

11 July 2023 // Ecological Economics in Tuscany

#### **Experimental Economics for Disaster Preparedness**

Jantsje Mol // www.jantsje.nl // 🏏

*ajantsjemol* 



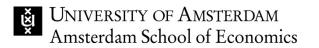
#### **Floods & Hurricanes**





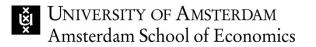
• Flood defenses





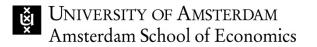
- Flood defenses
- Flood insurance





- Flood defenses
- Flood insurance
- Individual flood risk reduction measures





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> self-protection = reducing probability of an event

- Flood defenses
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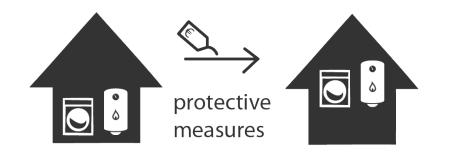
> self-insurance = reducing damage in case of an event

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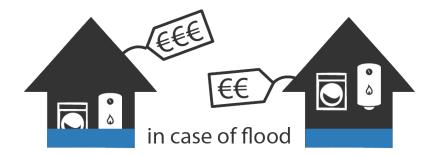
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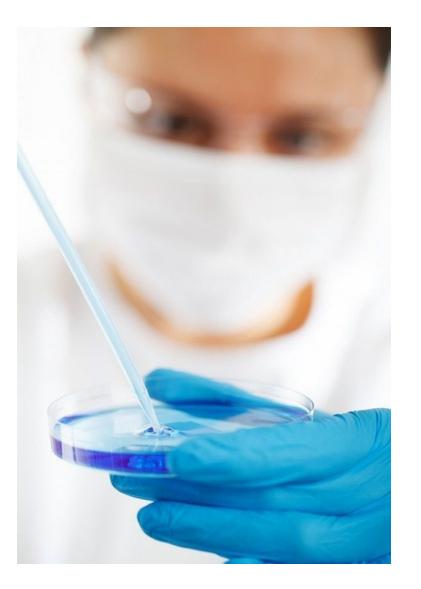
> self-insurance = reducing damage in case of an event

These measures are often **<u>cost effective in the long run</u>** 





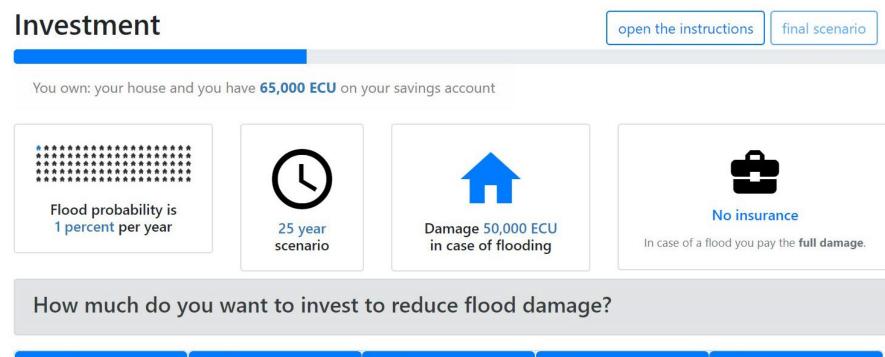






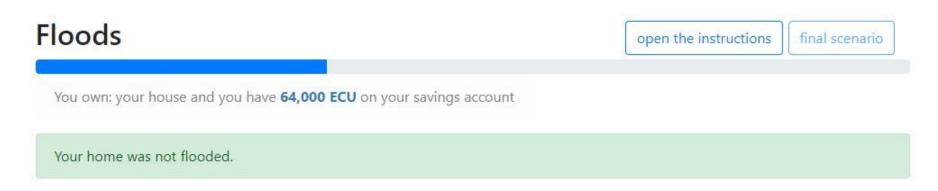


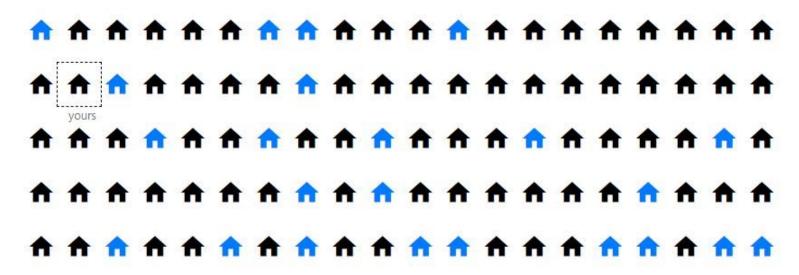
## **Measuring flood preparedness: the game**



🔦 0 ECU	🔦 1,000 ECU	🔦 5,000 ECU	🔦 10,000 ECU	🔦 15,000 ECU
do not invest: accept 50,000 ECU damage	reduce damage to 45,242 ECU	reduce damage to 30,327 ECU	reduce damage to 18,394 ECU	reduce damage to 11,157 ECU

