

Internal Survey by the UK's Institute of Actuaries

1. Do you think that, during your career, climate change will have any effect on your work?

| | Response Percent | Response Count |
|--|------------------|----------------|
| No – climate change is a media myth | 4.6% | 51 |
| No – climate change is real but will have no impact on my work | 24.8% | 276 |
| Yes – it is likely to have some impact on my work | 57.5% | 639 |
| Don't know – need more information | 13.1% | 145 |
| <i>answered question</i> | | 1111 |
| <i>skipped question</i> | | 3 |

The clear communication of climate change risks & opportunities is timely.

5. The Stern Review projects that climate change could reduce global GDP by 20%. To what extent should this be taken into account in your work?

| | Response Percent | Response Count |
|------------------------------------|------------------|----------------|
| Not at all | 13.2% | 113 |
| To some extent | 42.6% | 366 |
| Fully | 8.0% | 69 |
| Don't know - need more information | 36.2% | 311 |

7. Climate change is predicted to lead to an increase in natural catastrophes and heatwaves, and to more and extended extreme weather. To what extent have you considered these possible effects on your clients?

| | Response Percent | Response Count |
|--|------------------|----------------|
| I've not considered them | 85.9% | 701 |
| I've had some preliminary discussions | 10.5% | 86 |
| I'm undertaking studies | 3.6% | 29 |
| Please indicate the type of climate you are studying, and the scope of the studies | | 40 |

Communicating Uncertainties for Those Insuring Future Climate Change

The evolution of applied climate science from a focus on “Has climate changed?” to “How will climate change in the future?” suggests significant changes in the communication of uncertainty and ignorance, of what is precisely defined versus what is relevant, of where vague physical insight is of greater value than high-resolution maps of systematic simulation error. The relevance of multi-model mean values in policy is illustrated.

Decision support is enhanced when both insights and uncertainties propagate from climate science to application, often through one or more layers of computer modelling, experimental statistics, and/or extreme economics, before reaching applications in policy-making and industry.

This exercise would benefit from more aggressive participation from numerate decision makers, helping climate scientists and statisticians not only design future climate research, but also allowing a clear public definition of what information we about the future we expect to be robust, and what (currently) depends on the details of our understanding and our models (which we expect to change significantly as the science advances).

Clear communication uncertainties within the climate sciences, with political and industrial decision makers, and to the general public may prove of great value in facing the challenges posed by anthropogenic climate change.



Communicating Uncertainties for Those Insuring Future Climate Change

Leonard A Smith

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&

Pembroke College, Oxford

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www.lsecats.org



July 26, 2007



August 11, 2007



Sept 15, 2007



When can climate science communicate relevant, timely, robust information?



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Last Updated: Friday, 1 December 2006, 05:51 GMT

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England smoke ban to start 1 July

Smoking in enclosed public places will be banned in England from 1 July next year, the government has announced.

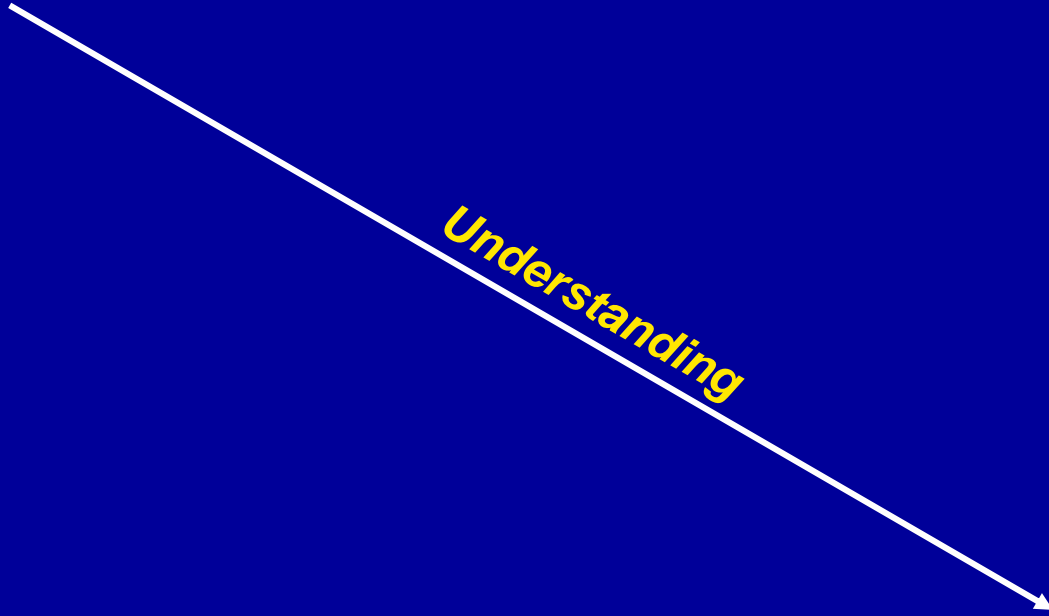
The ban covers virtually all enclosed public places including offices, factories, pubs and bars, but not outdoors or in private homes.



The government says 600,000 people will quit as a result

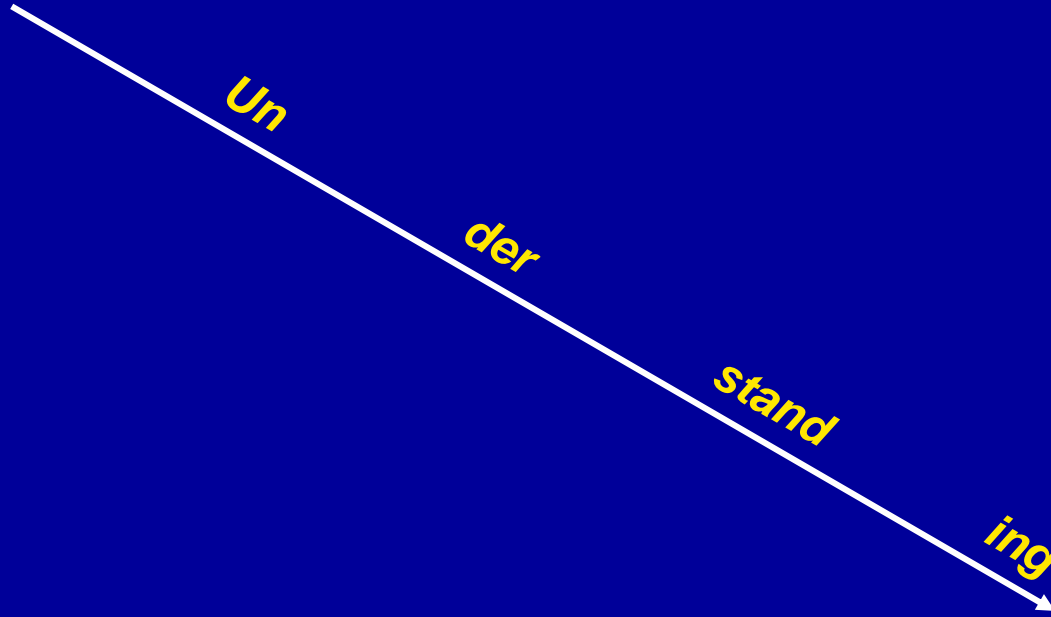


Climate Science

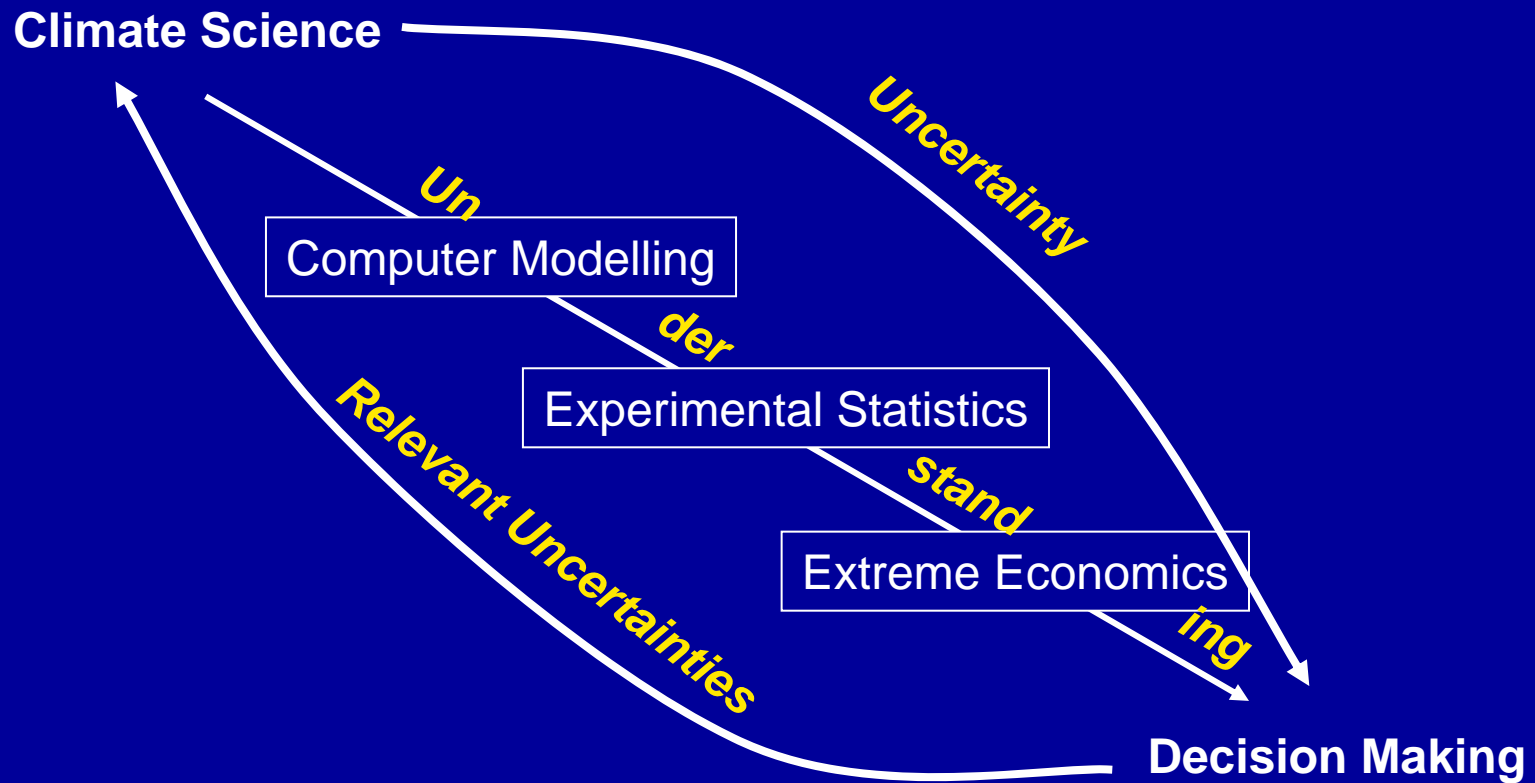


Decision Making

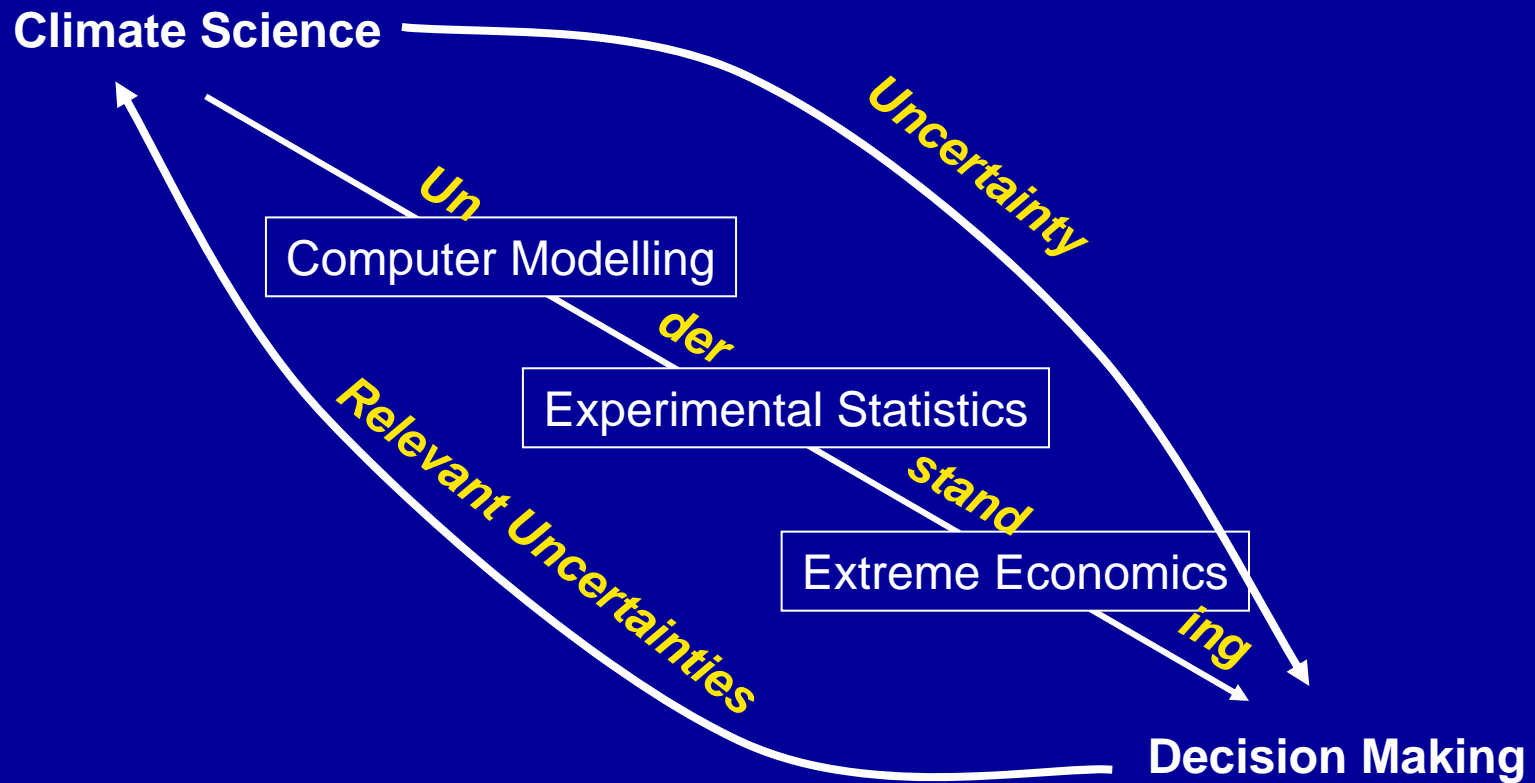
Climate Science



Decision Making



That is a lot to do in half an hour,
so I'll aim to illustrate the kind of challenges that lie
between climate science and the insurance sector.
(I am also interested in discussing technical details!)



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(I am also interested in discussing technical details!)

Session 6: Communicating climate risk

Climate measurements do not necessarily represent the way people actually perceive climate conditions in their daily life. People may respond to various climate stimuli in different way, and adaptation to changes may be influenced by other rationales rather than seeking climate adaptability and robustness. As such, it can be a challenge communicating the necessity to reduce global warming as well as to prepare society for potential adverse climate conditions. What have we learned about using media campaigns for getting public attention? How can scientists help making people understand uncertainty about regional consequences of climate change derived from global climate models?

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Session 6: Communicating climate risk

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Knowledge does not transfer (well) by itself..

Session 6: Communicating climate risk

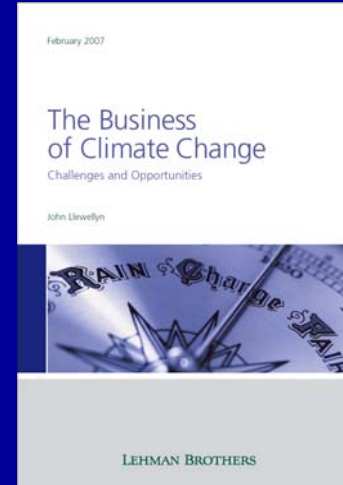
Climate measurements do not necessarily represent the way people actually perceive climate conditions in their daily life. People may respond to various climate stimuli in different way, and adaptation to changes may be influenced by other rationales rather than seeking climate adaptability and robustness. As such, it can be a challenge communicating the necessity to reduce global warming as well as to prepare society for potential adverse climate conditions. **What have we learned about using media campaigns for getting public attention? How can scientists help making people understand uncertainty about regional consequences of climate change derived from global climate models?**



4 November 2008



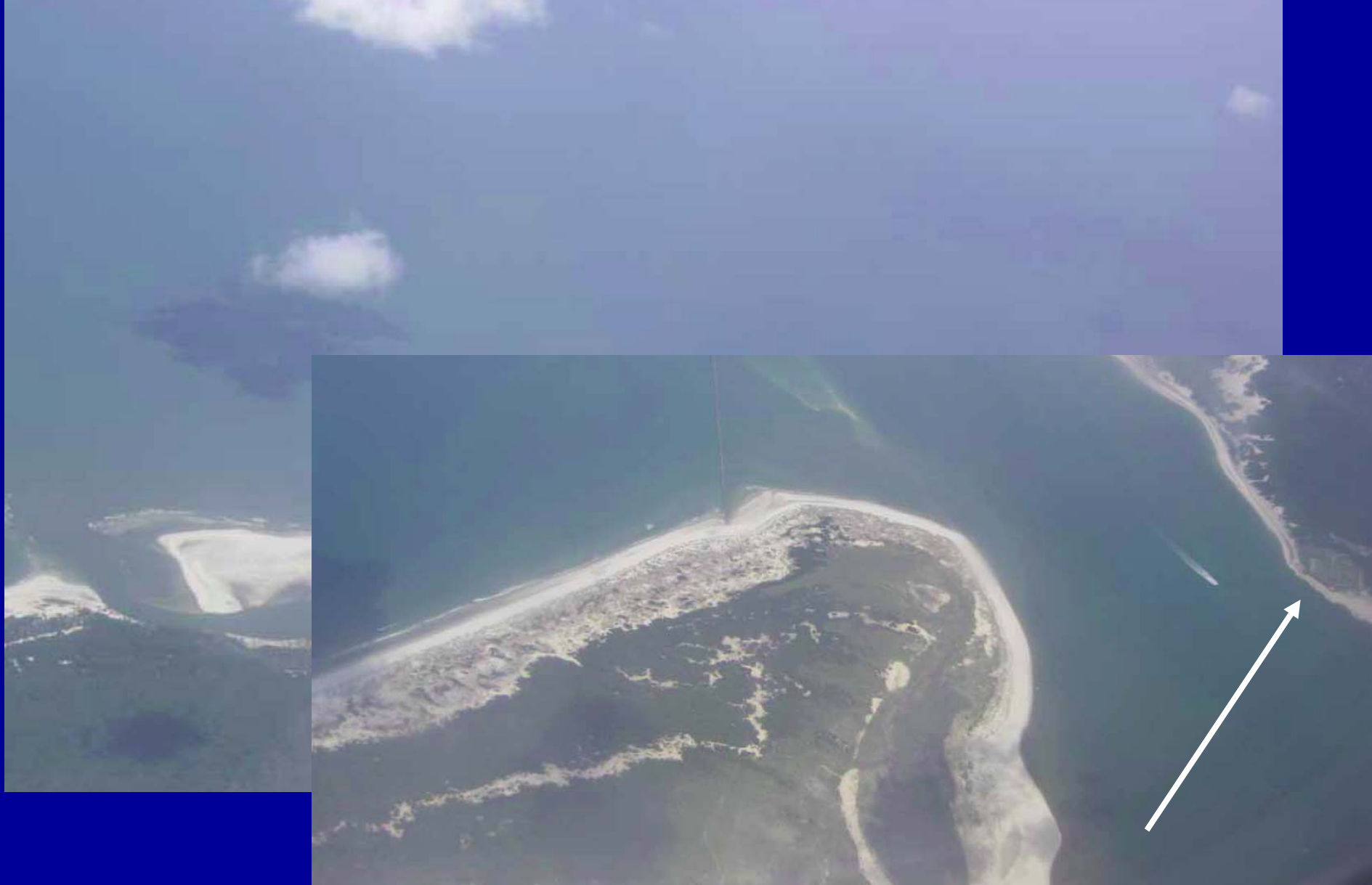
Insuring Climate Change - Oslo



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Session 6: Communicating climate risk

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All this is inside one grid box (point); described by ~32 values .
Can we trust such model be adequate/robust for detailed impact studies?

