal losses if hurricanes do make landfall this year due to complications caused by COVID-19. Pandemic mitigation measures will make preparing for impending hurricanes more difficult for property owners, and it will cost more to repair hurricane damage that does occur. Contractors will require personal protection equipment (PPE) and may limit the number of workers on a site to comply with social distancing requirements.

The longer it takes to make repairs after a storm, the higher the cost of those repairs.

Smaller event losses—those at the low return periods of the Exceedance Probability (EP) curve—will likely increase proportionately more because contractors may be less willing to incur the costs and risks of COVID-19 to make minor repairs, and insurers may decide to settle small claims remotely. On the other hand, the long-return-period losses, such as the 1-in-100-year losses, already incorporate significant

demand surge that accompanies large event losses, so larger losses may increase less on a percentage basis.

Of course, in terms of actual dollars, the increase in losses rises steadily across the EP curve. For example, the 100-year industry hurricane loss increases from \$154 billion to \$170 billion in the COVID-19 environment. [CM](#)

See related article, “Managing a Pandemic: Are There Lessons From Catastrophe Modeling?” on the next page.



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