## **Measuring flood preparedness: the game**



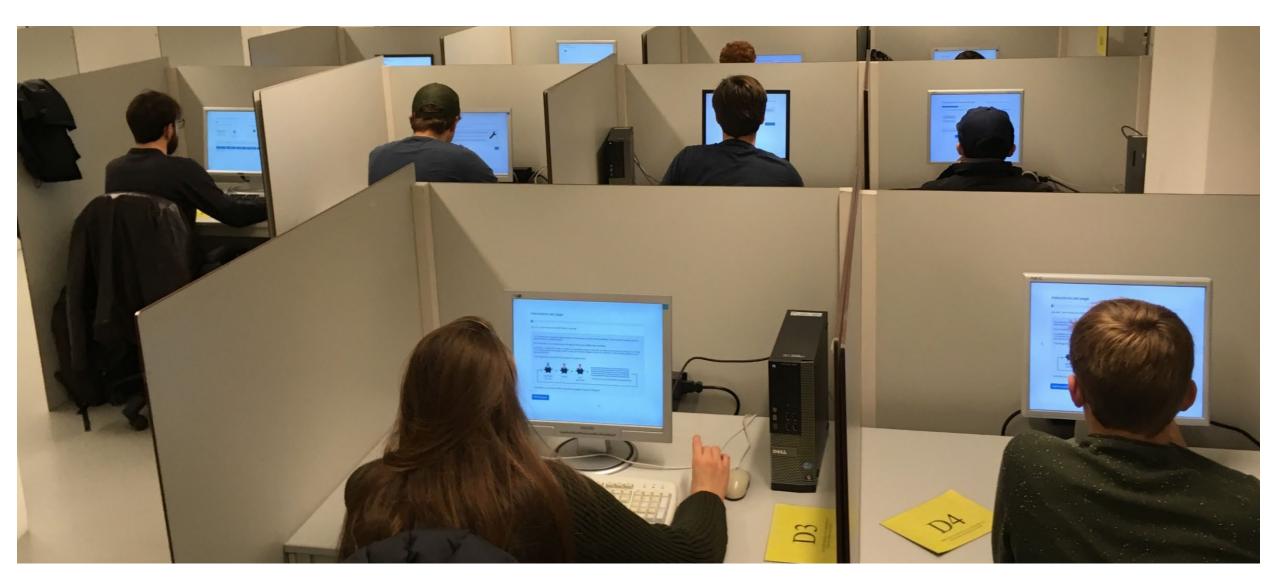


100 homes are depicted above. All homes that have been flooded at least once in the past 25 years, are indicated in blue. Because your home was not flooded, you do not need to pay to recover the damage.



Mol, J. M., Botzen, W. J. W., & Blasch, J. E. (2020). Risk reduction in compulsory disaster insurance: Experimental evidence on moral hazard and financial incentives. Journal of Behavioral and Experimental Economics, 84(February), 101500.

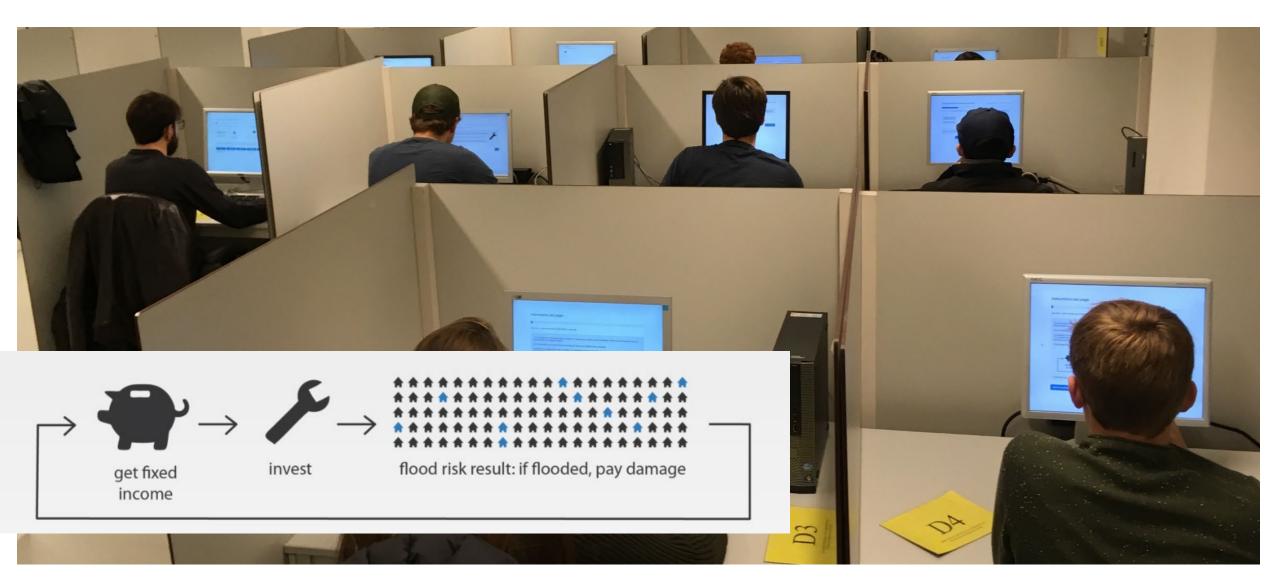
#### **Measuring flood preparedness (lab: test incentives)**