An indication of economic value:

Probability of loss (seaman) due to bad water

Probability of loss (ship) lost to bad weather

(subjective or empirically based)

That way lies very good water

Georgia
Florida

England
Spain

Fort Clinch
State Park

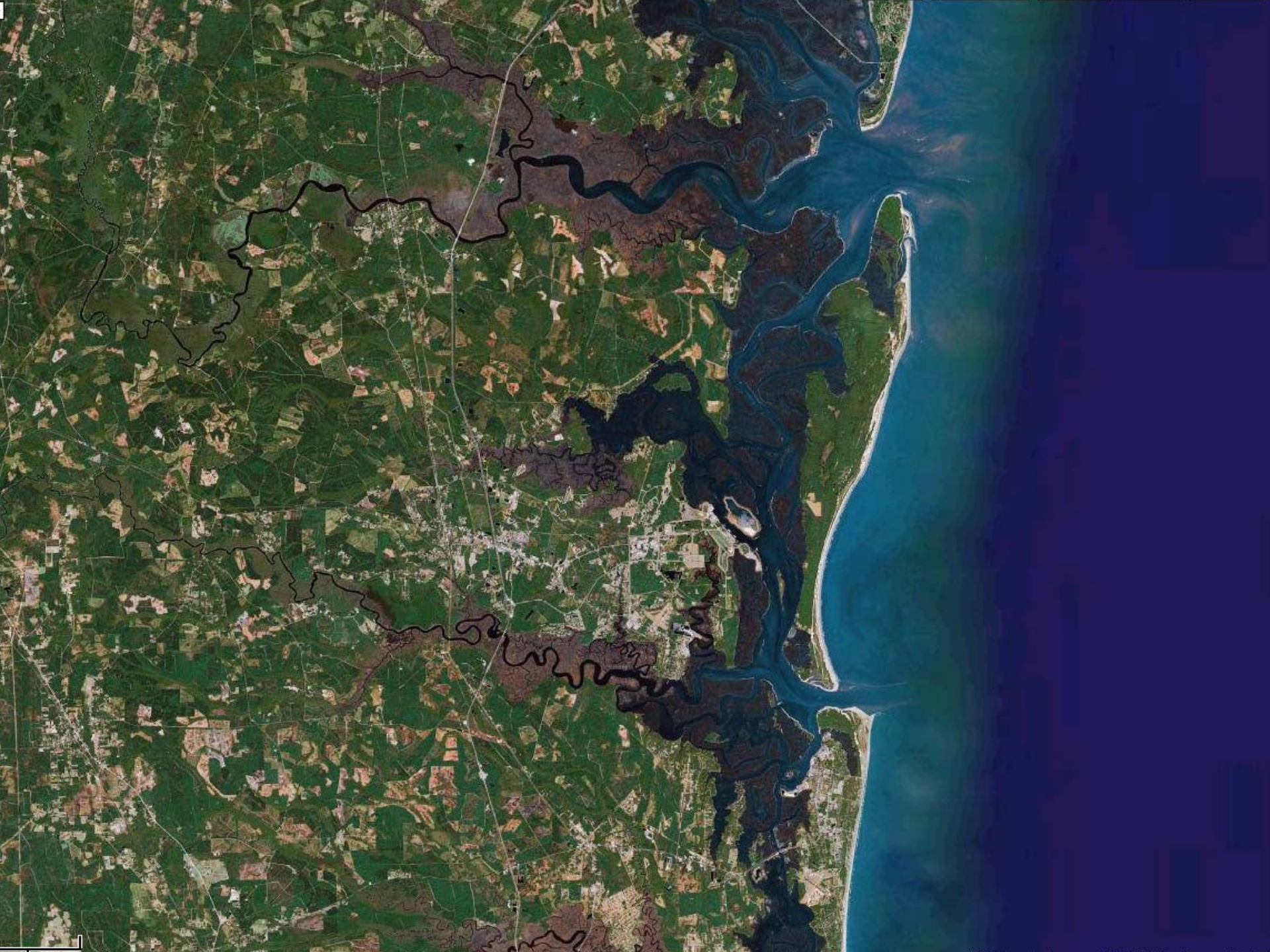
Pogy Pt

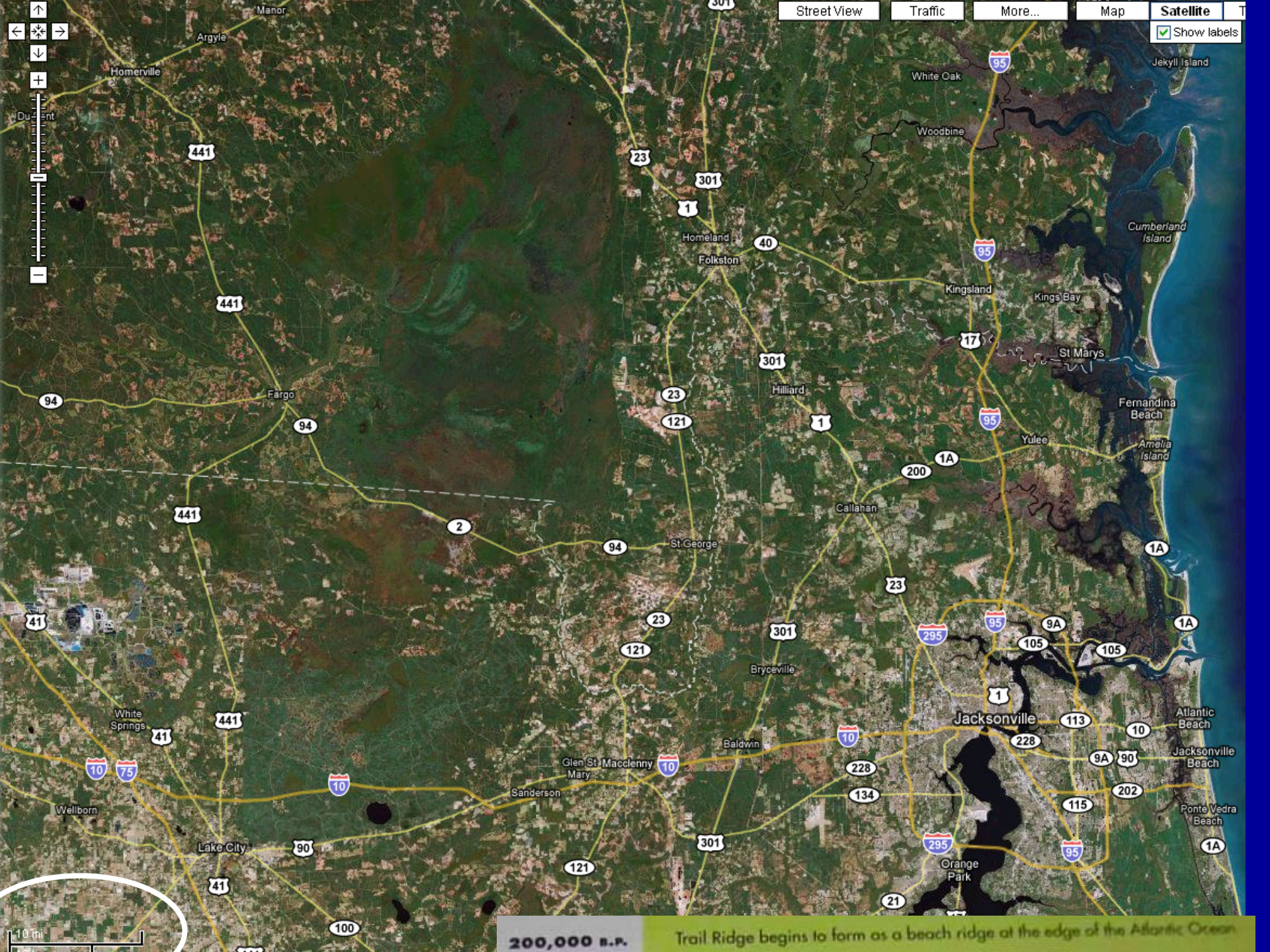
Pogy Pt

W. Main Street

Fort Clinch

Kimberly St



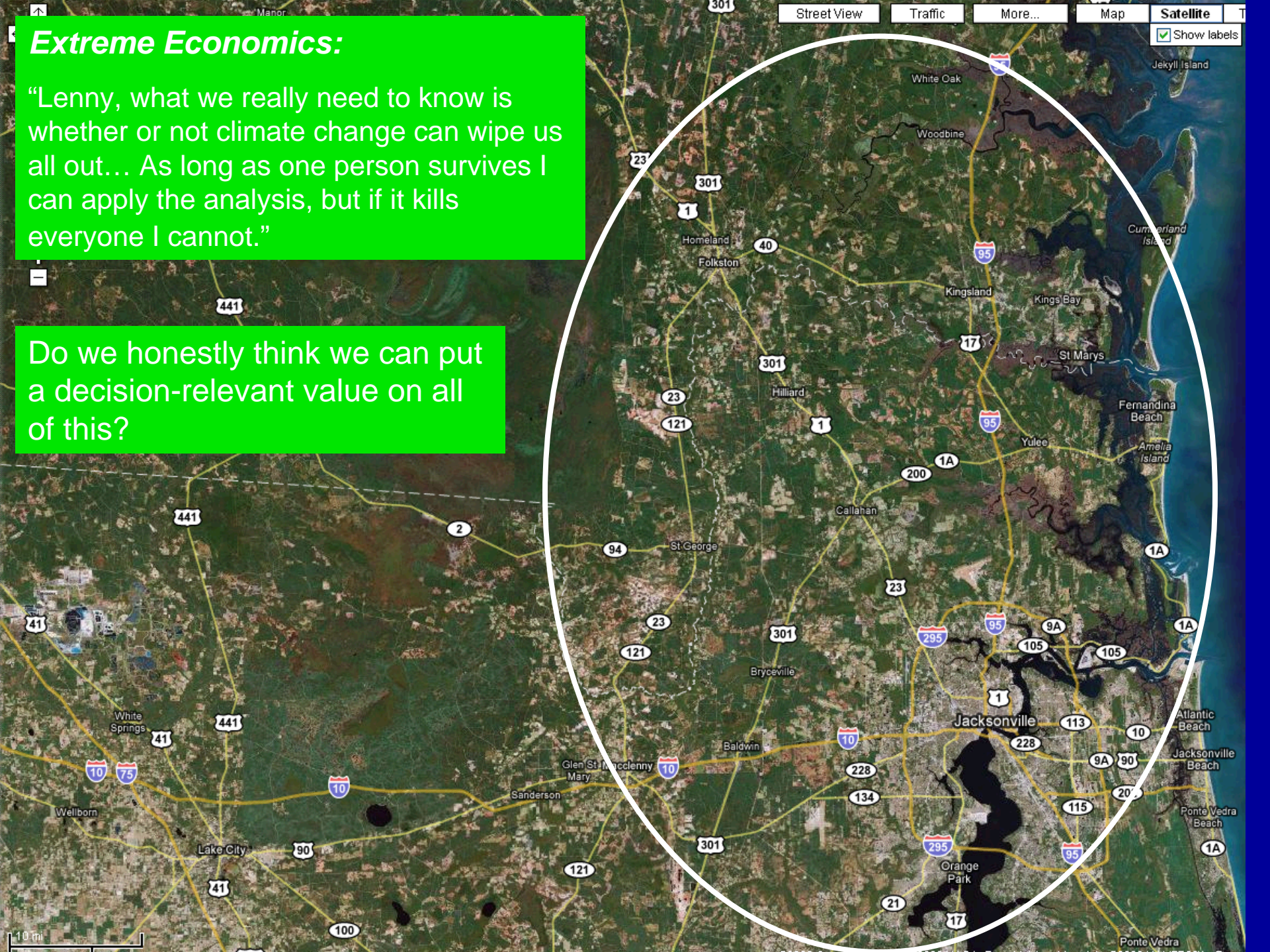


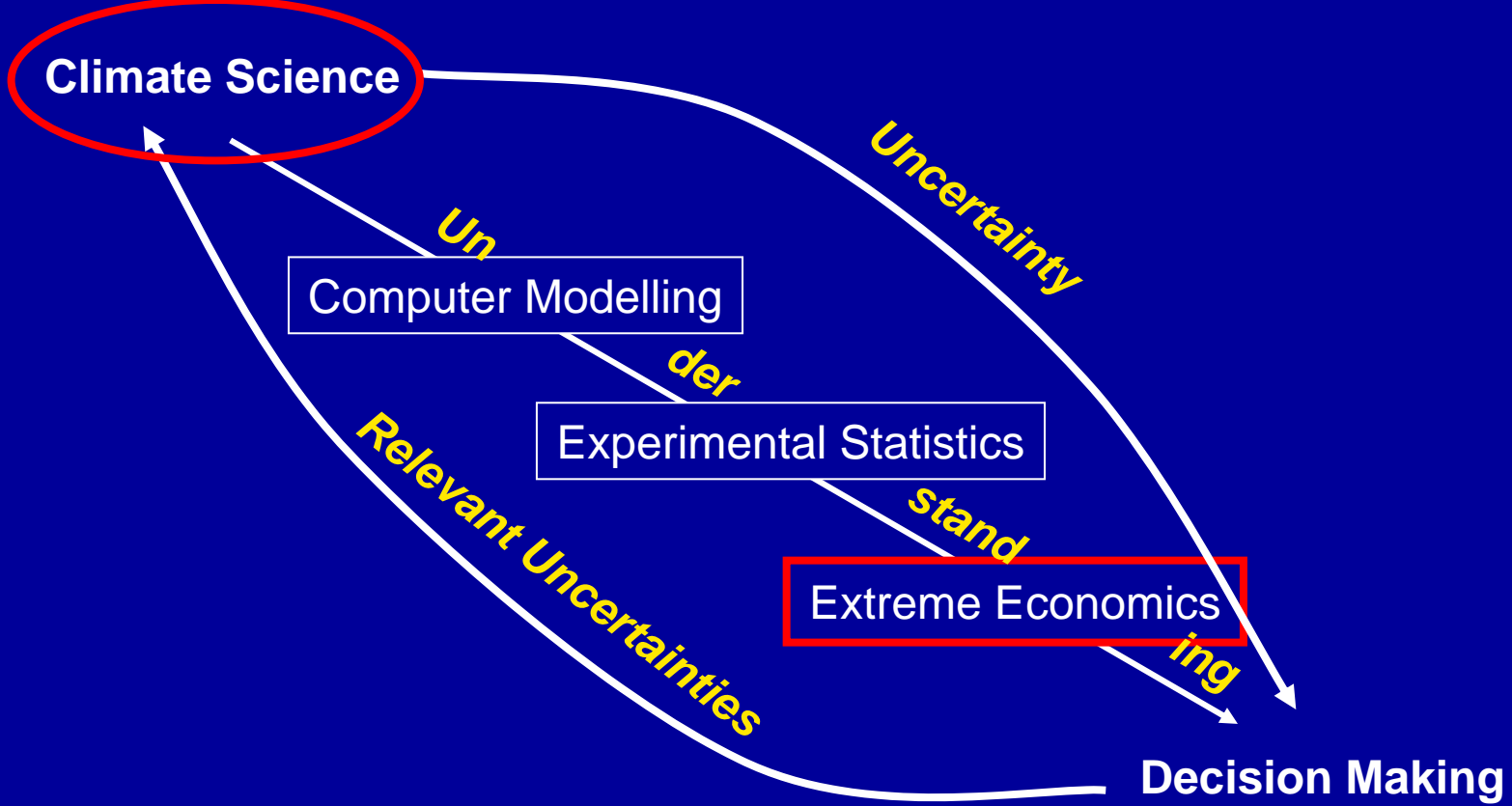
200,000 B.P. Trail Ridge begins to form as a beach ridge at the edge of the Atlantic Ocean

