

About the Study

The 2008 Natural Disaster Business Risk Study, commissioned by FM Global and administered by Opinion Research Corporation, examines the exposure and preparation levels of large North America-based companies for natural catastrophes (such as hurricanes, floods and earthquakes) and assesses these corporations' concerns about the business impact of such events to their bottom line. The study is based on insight from 100 financial executives representing corporations with at least US\$1 billion in annual revenue.

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Key Findings

I. Exposure:

- Ninety-six percent of large companies report they have some level of natural catastrophe exposure.
- Almost one out of every three companies says 50 percent or more of its facilities worldwide “are located in areas exposed to natural catastrophes.”

II. Preparedness:

- *Hurricanes:* While 80 percent of companies indicate they have North American operations located in hurricane-prone regions, nearly 50 percent reveal they are not well-prepared for a hurricane.
- *Floods:* While 90 percent of companies report they have North American operations located in flood-prone regions, more than 60 percent say they are not well-prepared for a flood.
- *Earthquakes:* While more than 80 percent of companies state they have North American operations located in regions exposed to earthquakes, more than 70 percent disclose they are not well-prepared for an earthquake.

III. Business Impact Concern:

- No more than one out of every five companies with natural catastrophe exposures conveys it is very concerned that such events could negatively impact its bottom line.

What Does this Mean for Your Business?

If your company is expanding its production and supply chains globally, your exposure to natural disasters will likely continue to increase. As a result, it is prudent not to overlook such threats. Consider the availability of adequate insurance coverage and the potentially lasting damage to your organization that is uninsurable—such as loss of competitiveness and market share, as well as damage to your reputation. While hurricanes, floods and earthquakes cannot be stopped, it is wise for companies to look for ways to prevent or minimize the business impact from such events. By doing so, they stand to maintain business continuity and protect their ability to compete.

North America-based Companies