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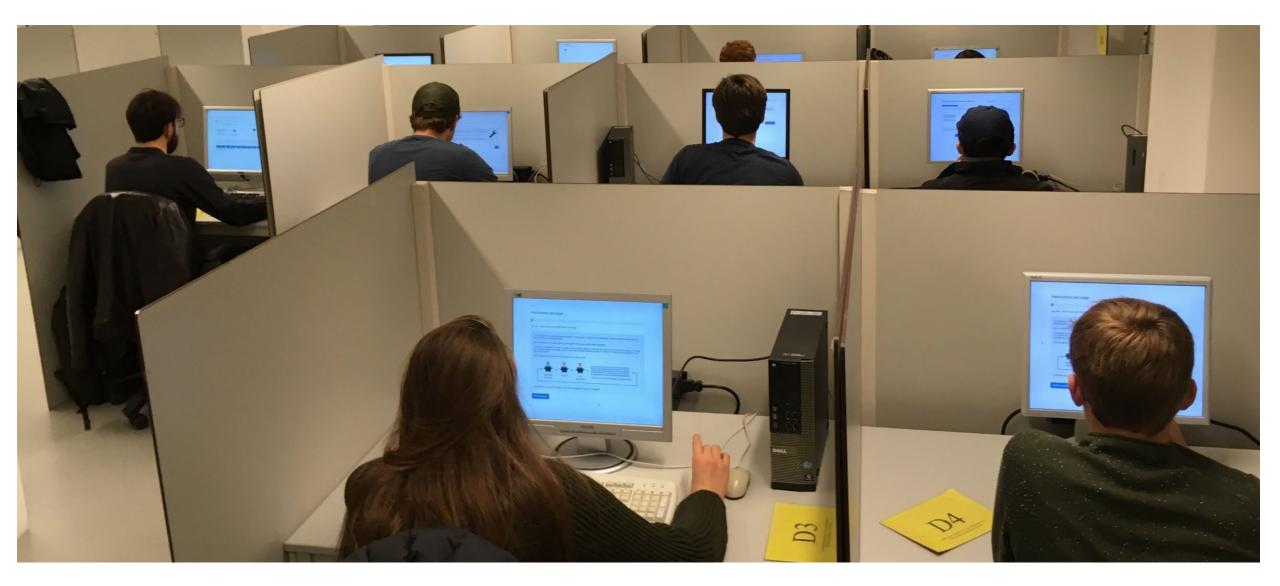
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#### **Measuring flood preparedness (lab: test insurance types)**





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### **Measuring flood preparedness (lab: test insurance types)**



In this scenario your house may be flooded in the coming 25 years (the probability is 1 percent per year so approximately 22 percent in 25 years). If you own insurance and your house is flooded, you will pay 2.500 ECU.

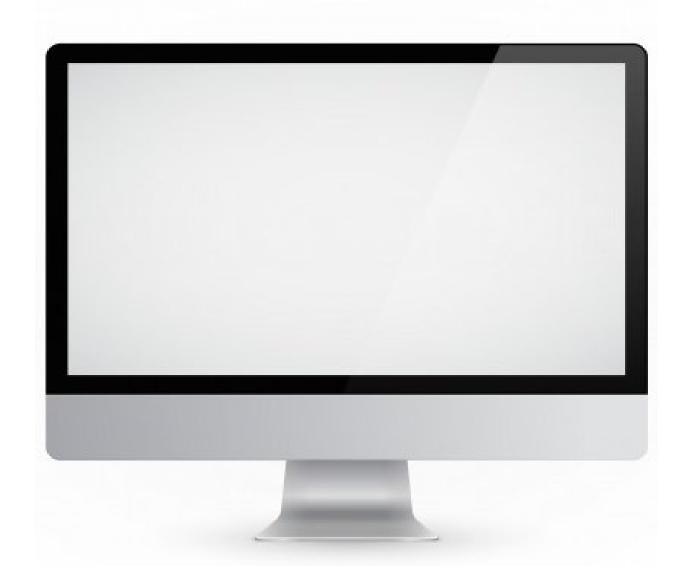


If you are uninsured and your house is flooded, you need to pay the full damage of 50.000 ECU .