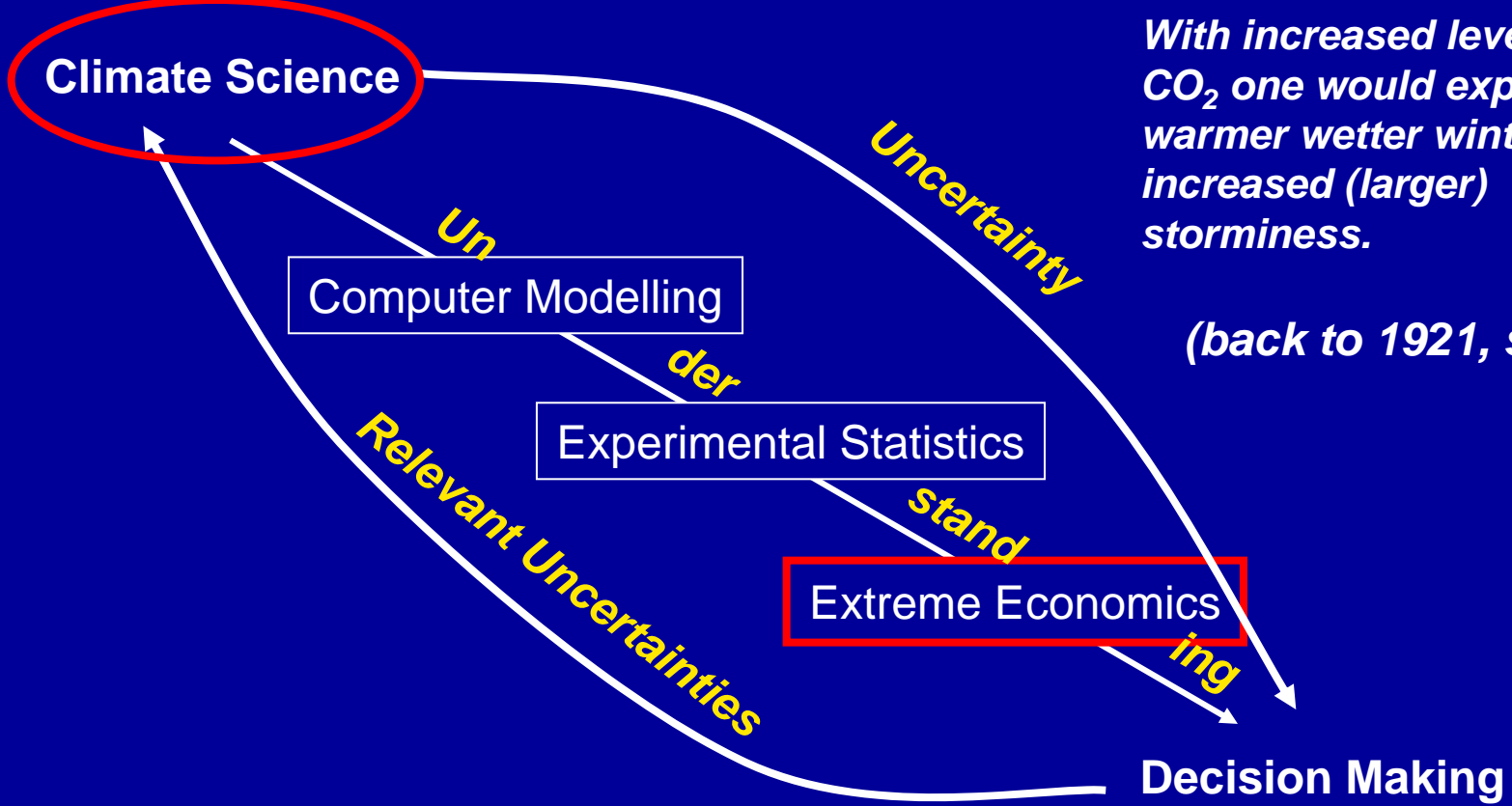
Extreme Economics:

“Lenny, what we really need to know is whether or not climate change can wipe us all out... As long as one person survives I can apply the analysis, but if it kills everyone I cannot.”

Do we honestly think we can put a decision-relevant value on all of this?

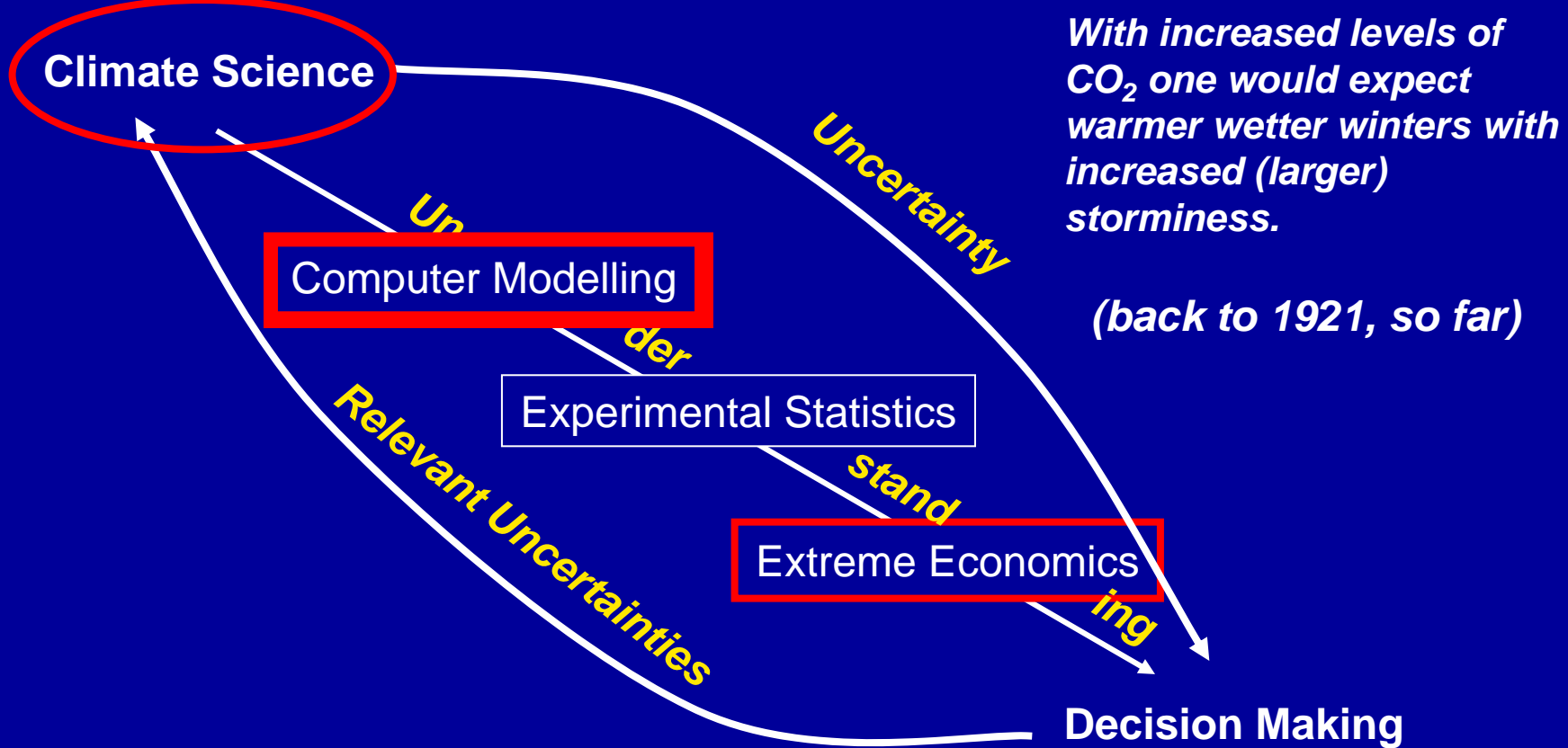






With increased levels of CO₂ one would expect warmer wetter winters with increased (larger) storminess.

(back to 1921, so far)



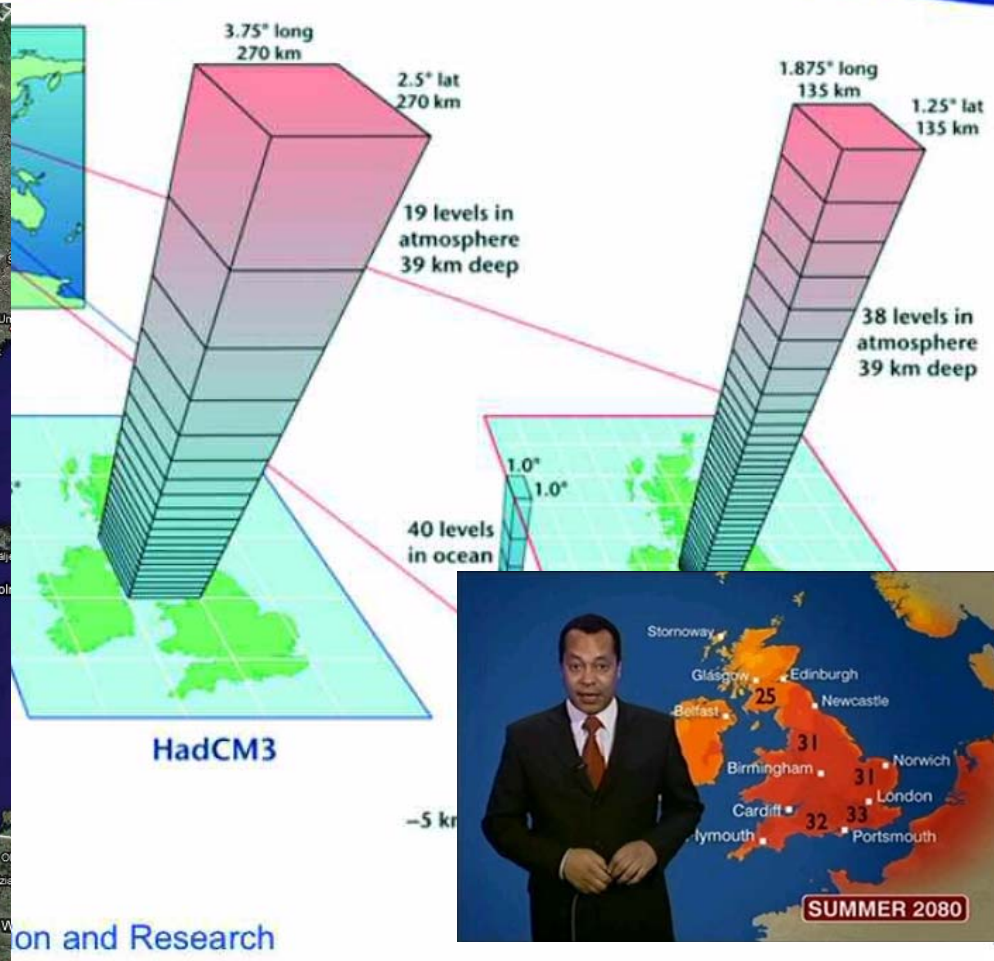
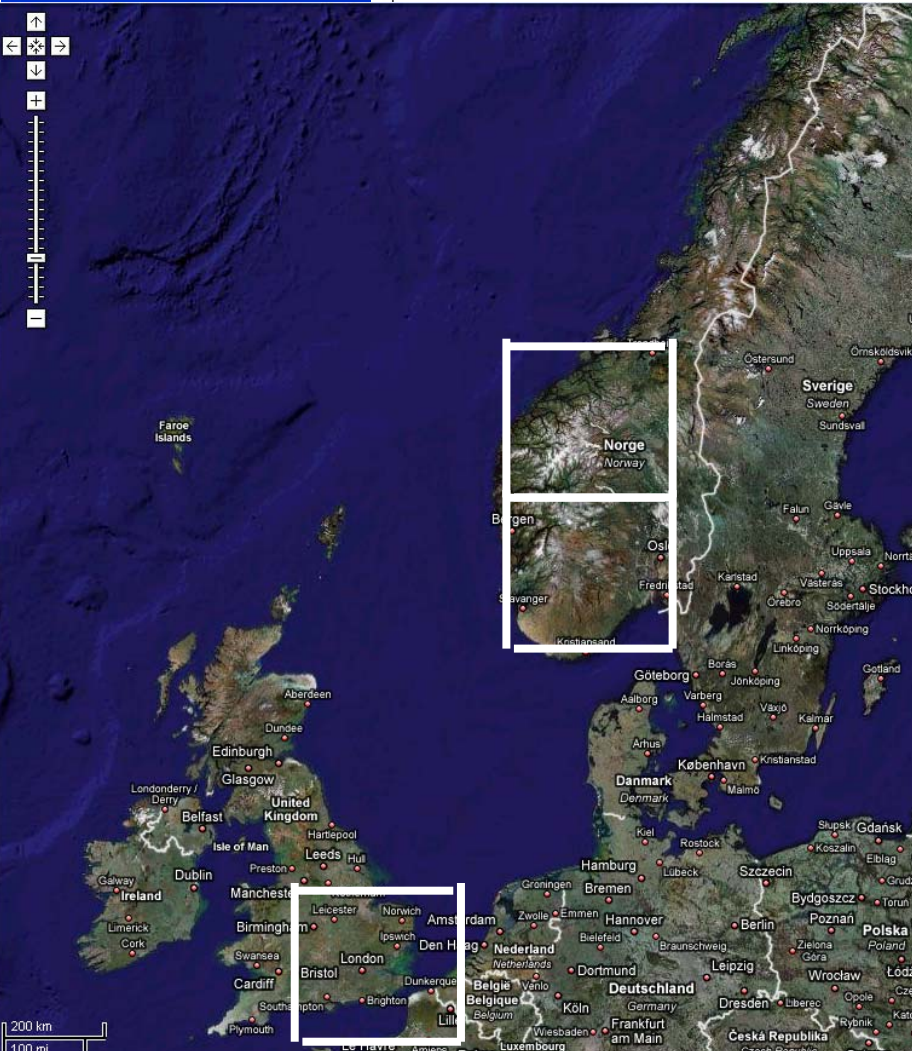
What is the value added of large simulation experiments?

- a) can they show us major feedback interactions of which we were previously unaware?***
- b) can they provide decision-support relevant quantitative probability forecasts?***
- c) can they help us better understand the climate system?***

At what space and time scales can 2008-hardware models yield decision-relevant (robust) forecast information?

On what space and time scales *do* we have decision-relevant information?

Climate models continue to be improved



on and Research

What is climate change?

Climate is what you expect, Weather is what you get.

Robert Heinlein (1973)

The climate system is a complex, interactive system consisting of the atmosphere, land surface, snow and ice, oceans and other bodies of water, and living things. The atmospheric component of the climate system most obviously characterises climate; climate is often defined as 'average weather'. Climate is usually described in terms of the mean and variability of temperature, precipitation and wind over a period of time, ranging from months to millions of years (the classical period is 30 years).

A report of Working Group I of the Intergovernmental Panel on Climate Change

Summary for Policymakers

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Richard B. Alley, Tony Barnett, Nathaniel L. Brooks, Zhenli Chen, Arnold Clauwaert, Pheng-Donghuan, Jonathan M. Gregory, Sabine C. Hameed, Martin Hoesung, Brian Hoskins, Peter J. Hsu, Richard J. Stouffer, Jean Jouzel, Malin Kalnay, Ulrike Lehmann, Martin Manning, Sarah Mearns, Maria Medina, Heidi Motoki, Jonathan Oleson, Dale Qin, Chandra Rupa, Veronika Semadeni-Davies, Susan Solomon, Malin Stenman, Susan Solomon, Richard Somerville, Thomas F. Stocker, Peter A. Stott, Ronald J. Stouffer, Pierre Whetton, Richard A. Wood, David Wood

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GLOSSARY OF METEOROLOGY

Edited by
RALPH E. HUSCHKE

Sponsored by

- U. S. Department of Commerce
Weather Bureau
- U. S. Air Force
Air Weather Service, MATS
and
Geophysics Research Directorate
AFRC, ARDC
- U. S. Army
Signal Corps
- U. S. Navy
Office of Naval Research



AMERICAN METEOROLOGICAL SOCIETY
Boston, Massachusetts
1959

climate—"The synthesis of the weather" (C. S. Durst); the long-term manifestations of **weather**, however they may be expressed. More rigorously, the climate of a specified area is represented by the statistical collective of its weather conditions during a specified interval of time (usually several decades).

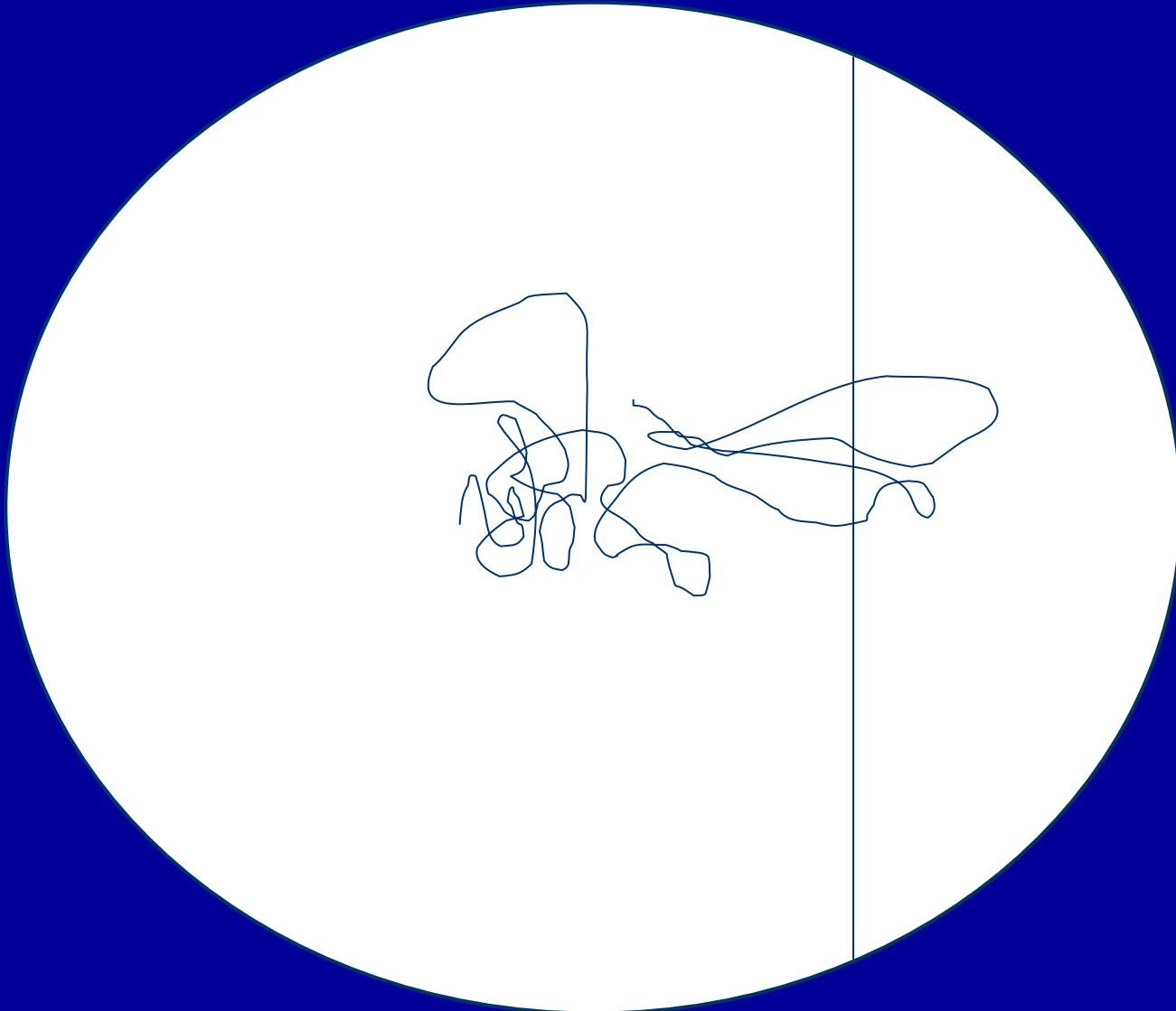
**Climate is a distribution of time series!
(It's not just a number or two)**

Climate

Climate in a narrow sense is usually defined as the ‘average weather’, or more rigorously, as the statistical description in terms of the mean and variability of relevant quantities over a period of time ranging from months to thousands or millions of years. These quantities are most often surface variables such as temperature, precipitation, and wind. Climate in a wider sense is the state, including a statistical description, of the *climate system*. The classical period of time is 30 years, as defined by the World Meteorological Organization (WMO).

