

Preparing Your Perspective On “Risk Management in an Uncertain World”

Dear Roundtable Participant:

As you know an important part of the Roundtable will be for each participant to provide his or her perspective on risk management in an uncertain world and to indicate in 3-4 pages (or less) the issues that you would like to see addressed at the meeting. We are posting these notes and the white papers on the Roundtable Website and these ideas will be used to help structure the small group discussions in the evening as well as the plenary session the next day. Please e-mail Bonnie Mayer (bmayer@ldeo.columbia.edu) your perspectives as soon as possible. The due date for these notes was March 15, 2002.

To stimulate your thinking we are attaching a set of issues and questions this Roundtable will address. You can refer to one or more of these questions in putting your perspective together or address another issue that you feel is relevant for the meeting

- Are there lessons from natural and technological disasters that shed light on public-private partnerships that are relevant for dealing with terrorism, and *vice versa*? How does the scale of the event play a role in suggesting the types of programs that would be appropriate for dealing with extreme events?
- How can one utilize techniques of risk assessment for reducing the uncertainty of these events and developing a risk management strategy?
- What role does risk perception play in communicating information on alternative ways of coping with the extreme event problem? For example, what types of data on the nature of the risk should be presented, and in what form?
- How should one address the public’s fear and other emotional concerns associated with these events?
- What methodologies are useful for developing different strategies and their impacts? Does game theory have a role to play in designing different options and alternatives?
- What are the appropriate programs and policies for reducing the likelihood and consequences of these events? What role can insurance/reinsurance/capital markets play in providing financial protection from future events? What role should the government play in dealing with catastrophic losses from these events?
- What type of benefit-cost analyses should be undertaken to evaluate proposed programs and strategies? How does one incorporate in these analyses the uncertainties associated with the risk? How does one measure and evaluate the impacts of a direct nature (e.g. damage to buildings; deaths and fatalities) and those that are more indirect (e.g. business interruption, social stress)?

We look forward to see you at the IBM Conference Center in a few weeks for what we expect will be a lively and stimulating discussion.

Howard Kunreuther
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