Mol, J. M., Botzen, W. J. W., Blasch, J. E., Kranzler, E. C., & Kunreuther, H. C. (2021). All by myself? Testing descriptive social norm-nudges to increase flood preparedness among homeowners. *Behavioural Public Policy*, May, 1–33.

#### **Measuring flood preparedness (online: test social norms)**





Mol, J. M., Botzen, W. J. W., Blasch, J. E., Kranzler, E. C., & Kunreuther, H. C. (2021). All by myself? Testing descriptive social norm-nudges to increase flood preparedness among homeowners. *Behavioural Public Policy*, May, 1–33.

#### **Measuring flood preparedness (online: test social norms)**

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do not invest: accept 50,000 ECU	reduce damage to 45,242 ECU	reduce damage to 30,327 ECU	reduce damage to 18,394 ECU	15,000 ECU reduce damage to 11,157 ECU	





Mol, J. M., Botzen, W. J. W., & Blasch, J. E., (2022). After the virtual flood: risk perceptions and flood preparedness after virtual reality risk communication. Judgment and Decision Making. 17(1), 189–214

#### **Improving flood preparedness with Virtual Reality**







# Why Virtual Reality technology?

### Important predictors of flood preparedness





# Why Virtual Reality technology?

# Important predictors of flood preparedness

- Experience (Grothmann and Reusswig, 2006; Guo and Li, 2016; Osberghaus, 2017)
  - Water levels
  - Damage





# Why Virtual Reality technology?

# Important predictors of flood preparedness

- Experience (Grothmann and Reusswig, 2006; Guo and Li, 2016; Osberghaus, 2017)
  - Water levels
  - Damage
- Coping values (Bubeck et al., 2013)
  - Response efficacy (perceived effectiveness of measures)
  - Self-efficacy (subjective feeling of being able to install measures)

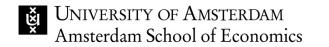


## **Virtual Reality experience**

#### *Sandbag* = stack sandbags to protect home



(a) Sandbag



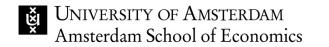
## **Virtual Reality experience**

Sandbag = stack sandbags to protect home Protected = check protected home from inside



(a) Sandbag

(b) Protected



# **Virtual Reality experience**

Sandbag = stack sandbags to protect home Protected = check protected home from inside Neighbors = check unprotected home from neighbors



(a) Sandbag

(b) Protected

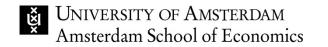
(c) Neighbors



#### Video at https://vimeo.com/482506190



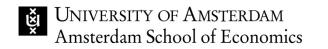
Homeowners from the Amsterdam area



Homeowners from the Amsterdam area Control group n = 276 at home



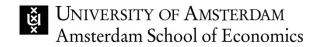
Homeowners from the Amsterdam area Control group n = 276 at home VR group n = 108 in the lab + follow-up 4 weeks later (n = 78)