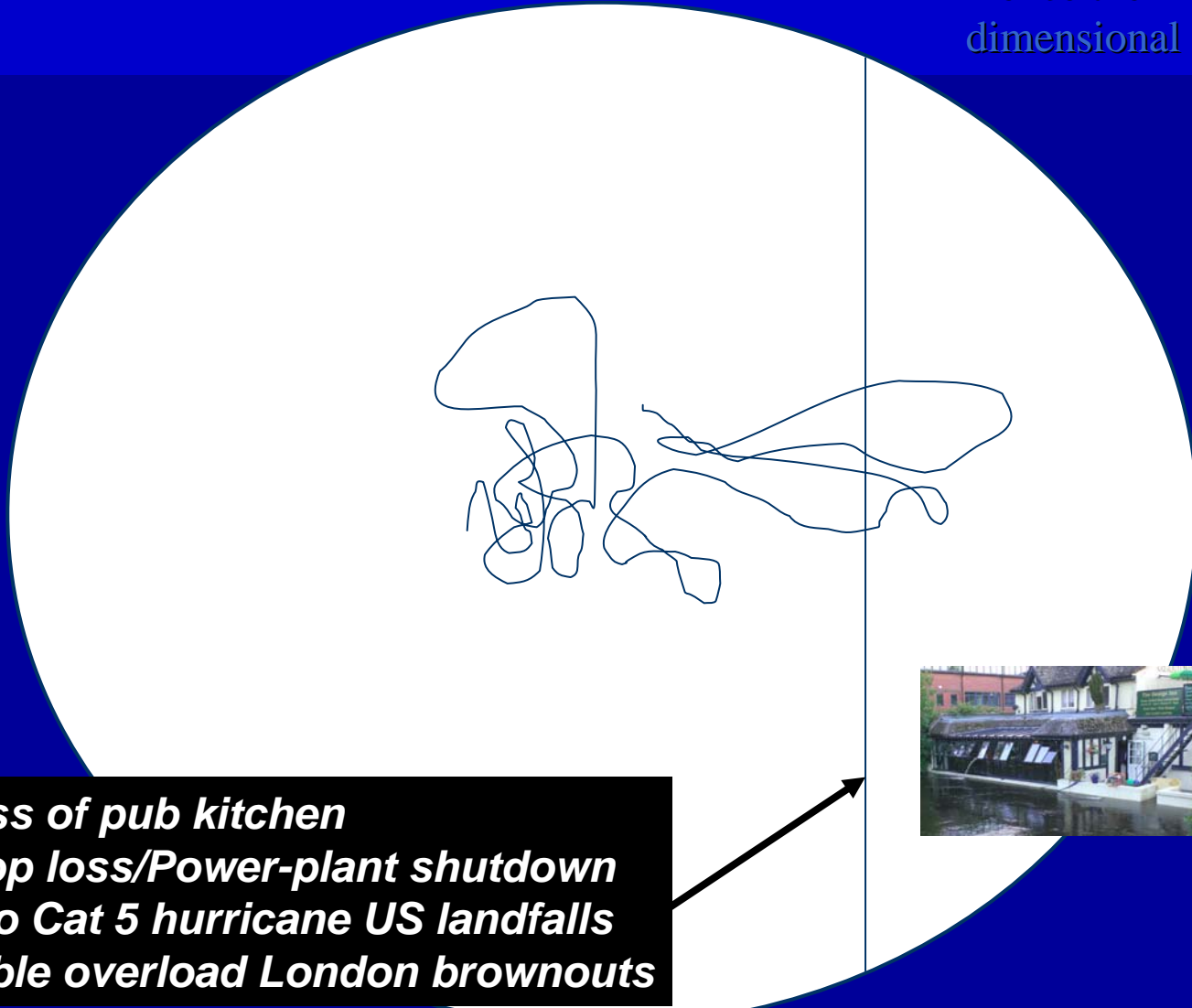
If we “simplify” the fact₁₉₅₉ that climate is a “collective of weather conditions” **we lose the ability to provide decision support!**

Most decisions depend neither on “*average meteorological variables*” nor “*standard deviation of the average weather*” they depend on the trajectory.



As they are nonlinear we have to evaluate them along trajectories. Crops, cables, wind energy and system failures depend on what and even when weather events unfold.

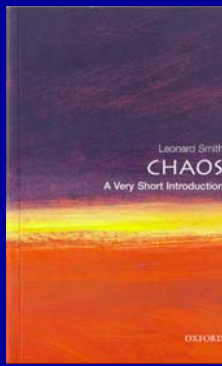
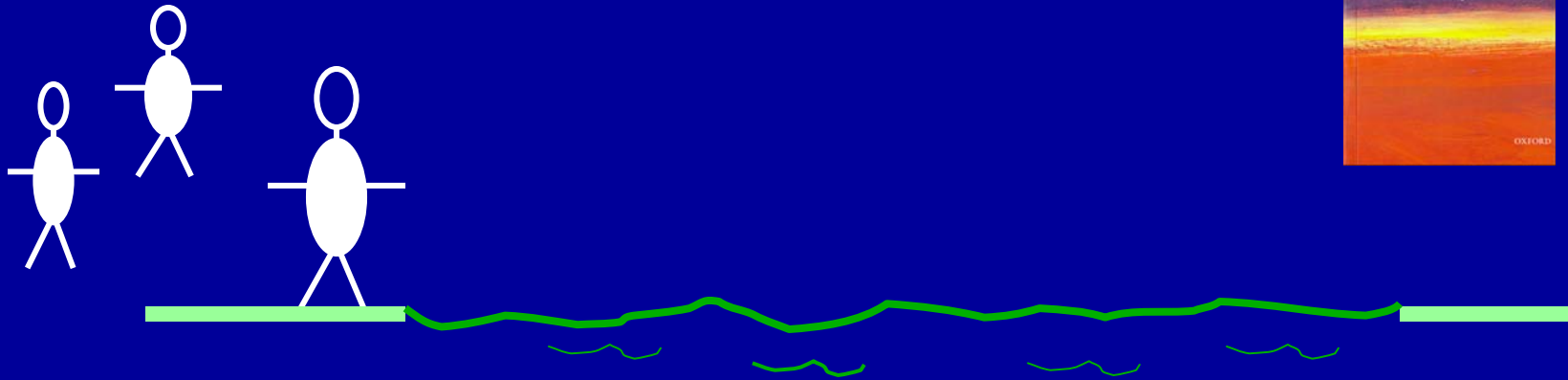
Hence the $\sim 10^6 \times 10^{21}$
dimensional space



**Loss of pub kitchen
Crop loss/Power-plant shutdown
Two Cat 5 hurricane US landfalls
Cable overload London brownouts**

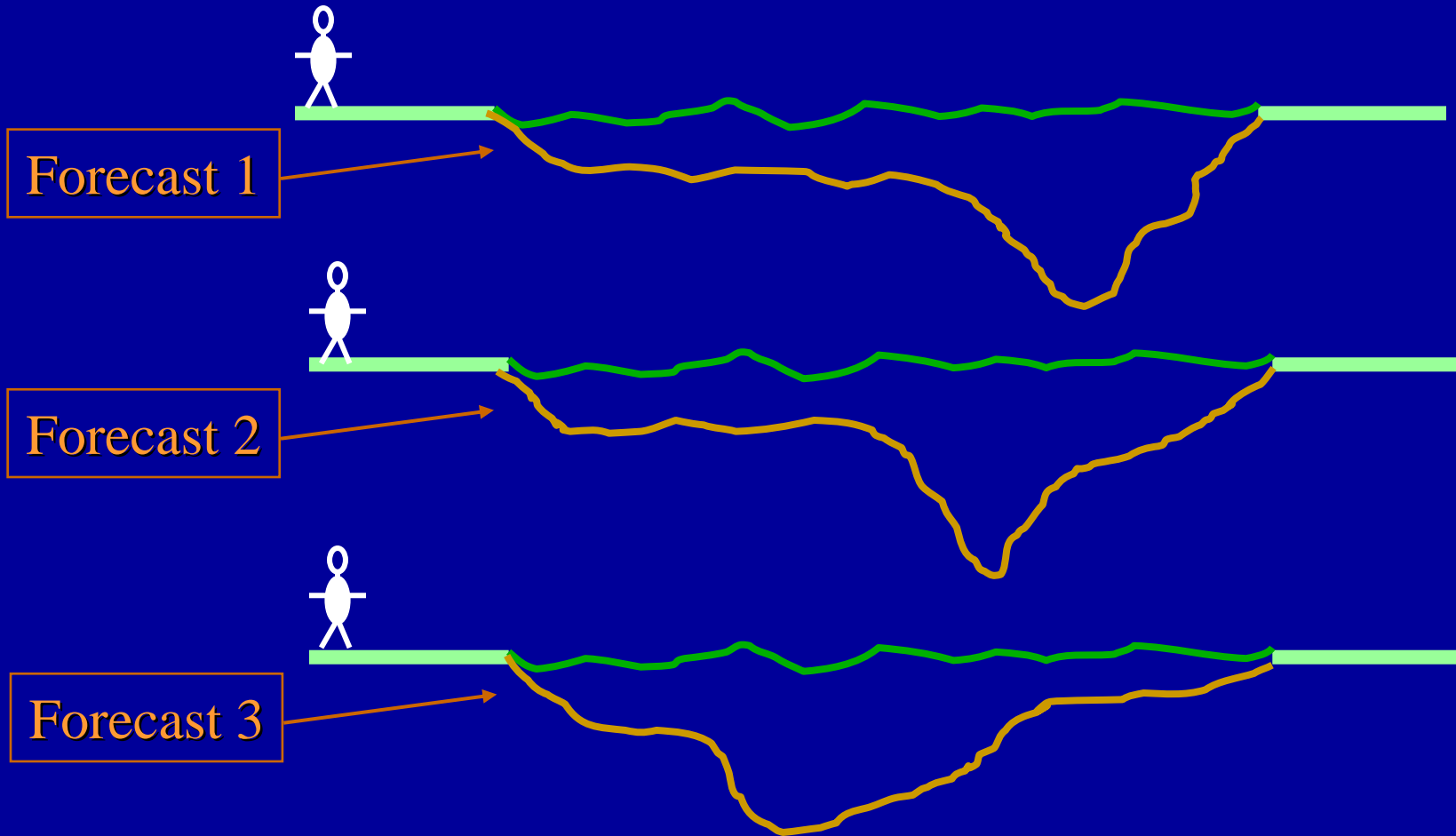
***This kind of information is not available from today's models,
nor will it ever be visible in model **mean values!*****

The parable of the three statisticians.

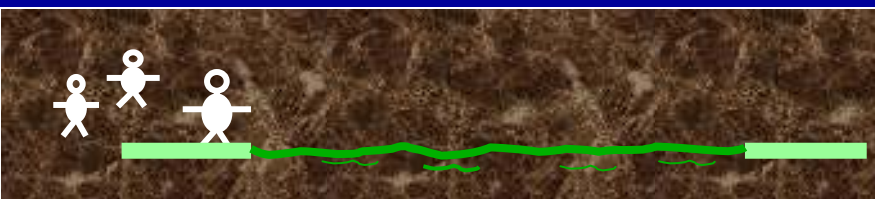


Three non-Floridian statisticians come to a river, they want to know if they can cross safely. (They cannot swim.)

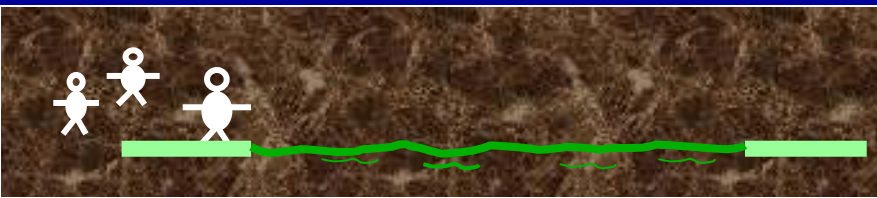
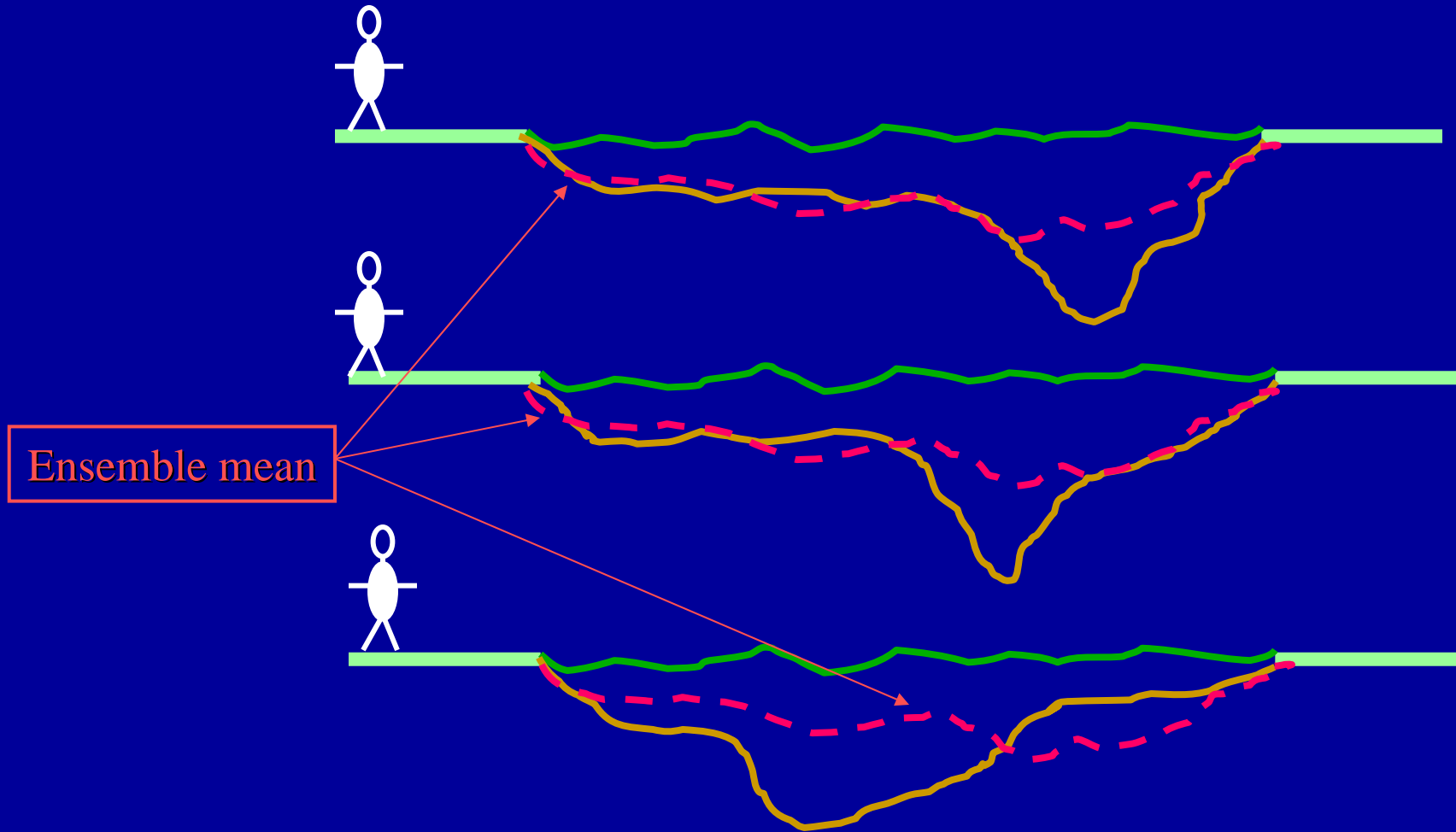
Three non-Floridian statisticians wish to cross a river.
Each has a forecast of depth which indicates they will drown.



So they have an ensemble
forecast, with three members

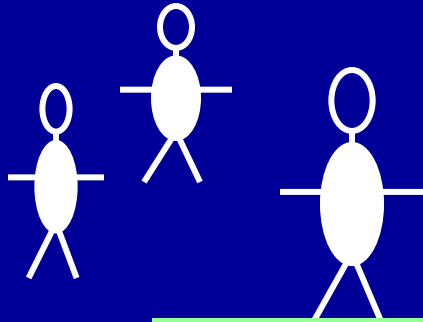


Three non-Floridian statisticians wish to cross a river.
Each has a forecast of depth which indicates they will drown.
So they average their forecasts and decide based on the ensemble mean...



Is this a good idea?

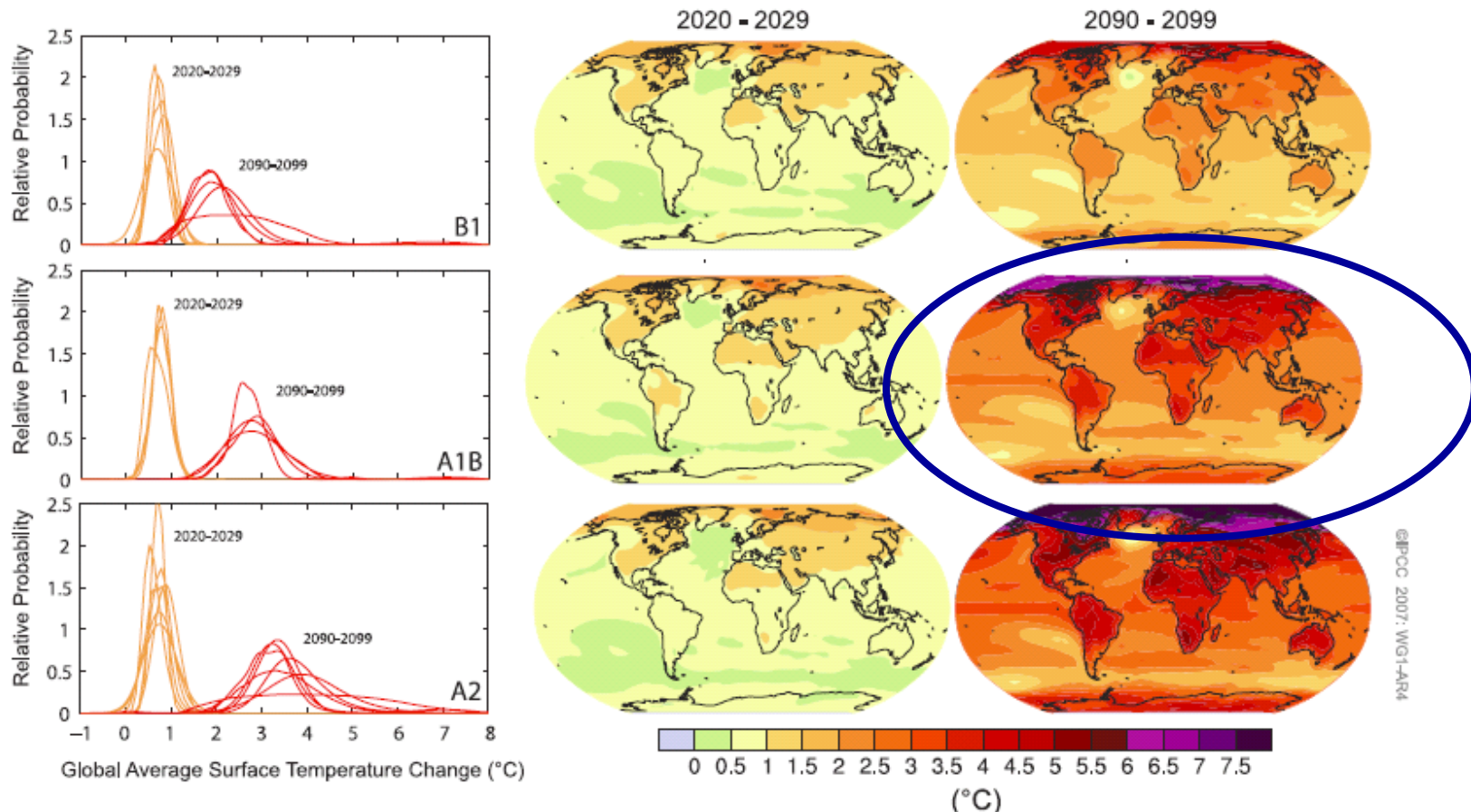
No!



Ensembles contain information, we must be careful not to destroy or discard it!

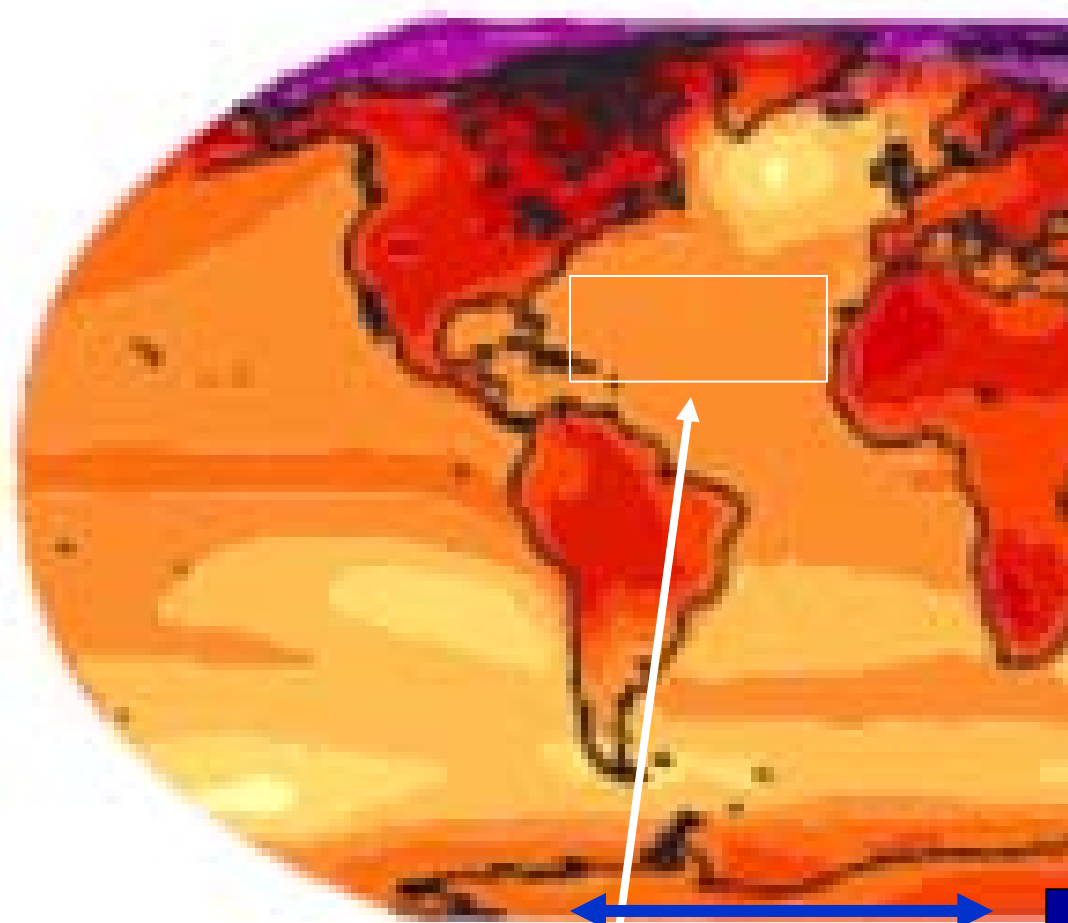
Why then is climate information communicated as this:

PROJECTIONS OF SURFACE TEMPERATURES

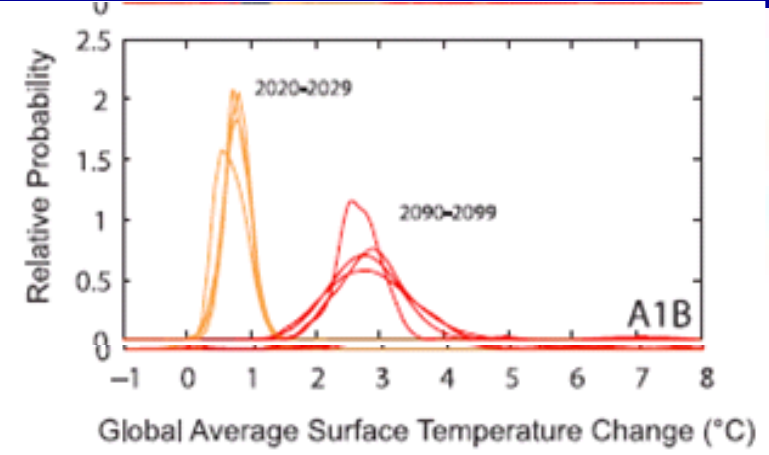


Today's state of the art climate models do not resolve things as small as a hurricane, but if the model temperatures were thought to be decision-support relevant, we could look at projected temperatures in the Atlantic and apply some experimental statistics...

studies for the same periods. Some studies present results only for a subset of the SRES scenarios, or for various model versions. Therefore the difference in the number of curves shown in the left-hand panels is due only to differences in the availability of results. {Figures 10.8 and 10.28}



As in the case of the three statisticians, Rather than averaging first and then computing the impact on hurricane numbers, one should first compute hurricane numbers, and then (if you must) average. (or better still look at the distribution).



Note GLOBAL *Model*-temp range >> 2 degrees...



The basic question for using these results regards how probabilities based on ensembles of climate models should be interpreted:

- a) Like the probability of a driver having an accident given their age and gender?
- b) Like the probability that the next government will rule nuclear power “green”

In the first case we can “integrate out” the uncertainty, while in the second case we have to think more carefully.

I expect the climate case falls between the two.

Next note we already have to deal with different kinds of uncertainty...

Multi-model means over time

The grey bands on the far right “the likely range.”

The coloured bands represent the widths of multi-model ensembles.

These distributions violate the law of large numbers!

The grey band represents traditional observational uncertainty.

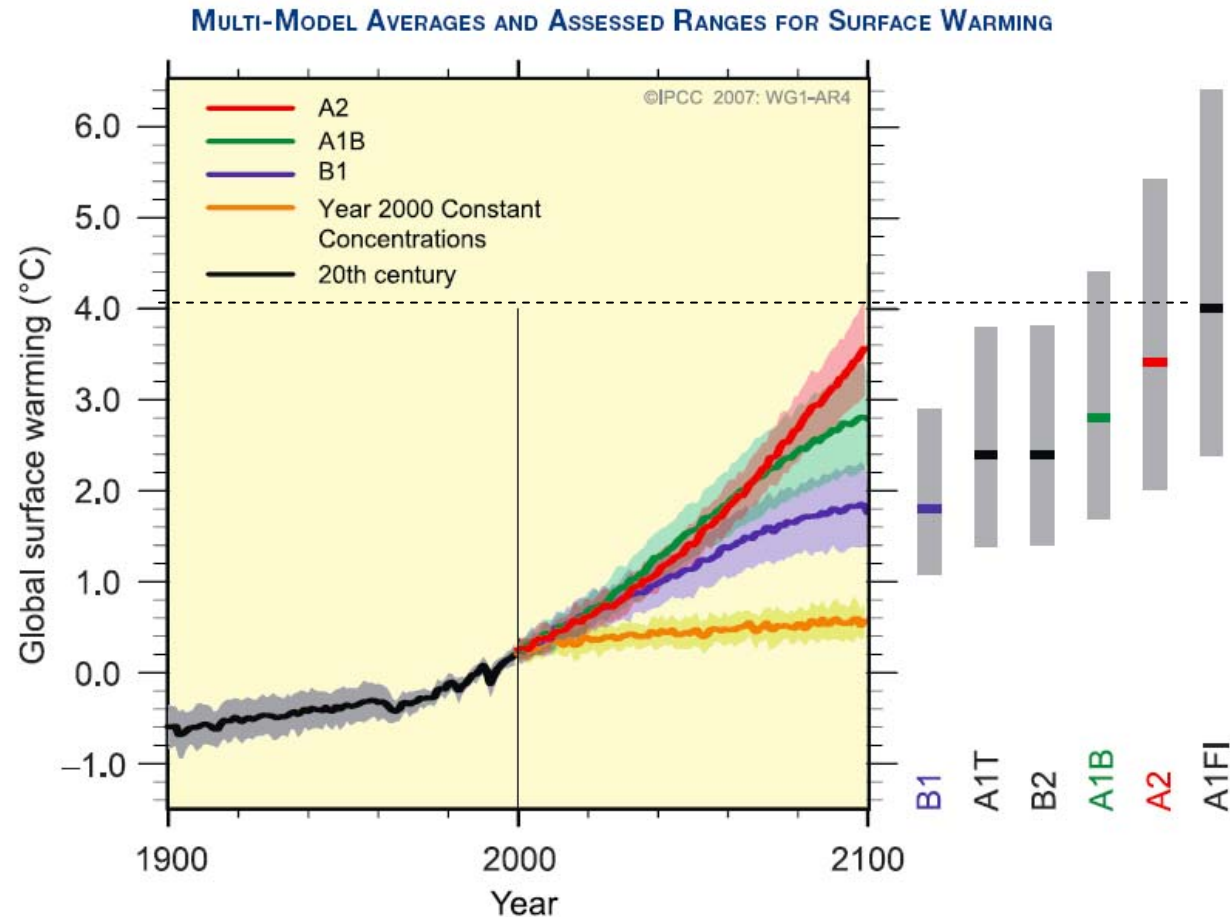
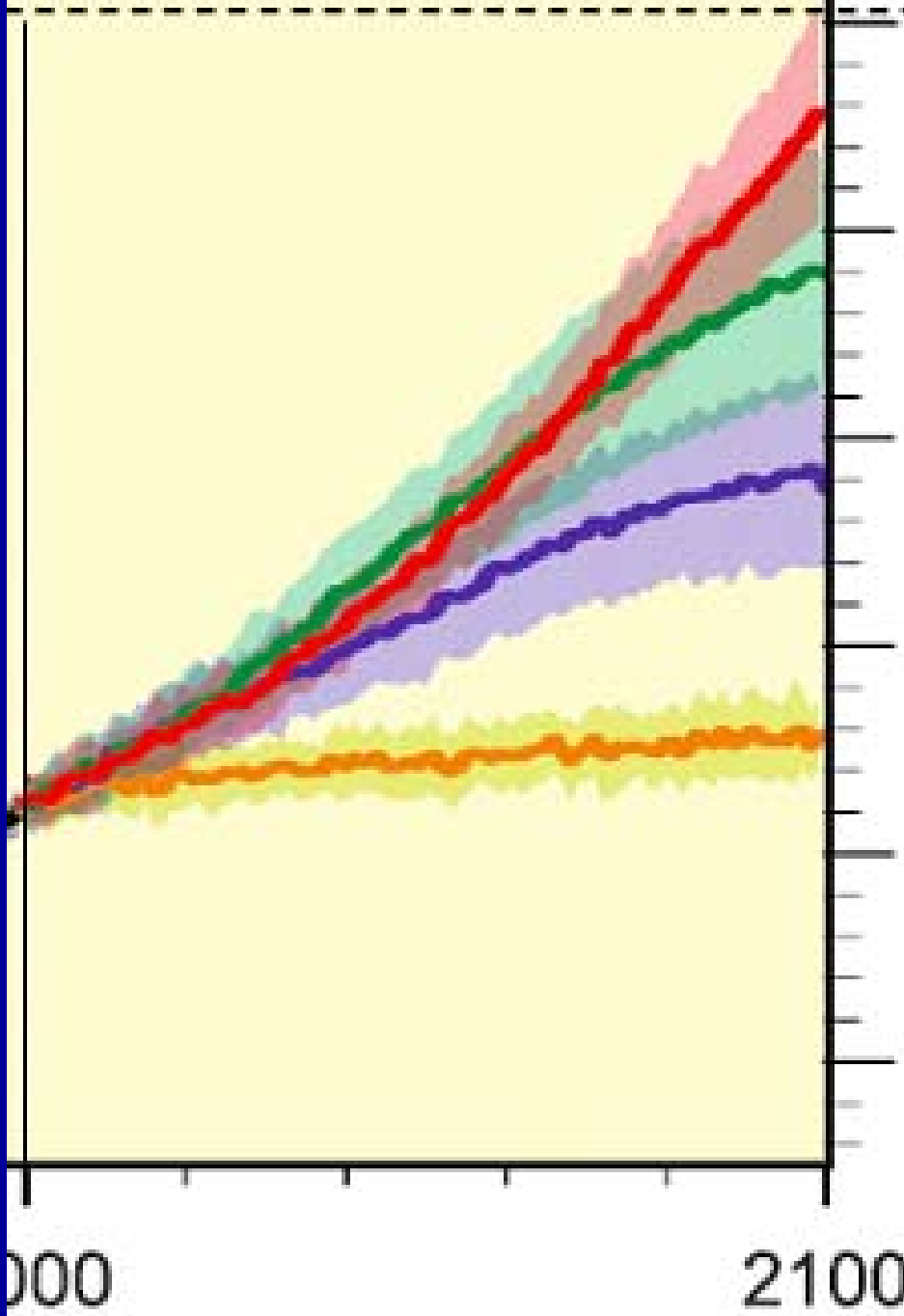


Figure SPM.5. Solid lines are multi-model global averages of surface warming (relative to 1980–1999) for the scenarios A2, A1B and B1, shown as continuations of the 20th century simulations. Shading denotes the ± 1 standard deviation range of individual model annual averages. The orange line is for the experiment where concentrations were held constant at year 2000 values. The grey bars at right indicate the best estimate (solid line within each bar) and the **likely range** assessed for the six SRES marker scenarios. The assessment of the best estimate and likely ranges in the grey bars includes the AOGCMs in the left part of the figure, as well as results from a hierarchy of independent models and observational constraints. {Figures 10.4 and 10.29}

How can we more clearly communicate this level of (66%) uncertainty?
 What does it imply for calculations at 5km and 15 min scales?



Time evolution of the multi-model mean can also mislead!

Note that the ensemble means each show a steady increase of temperature.

Several years of decreasing global mean temperatures might widely be interpreted (or portrayed) as in conflict with this figure.

Could that cause difficulties policy makers? Or with regulators?

Again, just as with our non-Floridian statisticians, the mean does not tell us anything about brief periods of global cooling in the simulations that defined the mean!

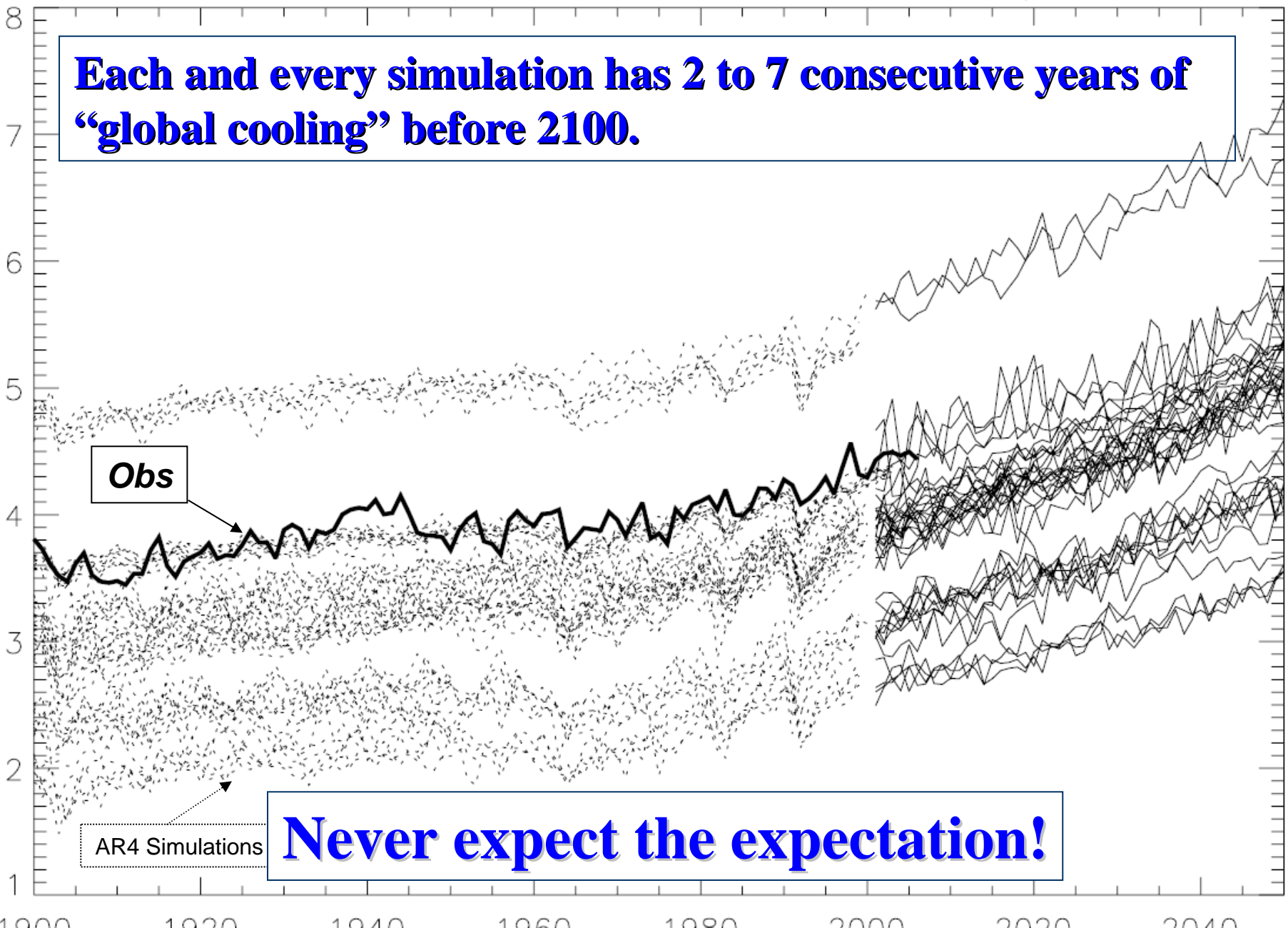
Hindcasts and Forecasts of Global Mean Temperature

Each and every simulation has 2 to 7 consecutive years of “global cooling” before 2100.