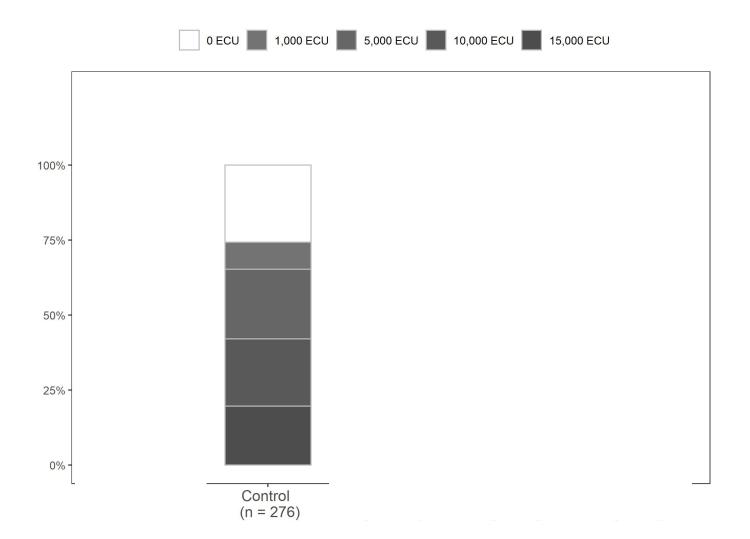


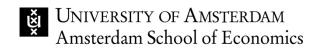
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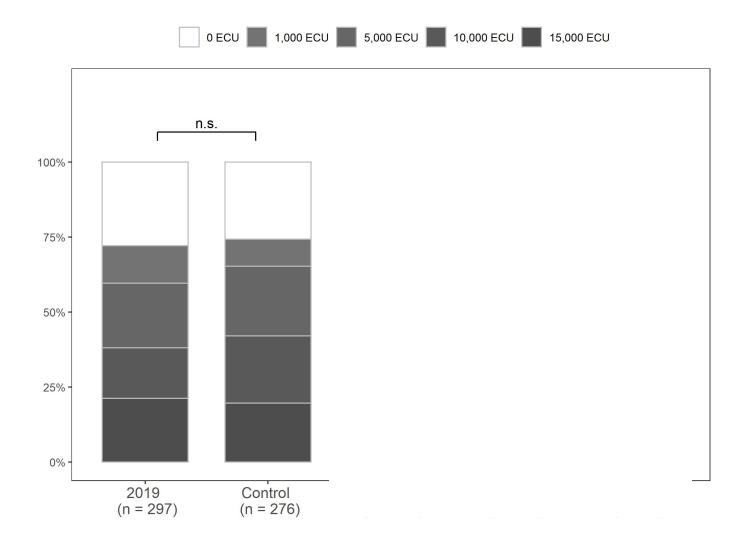
Dependent variables:

- Flood risk investment game
- Risk perception

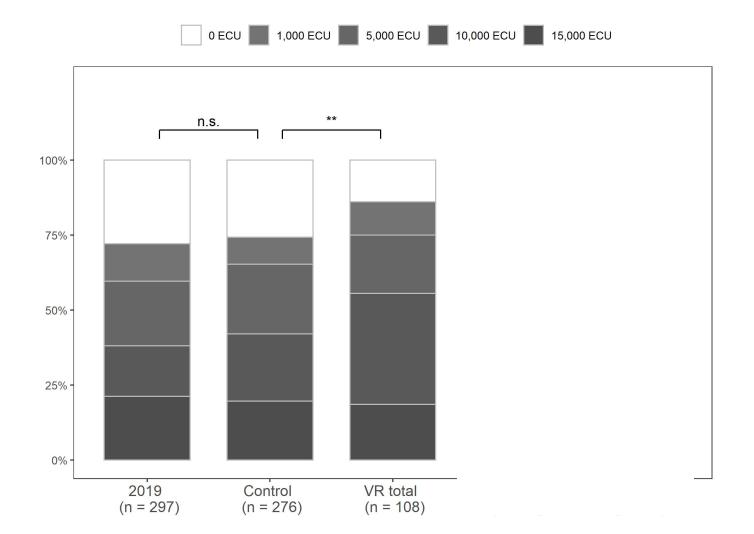




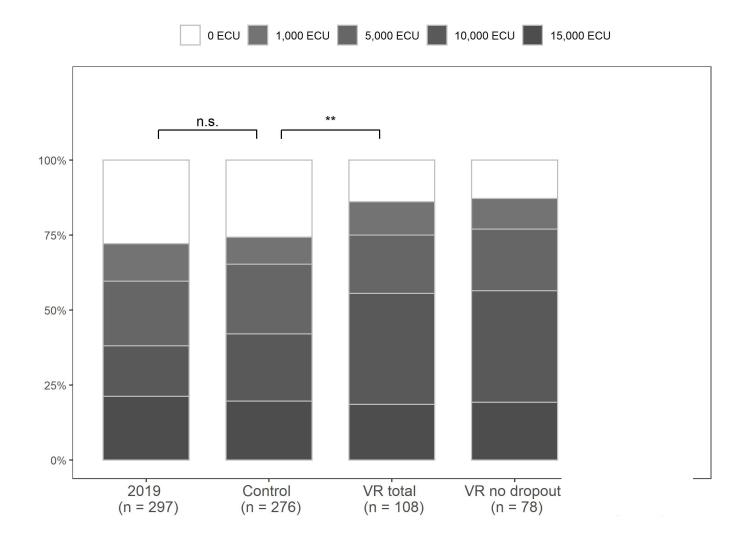




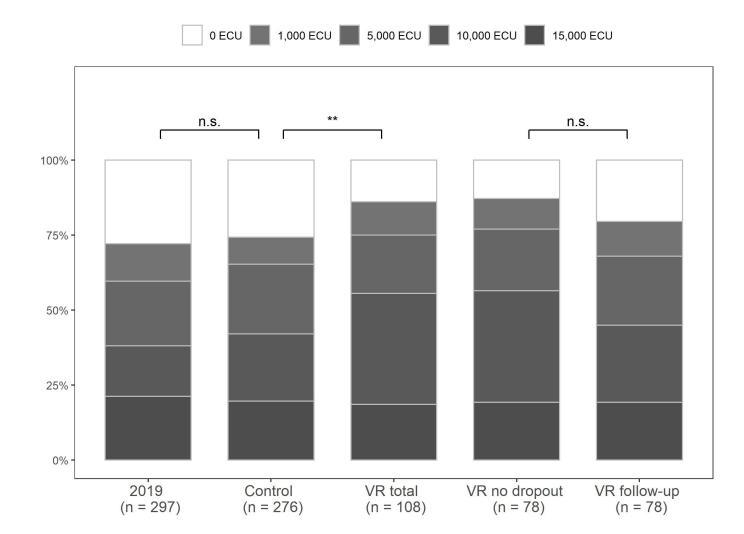


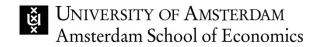




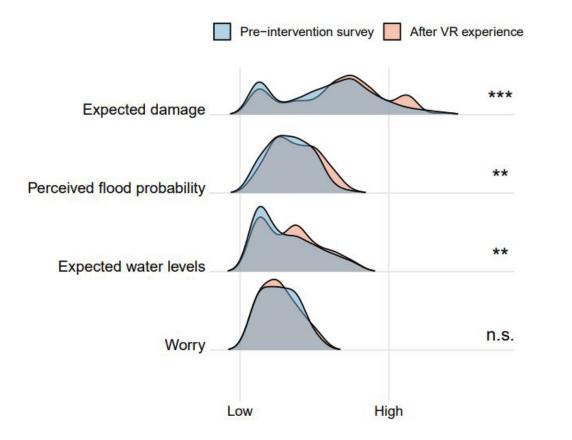








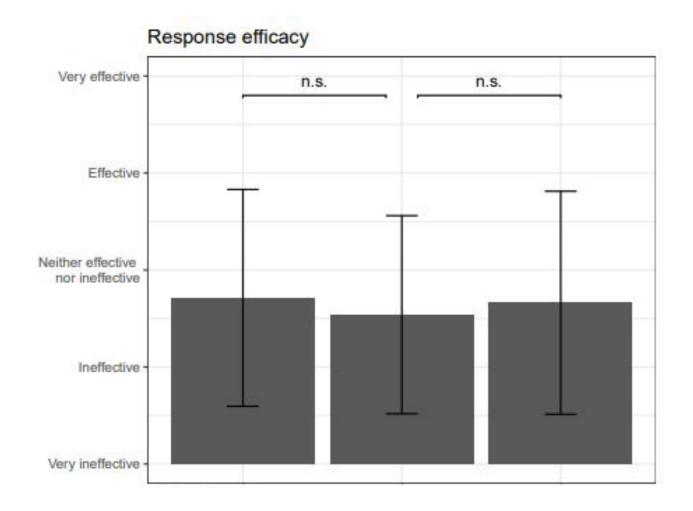
### **Results risk perception**

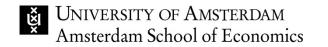


Stars indicate significance of Wilcoxon signed-rank tests recruitment survey vs. after VR experience

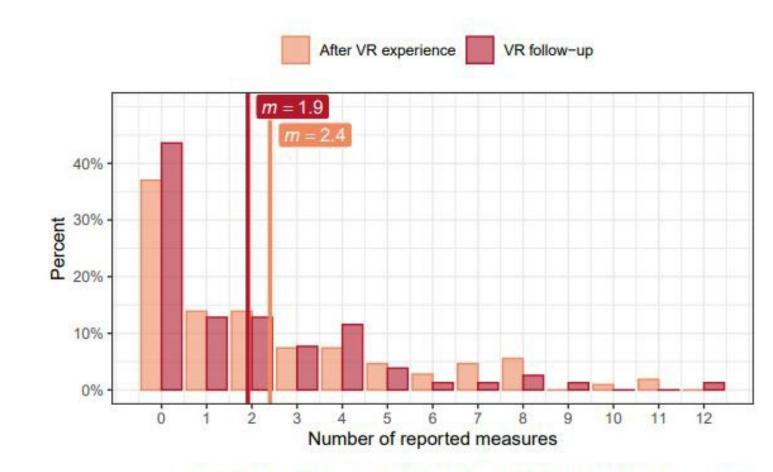


## Null results (1)





### Null results (2)



No significant difference between distributions (Wilcoxon signed-rank test, p = 0.28)

## Discussion

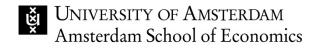
- Low tech next step?
  - e.g. augmented reality
- High expectations may hamper the effect
- Decrease in effect over time
- Pure lab-effect?



## **Thanks to my participants!**

Participant (50): "Oh no, my precious BBQ!"





### **Thanks to my participants!**

Participant (50): "Oh no, my precious BBQ!"

*Participant (65)* searches for wallet in (real-life) pockets and realizes it is not there... "Oh well, I am not carrying my creditcard so we are good!"