Obs

AR4 Simulations

Never expect the expectation!



How relevant is the change in global mean temperature for policy?

All climate change is local:

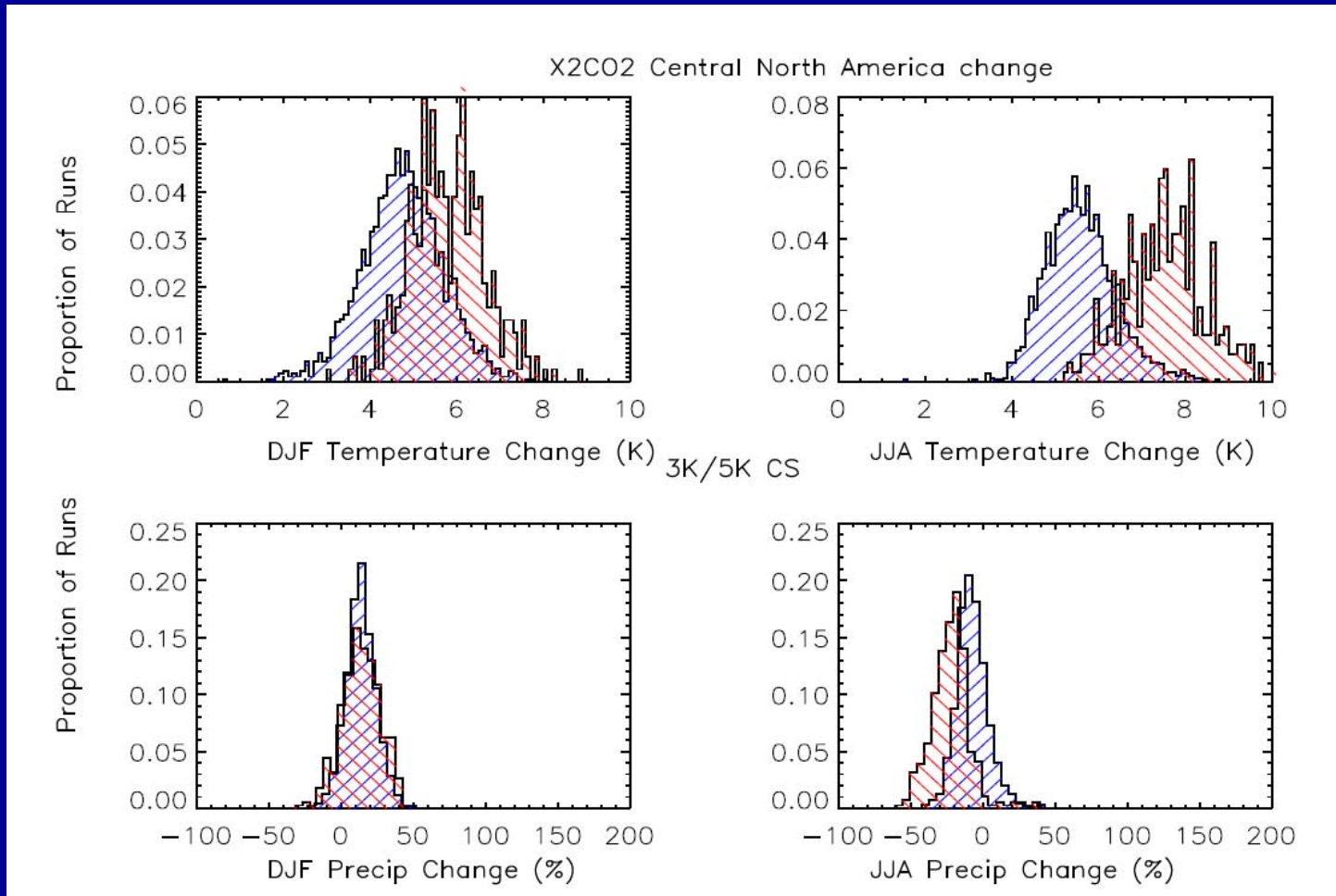
**Global Mean Temperature is not informative for local changes
(even if the models are perfect!)**

**Multi-model average is not informative for changes in time
(even if the models are perfect!)**

Global statistics are only relevant to decision making if they inform the decision maker about something that happens which she would like to take into account before making the decision.

What is the chance a model with a 3 degree Climate Sensitivity is “worse” (that is: yields a greater increase in temperature) than a model with a Climate Sensitivity of 5 degrees?

What's the chance a 3 degree globally is "worse" than 5 degrees?

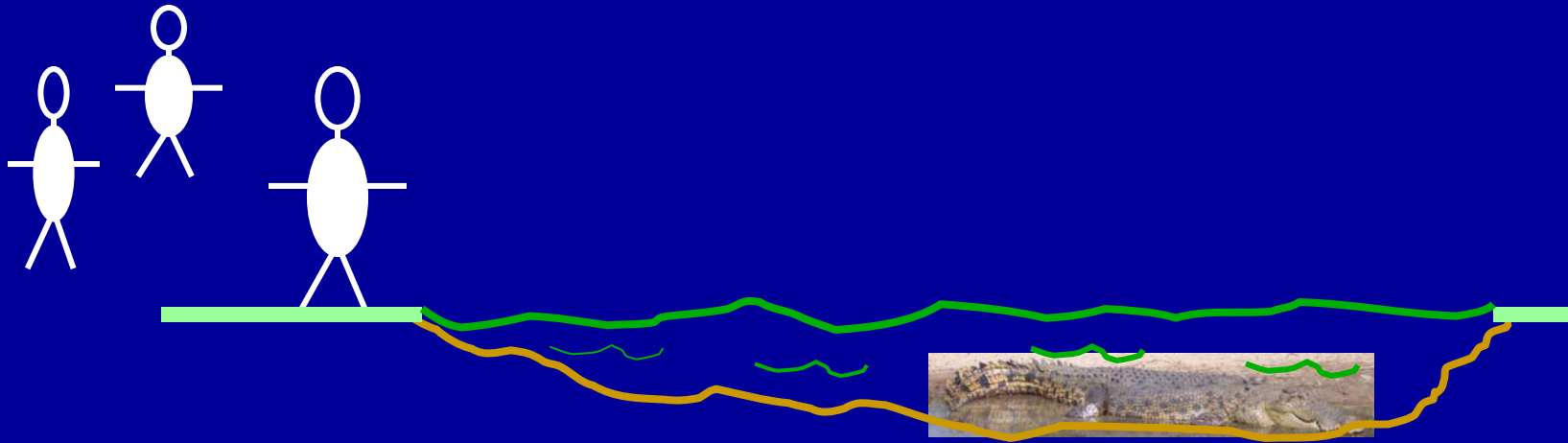


For Central North America, for instance, there is about a one in five chance that a random draw from CS=3 is hotter than one from CS=5
Assuming the model is perfect!

Distributions for Giorgi regions
CS = 3 +/- 0.1 runs (1835) in blue
CS = 5 +/- 0.1 runs (385) in red



Model Inadequacy and our three non-Floridian statisticians.



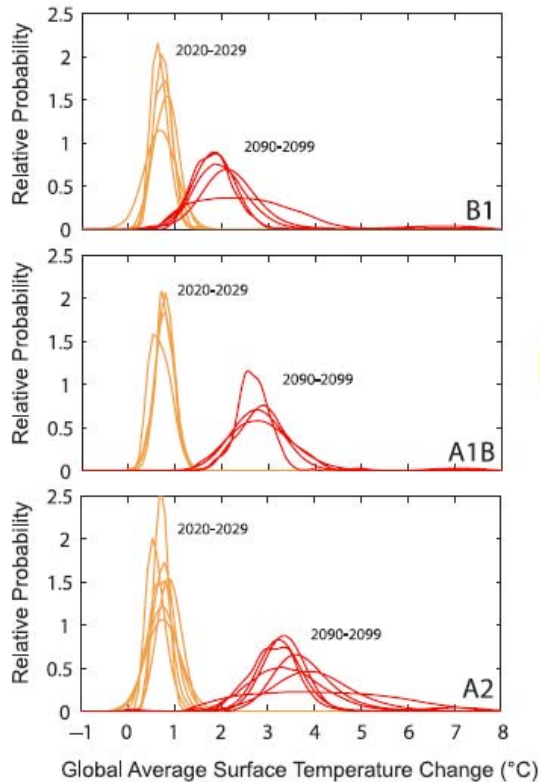
As it turns out, the river is rather shallow.

Model inadequacy covers things in the system that are not of the model.

The decision-relevant question was could they make it across, the depth of the river was only one component...

If we expect non-statistical updates before 2020 (due to blocking, T-rain Atlantic SST gradient, “hurricanes”...), what should we be saying now?

PROJECTIONS OF SURFACE TEMPERATURES



10

Global Climate Projections

The effects of uncertainty in the knowledge of Earth system processes can be partially quantified by constructing ensembles of models that sample different parametrizations of these processes. However, some processes may be missing from the set of available models, and alternative parametrizations of other processes may share common systematic biases. Such limitations imply that distributions of future climate responses from ensemble simulations are themselves subject to uncertainty (Smith, 2002), and would be wider were uncertainty due to structural model errors accounted for.

797

I would like you to think on the potential damage done (to science and society) if distributions which are not decision-support relevant probabilities are used as if they were.

And to think of alternatives for packaging uncertainty so that it can better inform policy and decision support.

(allowing the advancement of science to be seen as a “good thing”)

Climate Science

Computer Modelling

Experimental Statistics

Extreme Economics

Decision Making

Now that we know the policy question: How many CO₂ levels were tested explicitly?

Uncertainty

Standard

The red shading indicates a 60 per cent chance of exceeding the temperature, amber shading a 40 per cent chance, yellow shading a 10 per cent chance, and white shading a less than a 10 per cent chance.

| Stabilisation Level (CO ₂ e) | Maximum | Hadley Centre Ensemble | IPCC TAR 2001 Ensemble | Minimum |
|---|---------|------------------------|------------------------|---------|
| Probability of exceeding 2°C (relative to pre-industrial levels) | | | | |
| 400 | 57% | 33% | 13% | 8% |
| 450 | 78% | 78% | 38% | 26% |
| 500 | 96% | 96% | 61% | 48% |
| 550 | 99% | 99% | 77% | 63% |
| 650 | 100% | 100% | 92% | 82% |
| 750 | 100% | 100% | 97% | 90% |
| Probability of exceeding 3°C (relative to pre-industrial levels) | | | | |
| 400 | 3% | 3% | 1% | 0% |
| 450 | 50% | 18% | 6% | 4% |
| 500 | 61% | 44% | 18% | 11% |
| 550 | 69% | 59% | 32% | 21% |
| 650 | 94% | 94% | 57% | 44% |
| 750 | 99% | 99% | 74% | 60% |
| Probability of exceeding 4°C (relative to pre-industrial levels) | | | | |
| 400 | 17% | 1% | 0% | 0% |
| 450 | 34% | 3% | 1% | 0% |
| 500 | 45% | 11% | 4% | 2% |
| 550 | 53% | 24% | 9% | 6% |
| 650 | 66% | 58% | 25% | 16% |
| 750 | 82% | 82% | 41% | 29% |
| Probability of exceeding 5°C (relative to pre-industrial levels) | | | | |
| 400 | 3% | 0% | 0% | 0% |
| 450 | 21% | 1% | 0% | 0% |
| 500 | 32% | 3% | 1% | 0% |
| 550 | 41% | 7% | 2% | 1% |
| 650 | 53% | 24% | 9% | 5% |
| 750 | 62% | 47% | 19% | 11% |

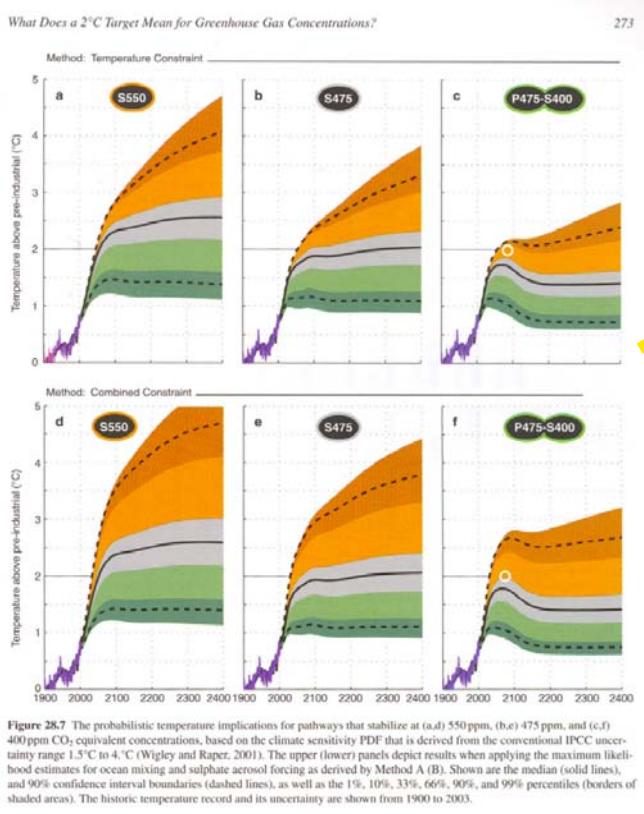


Figure 28.7 The probabilistic temperature implications for pathways that stabilize at (a,d) 550 ppm, (b,e) 475 ppm, and (c,f) 400 ppm CO₂ equivalent concentrations, based on the climate sensitivity PDF that is derived from the conventional IPCC uncertainty range 1.5°C to 4°C (Wigley and Raper, 2001). The upper (lower) panels depict results when applying the maximum likelihood estimates for ocean mixing and sulphate aerosol forcing as derived by Method A (B). Shown are the median (solid lines), and 90% confidence interval boundaries (dashed lines), as well as the 1%, 10%, 33%, 66%, 90%, and 99% percentiles (borders of shaded areas). The historic temperature record and its uncertainty are shown from 1900 to 2003.

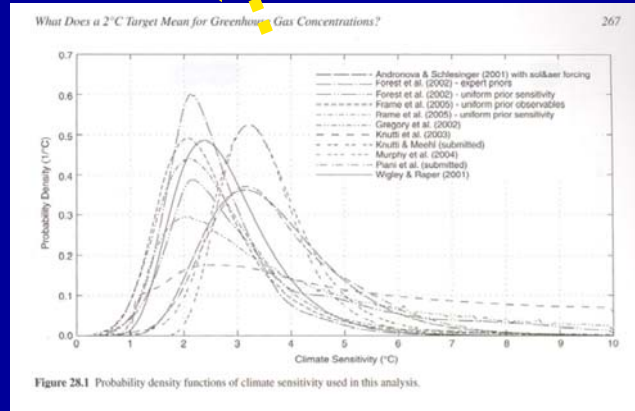
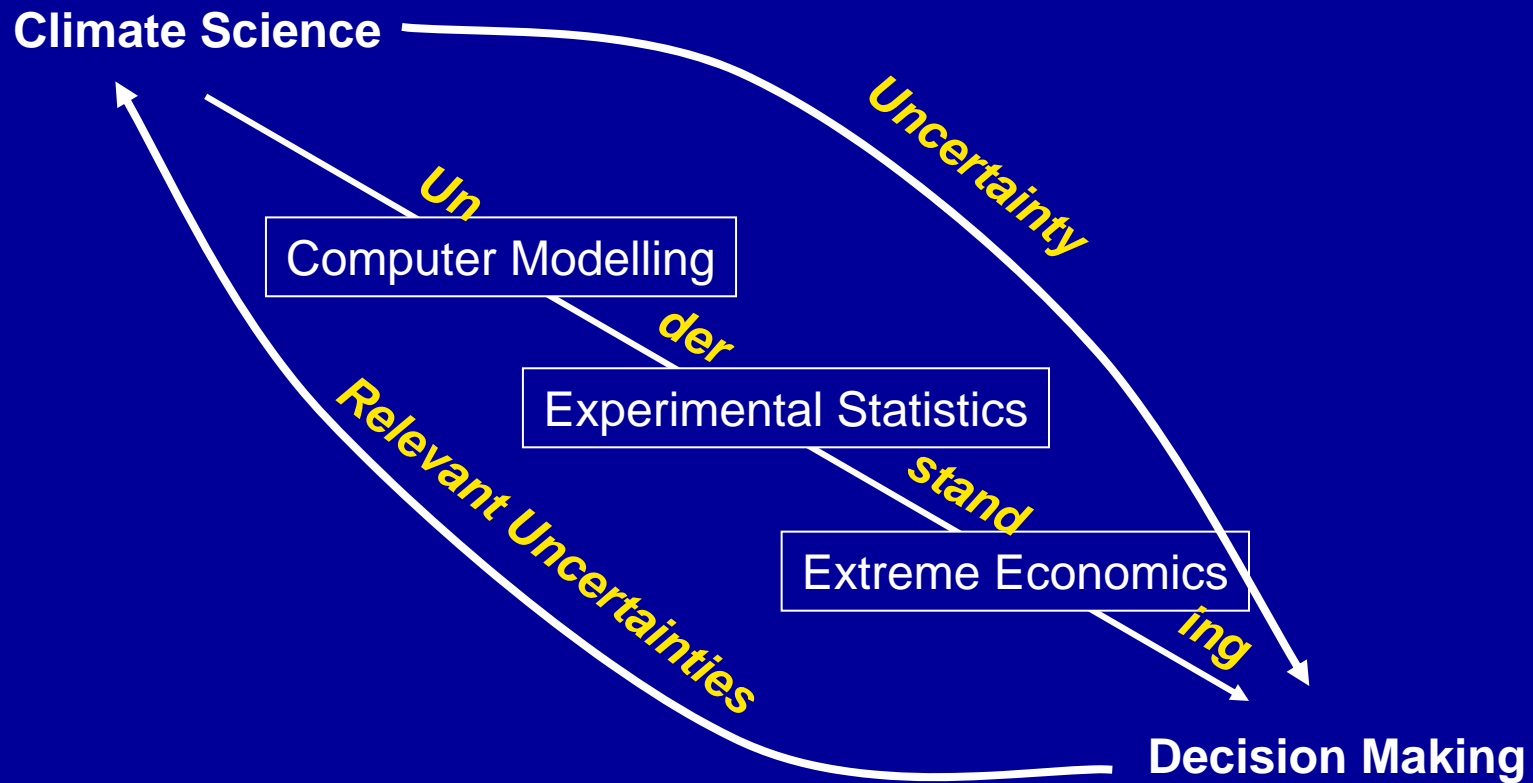


Figure 28.1 Probability density functions of climate sensitivity used in this analysis.