## **Saffir-Simpson Hurricane Scale**

#### Only represents wind hazards

Category	Wind speeds					
	m/s	knots (kn)	mph	km/h		
Five	≥ 70 m/s	≥ 137 kn	≥ 157 mph	≥ 252 km/h		
Four	58–70 m/s	113–136 kn	130–156 mph	209–251 km/h		
Three	50–58 m/s	96–112 kn	111–129 mph	178–208 km/h		
Two	43–49 m/s	83–95 kn	96–110 mph	154–177 km/h		
One	33–42 m/s	64–82 kn	74–95 mph	119–153 km/h		

#### Saffir–Simpson scale

#### **Related classifications**

Tropical storm	18–32 m/s	34–63 kn	39–73 mph	63–118 km/h
Tropical depression	≤ 17 m/s	≤ 33 kn	≤ 38 mph	≤ 62 km/h

NEWS HURRICANE IAN



#### Hurricane Ian makes landfall in Florida as 155mph Category 4 monster

By Ben Kesslen

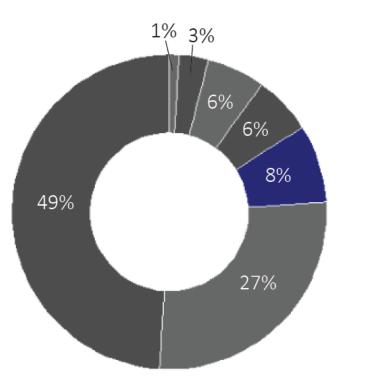
September 28, 2022 | 3:27pm | Updated





## **Saffir-Simpson Hurricane Scale**

#### Only represents wind hazards

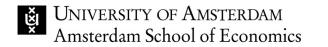




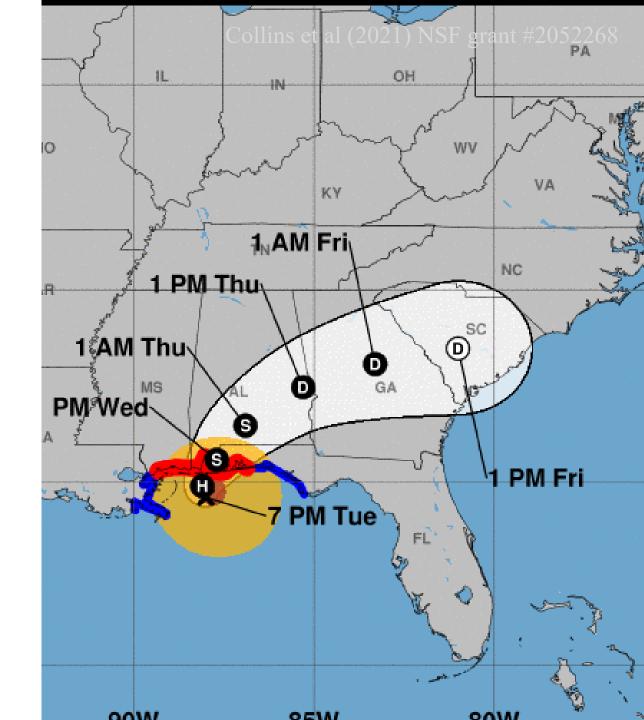
#### ORIGINAL SCALE

Saffir-Simpson Hurricane Wind Scale (SSWHS)

based on **wind** 



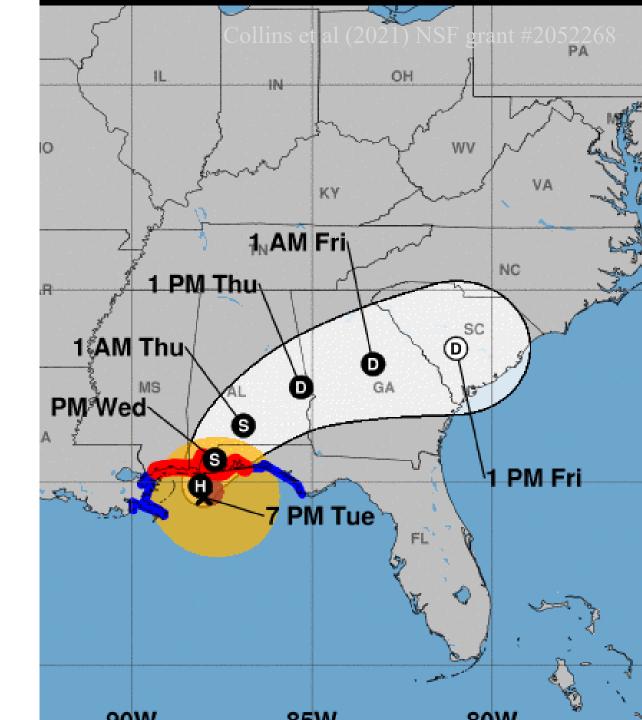
# **Saffir-Simpson gone bad** Example: Hurricane Sally





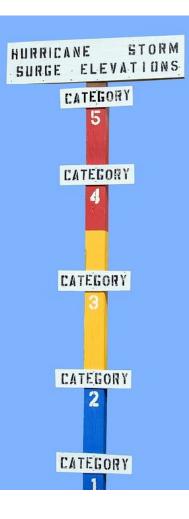
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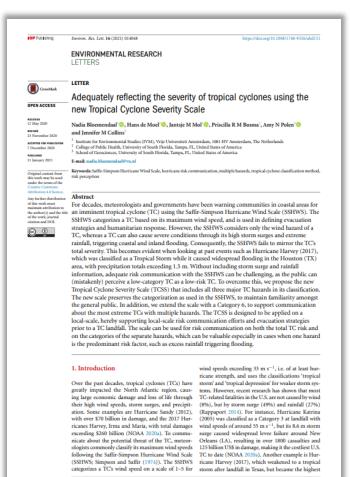
"If it would have been a three or higher, we would have left"