CHAPTER 28
 What Does a 2°C Target Mean for Greenhouse Gas Concentrations? A Brief Analysis Based on Multi-Gas Emission Pathways and Several Climate Sensitivity Uncertainty Estimates
 Malte Meinshausen
 Swiss Federal Institute of Technology (ETH Zurich), Environmental Physics, Department of Environmental Sciences, Zurich, Switzerland



We understand a great deal about the Earth's climate system. That does not imply we can make detailed (decision relevant) projections. As our understanding grows further still, **how can we communicate risks and uncertainties so that the advancement in science is seen as "a good thing"?**

Refinement and falsification of previous results, along with information *from* the numerate user community on how to proceed is desperately needed.



We believe that on-going collaboration at national and regional scales between sectoral partners and climate information providers will benefit all parties. We note further that the practice of climate-related risk management is not widespread within many sectors and that there is a lack of awareness of climate-related risk management opportunities among numerous communities that would benefit.

We recognise the need for efforts to assemble disparate knowledge, to identify good practice, and to assess the value of and give visibility to climate-related risk management.

We recommend that collaborative mechanisms be developed that facilitate needs and requirements driven activities in climate-related risk management, and that they be used to improve the quality of climate-related risk management to the benefit of all.

These mechanisms could promote:

- evaluation of current climate-related risk management in all relevant sectors
- better assessments of the value of climate-related risk management
- establishment of data sets necessary to inform decision making
- research to improve climate-related risk management
- development of decision-support tools
- capacity building in climate-related risk management
- on-going evaluation of outcomes
- the use of suitable financial mechanisms in support climate-related risk management.

We request that these recommendations be considered by WMO, other UN System organisations, and sectoral and development organisations operating at national, regional and international levels.

The rational interpretation, use and advancement of climate science would benefit from more communication with the users of climate science.

This is well recognized by the UN and WMO.

Overview

- As climate science shifts its focus from the past to the future, we need to be a bit more careful communicating the various flavours of uncertainty.
- Working more closely with you would help us, you, and perhaps everyone else too!
- Model inadequacy severely limits the value of implied-probability distributions for decision-support.
 - Model diversity does not quantify future uncertainty
 - We might do well to avoid oversell and better manage expectations!



Climate science is science (not engineering)

It has provided hugely important information and has much to offer in the future on the future.

Together, we can aim to extract robust information for the insurance sector. And make better decisions based upon everything we know (but not more).

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Insuring Future Climate Change Scope

The insurance sector faces considerable challenges ahead. Projections of increased occurrence and intensity of extreme weather events caused by humanly induced climate change may amplify payouts and administrative costs considerably.

Recent trends in weather extremes, with the 11 warmest years worldwide recorded during the last 13 years, means that society must take sensible steps to prepare and act already now. Insurers are at the frontline of climate change, as they meet their clients directly after damages occur. Climate risk management requires mapping vulnerability towards climate change, encouraging adaptation measures and initiating concerted actions within the sector regarding the distribution of responsibility for damages between key-stakeholders and Governments. This conference brings together researchers, stakeholders and decision-makers from insurance, science and politics in order to stimulate discussion and dialog. The aim is to promote pro-active actions for reducing risks before serious impacts of climate change are upon us.

The conference sessions intend to present theoretical knowledge as well as practical tools on calculating climate risk, mapping risk geographically, possibilities and limits of adaptation, and communicating risk. Collaboration between the public and private sector is discussed as well as a philosophical approach to the issue of who should bear responsibility for adaptation and damage reduction. Case-studies from different regions in Europe and the most central types of climate extremes are presented to round off each topical session. The studies present experience on mapping, prediction and damage reduction of climate events such as storms, flooding, sea-level rise and snow-blizzards.

While society as a whole must bear the cost of climate change - in the form of higher insurance premiums or infrastructure repairs financed by taxes, knowledge on the effects of climate change on the business and climate protection can bring huge economic opportunities. Thanks to new technologies, increased energy efficiency, and new products within risk management, it is possible to be prepared by acting and planning today.

Session 1: Estimating climate risk in a world of insecurity

Climate change will be felt both by gradual and sudden changes, as well as by changes in the intensity and frequency of extreme events. Global and regional climate models projecting the spatial distribution of these changes give a coarse idea of the expected changes. Nevertheless, the uncertainties in these projections need to be incorporated in statistical models for estimating the risk, as well as in the calculation of insurance premiums. What do we know so far, where are the challenges?

Session 2: Insurers adaption - the precautionary principle

A precautionary approach implies that actions are undertaken which try to minimize harm even when the absence of scientific certainty makes it difficult to predict the likelihood of harm occurring, or the level of harm should it occur. What philosophical views imply that the lack of full scientific certainty should not be used to postpone cost-effective damage prevention? What are the practical approaches when it comes to damage prevention with various stakeholders involved? A case-study on river management discusses the effect of preventive actions. Another study reviews the climate robustness of buildings from a Scandinavian perspective.

Session 3: Responsibility: Society or the individual?

The responsibility for climate adaptation has to be assigned to various actors in society - individuals, the public and private sector. How can the burden be distributed fairly and economically reasonable? What incentives can be provided through political action? How may the thresholds for damage claims change and be distributed if the intensity and frequency of extreme weather events increases? Experiences from vulnerability studies of the Swedish society, as well as a case-study on storm behaviour and public/private response in Northern/Central Europe shows practical perspectives on these issues.

Session 4: Mapping risk

It has been suggested that geographic information systems can support traditional statistical analyses to localize and give insight into areas that are vulnerable to climatic hazards. What kind of spatial patterns and unique regional conditions can be unveiled and thus, will allow for precautionary action and adaptation strategies? A case-study from flood risk management in the Netherlands shows how risk maps can be used for policy development.

Session 5: Collaboration between the business and the public

Risk management of climate change can be only achieved by concerted action of various stakeholders in the private and public sector. How can private-public interactions organise a financial robust insurance system for unequally distributed climate risk? In addition, an example from the UK on the complex collaborative process in spatial planning for climate change is discussed. Another case-study on mud- and snow slide hazards in the Alps presents the increase in vulnerability of the local population as a result of both environmental and social factors.

Session 6: Communicating climate risk

Climate measurements do not necessarily represent the way people actually perceive climate conditions in their daily life. People may respond to various climate stimuli in different way, and adaptation to changes may be influenced by other rationales rather than seeking climate adaptability and robustness. As such, it can be a challenge communicating the necessity to reduce global warming as well as to prepare society for potential adverse climate conditions. What have we learned about using media campaigns for getting public attention? How can scientists help making people understand uncertainty about regional consequences of climate change derived from global climate models?

Session 7: Reinsuring climate risk and emerging business

Traditionally, insurance companies will reinsure their own risk in the international market. What are the thoughts of the reinsurance industry on a forthcoming increase in climate damage related payouts and what management strategies are applied to encourage primary insurers to reduce the risk? How may the content of the coverage change in a changing world and what expertise and knowledge can reinsures provide? A case-study on the change in the global risk landscape will discuss these issues in further details. Climate changes will give room for new business solutions. This session includes a presentation of emerging markets and customer groups as well as new hazards which need special attention in the decades to come.

Focus on how uncertainties and risk are communicated.

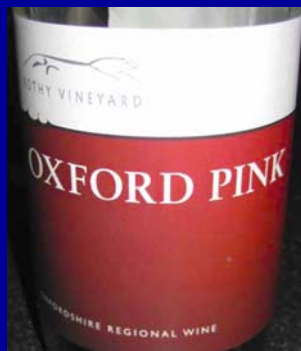
IPCC AR4, pointing toward various insurance related applications

Robust information:

Uncertainty: Quantifiable (probabilistic), not necessarily by probabilities!

Probabilities are conditioned on what we know, and often on the assumption that our model(s) are fit for purpose.

Decision makers **require** very little.
Clear expression of current limits is of great value.



Fallacy of Misplaced Concreteness

“The advantage of confining attention to a definite group of abstractions, is that you confine your thoughts to clear-cut definite things, with clear-cut definite relations. ...

The disadvantage of exclusive attention to a group of abstractions, however well-founded, is that, by the nature of the case, you have abstracted from the remainder of things.

... it is of the utmost importance to be vigilant in critically revising your *modes* of abstraction.

Sometimes it happens that the service rendered by philosophy is entirely obscured by the astonishing success of a scheme of abstractions in expressing the dominant interests of an epoch.”

A N Whitehead. Science and the Modern World. Pg 58/9

In the case of physical dynamical systems, probability forecasts based on model simulations provide excellent realisations of this fallacy, drawing comfortable pictures in our mind which correspond to nothing at all, and which will mislead us if we carry them into decision theory.

You don't have to believe everything you compute!

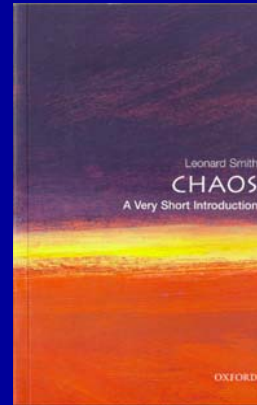


Improving Predictions of Climate Change: Living with an Inconvenient Ignorance

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&
Pembroke College, Oxford

Jochen Broecker, Liam Clarke, Hailiang Du,
Dave Stainforth, Kevin Judd & Ed Tredger

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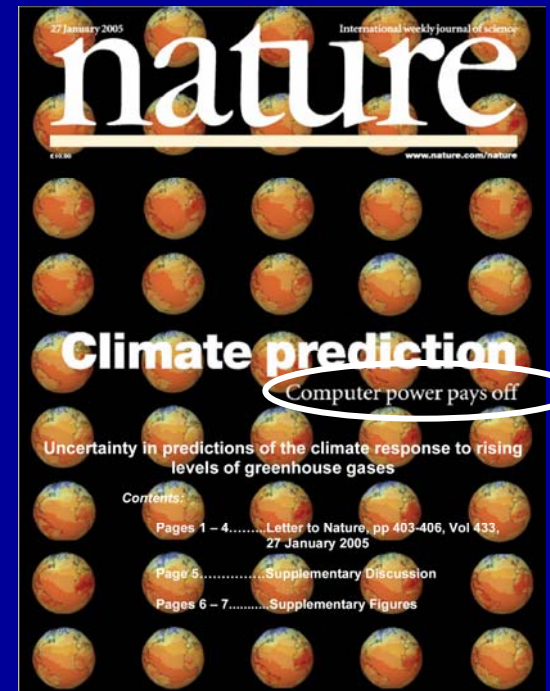
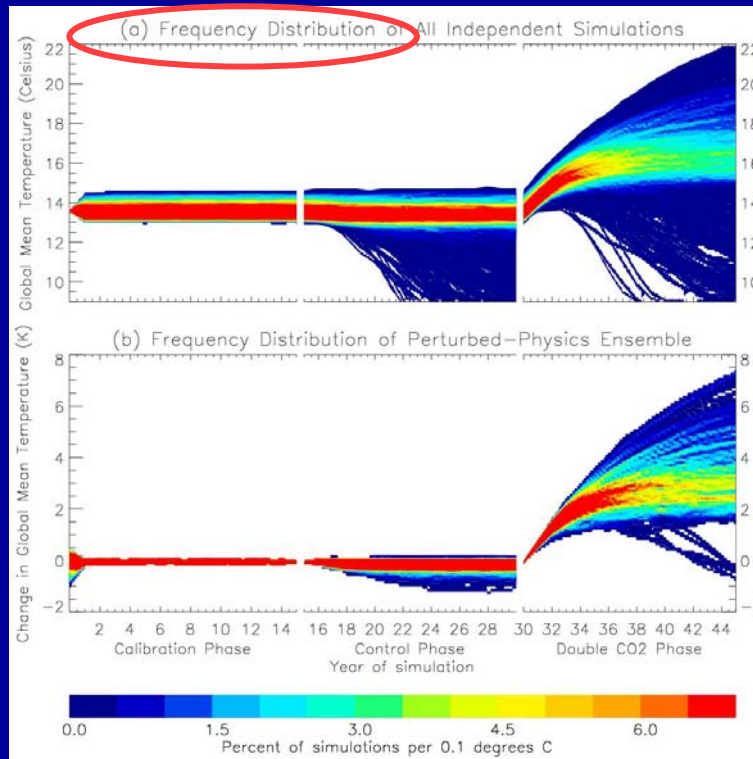


Climate is Harder than Weather

By definition: Climate Science is **extrapolation**.
(in a $\sim 10^6 \times 10^{21}$ D model-space)

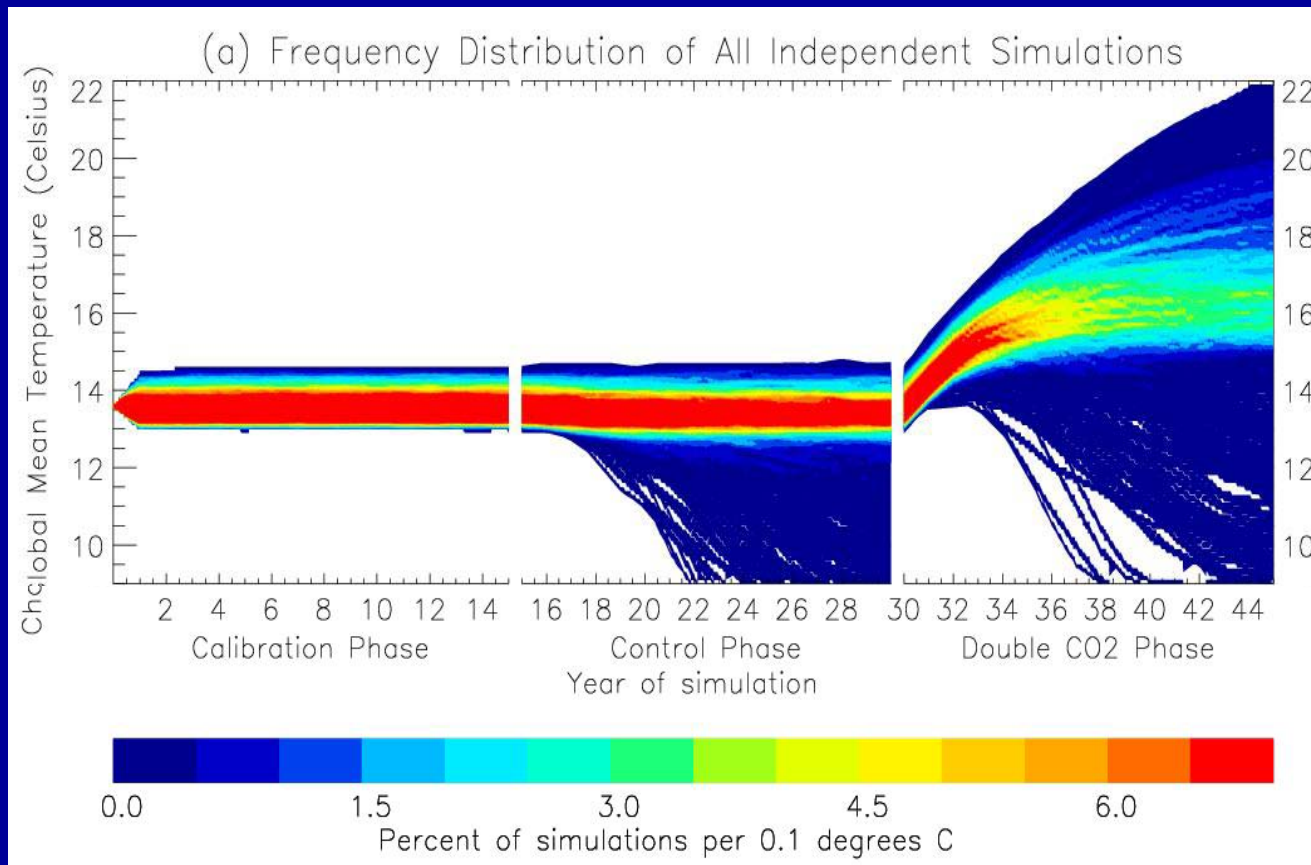
This is a very very hard problem.

And we are forced to work (mostly) in-sample.
Below is a distribution of many runs under the same
mathematical model structure, parameters and ICs vary.



How exactly?

Single model structure: vary parameters



This is the range of 2xCO₂ global average temperature in one model!

Experiment has three phases:

Quality control is required!

What does the relative frequency distribution of model global temperatures tell us about the world?



- > 100,000 participants from 150 countries
- > 70,000 simulations (each 45 years long)
- > 8,000 years of computing time



Projected Patterns of Precipitation Changes

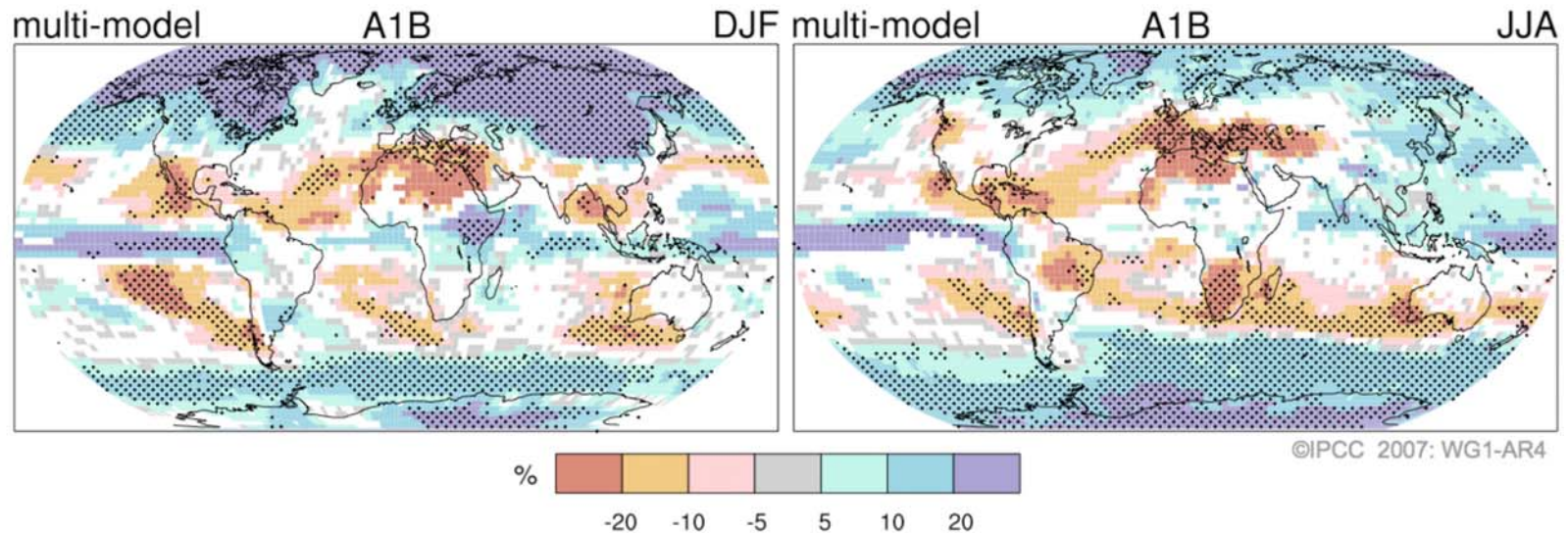


FIGURE SPM-6. Relative changes in precipitation (in percent) for the period 2090–2099, relative to 1980–1999. Values are multi-model averages based on the SRES A1B scenario for December to February (left) and June to August (right). White areas are where less than 66% of the models agree in the sign of the change and stippled areas are where more than 90% of the models agree in the sign of the change. {Figure 10.9}

**Do not worry about the values of the numbers (yet):
Think first about the meaning of this kind of number!**

A1B



UKCIP08 will provide climate change scenarios for the UK :

- for 25 x 25 km grid squares, plus some aggregated results for administrative regions and river catchments
- The weather generator will allow future time daily (and sub-daily) time-series to be simulated, which will be of use to any user who is interested in daily weather variables, thresholds and sequences or extreme events.

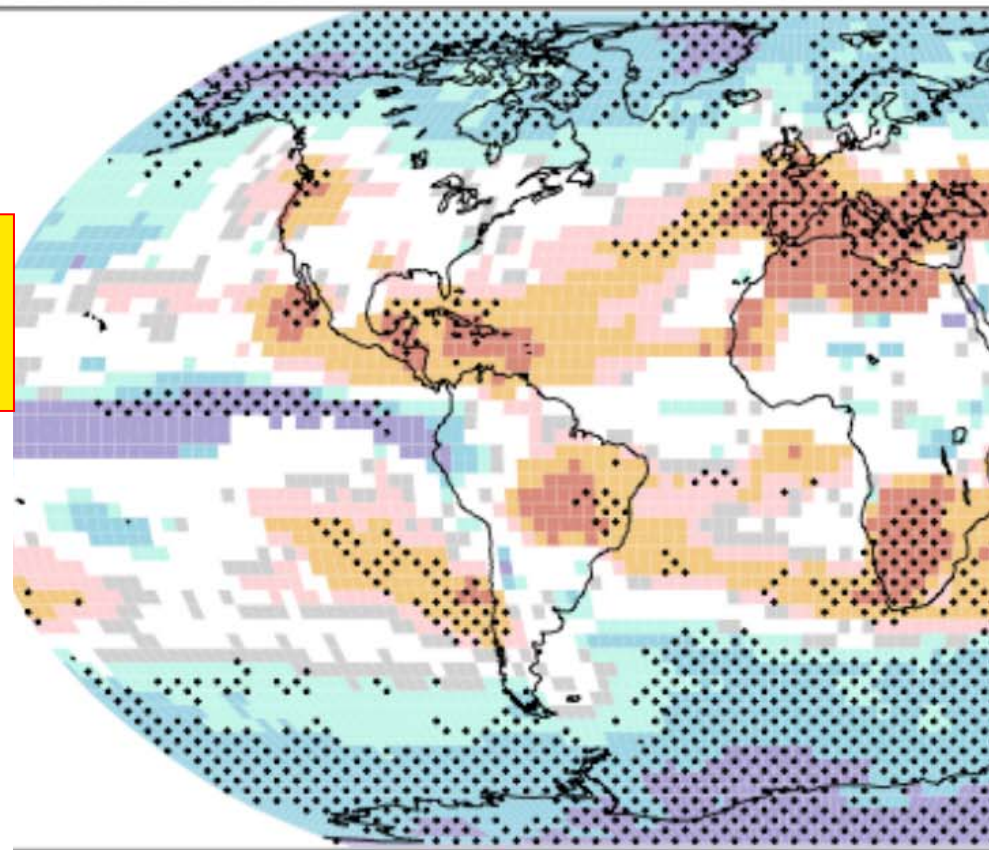
- events.
- relative to a baseline period of 1961–1990
- including extra information such as marine scenarios and changes to river flows

UKCIP02



multi-model

A1B



-20 -10 -5 5 10 20

FIGURE SPM-7. Relative changes in precipitation (in percent) for the period 2090–2099, relative to 1980–1999. Values are multi-model averages based on the SRES A1B scenario for December to February (left) and June to August (right). White areas are where less than 66% of the models agree in the sign of the change and stippled areas are where more than 90% of the models agree in the sign of the change. {Figure 10.9}

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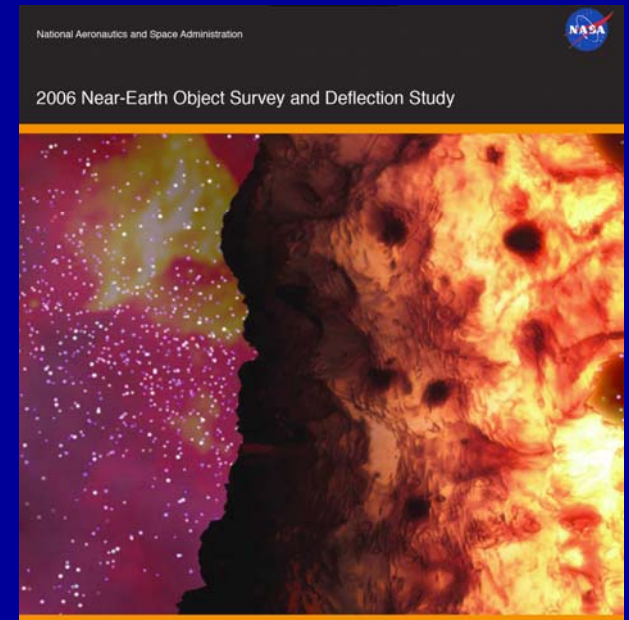
We know the Newtonian model is (known to be) structurally incorrect, its parameters have no precise empirical values to find, but it can shadow relevant observed trajectories on time scales much longer than 50 years.

Decision support: potential collisions with near Earth asteroids over the next 500 years. Three models:

Ptolemaic

Newtonian

General Relativistic



Main point: Utility (probabilistic similarity) does not require a perfect model, merely one fit for purpose. (?or at least plausibly fit for purpose?)

And if Model Structure is still an issue?

The Climate-Bayesians reply is to take several models and compute **Discrepancy**:

- Runge-Kutta 6th order
- Runge-Kutta 4th order (smaller time step)
- Predictor-corrector
- Hamiltonian (numerically exact energy conservation scheme)

Probabilistic Similarity does not require a perfect model, merely one fit for purpose.

But are Newton's Laws fit for *this* purpose?

Why might one think:

“relationships between *model errors* for different climate variables can reasonably be expected to follow relationships between *inter-model differences* for different variables.”

Murphy et al 2007

“are unlikely to be fundamentally compromised”

?@ 5 km, hourly extremes of precip in 2080? In Y2007 models?

But are Newton's Laws fit for *this* purpose?

Property slump

Under £200,000 New-build flats

● Cash-strapped investors will offload smaller new-build flats, but first-time buyers will be unable, or unwilling, to secure mortgages to buy them

Under £350,000 Conversion flats

● Owners who have bought second-rate properties to move up the property ladder will suffer sliding prices as nervous buyers hold out for quality

Under £500,000 Terraced houses

● Demand for terraced houses will increase, from downstagers and upstagers, but the recent high rises in prices mean only the fanciest will appreciate



Homeowners brace themselves for a cold front on the property market

- ▶ High-value houses may not be affected
- ▶ Last areas to boom could be first to fall

Anne Ashworth, Judith Heywood

The pain of the property market slowdown of 2008 will not be equally shared. The rich, in homes of £2 million-plus, may barely notice the downturn and could become richer, while the relatively poor could become even poorer.

Most economists and estate agents are forecasting that homes worth £50,000 or less in all areas will be those hardest hit in the slowdown.

The prospective purchasers of lower-priced homes are those most likely to be squeezed by the new, less generous, lending policies of banks who will be attempting to repair their balance sheets in the wake of the credit crunch. The days of easy money are over and anyone, such as a first-time buyer seeking a mortgage that is five or six times their income, with little money saved for a deposit, will receive a chilly welcome.

However, owners of a house in the country, or a handsome period home anywhere close to a good school, a

waterfront or good transport, could be hardly troubled by the correction that is already happening in the housing market.

The attractions of features such as space, a garden, and proximity to schools, shopping and transport will be even more accentuated than usual in the move towards quality in the property market. The cutback in City bonuses will mean that demand could falter for homes of \$1-2 million in Central London and the suburbs, according to Max Ziff of the estate agents Hemmings. But this setback may only be temporary.

There could also be a reassessment of areas whose values have appreciated because they are near to a smart area. Yolande Barnes, an economist at Savills, calls it the "high-tide effect": the neighbourhoods that were the last to boom are the first to fall.

Richard Donnell of Hometrack, the housing data group, said: "When the market is hot, what is considered Clapham Old Town gets stretched. But as the market cools, prices in these border areas go back to being Clapham North or Stockwell prices. In some secondary areas that are calling themselves places they really are not, prices have been rising at a rate that is not sustainable."

Meanwhile it could be a good year for downstagers who are selling a large

family home that is likely to retain its value and moving to a more modest property of the type that is more vulnerable to the effect of the downturn.

The areas seen as most likely to be left unscathed by the downturn are the South West, the Lake District, Cheshire, Wales, Scotland and all of the desirable areas of London.

Lucian Cook, from Savills, said: "The corridor from Falmouth to Guildford, from West London to Surrey, will be a safe haven. But West London and the areas around Heathrow will suffer more of an impact."

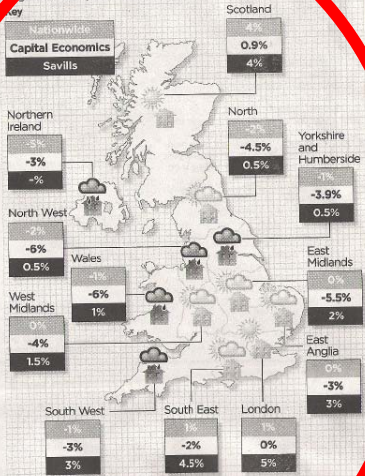
Speculators who have invested in new developments in city centres nationwide could also suffer in the more bracing climate. Small-time buy-to-let investors who have over-extended themselves to get into the property game are suffering from rising interest rates and a glut of new flats that are for sale.

In a survey of estate agents and surveyors nationwide, that was conducted by The Times, the message of downturn in the property market was strong.

Richard Powell from Ryder & Dutton, an estate agent in Oldham, Lancashire, said: "We will have a real problem with flats. There are partially built apartments round Oldham where developers are going to struggle to sell at the prices they hoped — espe-

Will your home weather the storm?

National house price forecasts 2008



Source: Nationwide, Capital Economics, Savills

cially when a new one-bedroom flat is more expensive than a three-bedroom terrace house which you can still buy for £100,000.

Benfield of Capital Economics, the forecasting group, said that the new-build sector would suffer because developers were under more pressure to sell than the average vendor of a property.

Paul McKinnings, of Edward Watson Associates in Newcastle, said that four-bed detached houses that are around the £250,000 stamp duty

Your guide to the housing market surveys at timesonline.co.uk/property

Property slump

Under £750,000 Semi and smaller detached houses

● Family homes will hold their value, as the appeal of spacious properties with period features in established suburbs remains undiminished

Under £2m Good-sized detached properties

● High-end homes in prime locations will suffer as City workers hesitate to spend bonuses on property, but confidence will recover quickly

Over £2m Very high-quality properties

● The super-rich from the UK and abroad will continue to grab the chance to buy into the limited supply of grand homes in desirable locations



Lenders may not pass on rate cuts

▶ Banks look to protect their profit margins

What do homeowners have to fear from the credit crunch?

between 7.46 per cent and 7.66 per cent, despite the fact there has been no movement in the base rate since

This is also an ensemble forecast.

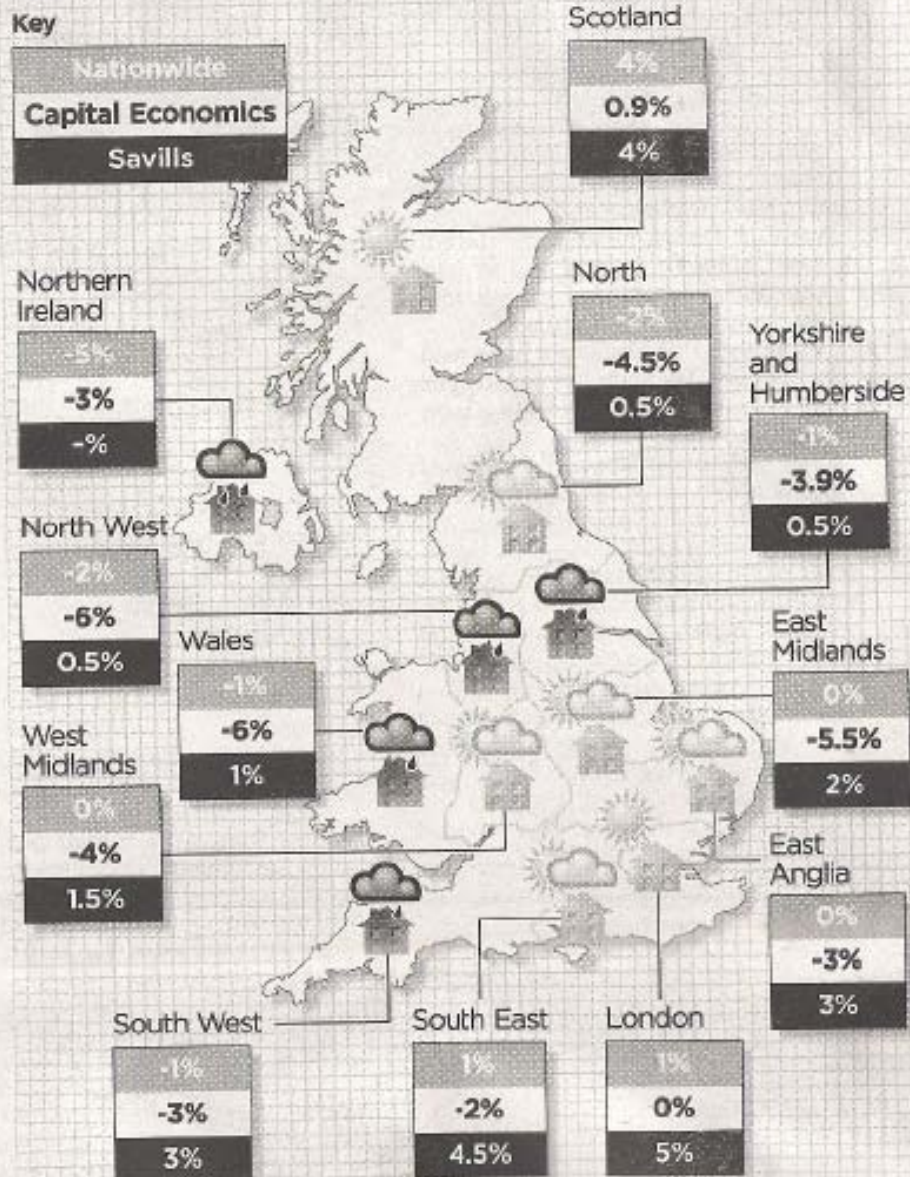
It is useful to see more than just the mean!

But can we expect climate forecasts to be any better than economic forecasts?

(Yes)

Will your home weather the storm?

Regional house price forecasts 2008



Source: Nationwide, Capital Economics, Savills

Scotland: all forecasts positive.

London: None negative

Northern Ireland: one missing

All others mixed: positive and negative

All these issues are mirrored in climate modelling, including the fact that the forecasts are not really independent.

But are scientific forecasts more reliable than economic forecasts?

Yes.

The Scottish Play

BANQUO: If you can look into the seeds of time,
And say which grain will grow and which will not,
Speak then to me, who neither beg nor fear
Your favours nor your hate.



Banquo

BANQUO: And oftentimes, to win us to our harm,
the instruments of darkness tell us truths,
win us with honest trifles,
to betray's in deepest consequence.

And remember: each prediction told to Macbeth proves accurate. Nevertheless the story is not one of optimal decision support.

Macbeth:

And be these juggling fiends no more believed,
That palter with us in a double sense;
That keep the word of promise to our ear,
And break it to our hope.

Arguably, there is no general (much less elegant) solution, given current levels of models skill, the “9 of each” ENSEMBLE (DEMETER, PROVOST, ...) ensemble design, and a forecast archive of only a few dozen points.

Improved design of the ensemble (size, formation, ...) and better informed model improvement may allow us turn model simulations into more generally useful forecasts (on the STD timescales)...

...and get more users to the other side beyond week two without waiting for bigger computers or better models they will allow.