• One category for all major hazards





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- One category for all major hazards
- Categories 0-5



IOP Publishing	Environ. Res. Lett. 16 (2021) 014048	https://doi.org/10.1088/1748-9326/abd131				
	ENVIRONMENTAL RESEARCH LETTERS					
CrossMark	LETTER					
	Adequately reflecting the severity of tropical cyclones using the					
OPEN ACCESS	new Tropical Cyclone Severity Scale					
12 May 2020	Nadia Bloemendaal <sup>1</sup> <sup>(</sup> ), Hans de Moel <sup>1</sup> <sup>(</sup> ), Jantsje M Mol <sup>1</sup> <sup>(</sup> ), Priscilla R M Bosma <sup>1</sup> , Amy N Polen <sup>1</sup> <sup>(</sup> ) and Jennifer M Collins <sup>1</sup>					
23 November 2020 securus for puttienter 7 December 2020	<sup>1</sup> Institute for Environmental Studies (IVM), Vrije Universiteit Amsterdam, 1081 HV Amsterdam, The Netherlands <sup>2</sup> College of Public Health, University of South Florida, Tampa, FL, United States of America					
Publiship 11 January 2021	<sup>3</sup> School of Geosciences, University of South Florida, Tampa, FL, U E-mail: nadia.blocmendaal@vu.nl	nited states of America				
Original content from this work may be used under the terms of the Creative Commons	z-maie nanowani wana wa nanowani wa na Kwywanie stiffiki Simpion Hurricane Wind Scale, hurricane risk communication, multiple hazarda, tropical cyclone dasification method, risk perception					
Attributes 43 liketse. An further data the basis of this work mass of this work mass the attribute of the work of the of the work is out at the of the work is out at the other work is out at the o	Abstract For decades, meteorologists and governments have been warning communities in coastal areas for an imminent tropical cyclone (TC) using the Saffir-Simpson Hurricane Wind Scade (SSHWS). The SSHWS categorizes a TC based on its maximum wind speed, and is used in defining evacuation strategies and humaintrain response. However, the SSHWS considers only the wind hazard of a TC, whereas a TC can also cause severe conditions through its high storm surges and extreme rainfall, triggering coastal and inland flooding. Consequently, the SSHWS fails to mirror the TC's total severity. This becomes evident when looking at past events such as Hurricane Harvey (2017), which was classified as a Tropical Storm while it caused widespread flooding in the Houston (TX) area, with precive a low-category TC as a low-risk TC. To overcome this, we propose the new Tropical Cyclone Severity Scale (TCSS) that includes all three major TC hazards in its classification. The new scale preserves the categorization as used in the SSHWS, to maintain familiarity amongst the general public. In addition, we extend the scale with a Category 6, to support communication about the most extreme TCs with multiple hazards. The TCSS is designed to a a flocal-scale, hereby supporting local-scale risk communication on both the total TC risk and on the categories of the sequent hazards, which can be valuable especially in cases when one hazard is the predominant risk factor, such as excess rainfall triggering flooding.					
	1. Introduction Over the past decades, tropical cyclones (TGs) have greatly impacted the North Atlantic region, caus- ing large economic damage and loss of life through their high wind speeds, storm surges, and precipit- ation. Some examples are Hurricane Sandy (2012), with over \$70 billion in damage, and the 2017 Hur- ricanes Harvey, Irma and Maria, with total damages exeeding \$250 billion in (Admage, and the 2017 Hur- ricanes thave, Irma and Maria, with total damages exeeding \$250 billion in (NAAM 2020a). To commu- nicate about the potential threat of the TC, meteor- logists commonly classify its maximum wind speeds following the Safir-Simpson Hurricane Wind Sciel (SULM): Sciencem and Sciel (VICFU). The SEMME	wind speeds exceeding 33 m s <sup>-1</sup> , i.e. of at least hur ricane strength, and uses the classifications' tropica storm' and 'tropical depression' for weaker storm sys- tems. However, recent research has shown that mose TC-related fatalities in the U.S. are not caused by wine (8%), but by storm surge (49%) and rainfall (27%) (Rappapert 2014). For instance, Hurricane Katrini (2005) vas classified as a Category 3 at Indfall with wind speeds of around 55 m s <sup>-1</sup> , but its 8.6 m storm surge caused widespread lever failure around New Orleans (LA), resulting in over 1800 casuaties an 125 killion USS in damage, making the costiles U.S. TC to date (NOAA 2020a). Another example is Hur classifier Marsev (2017), achies howeved to a to methy				

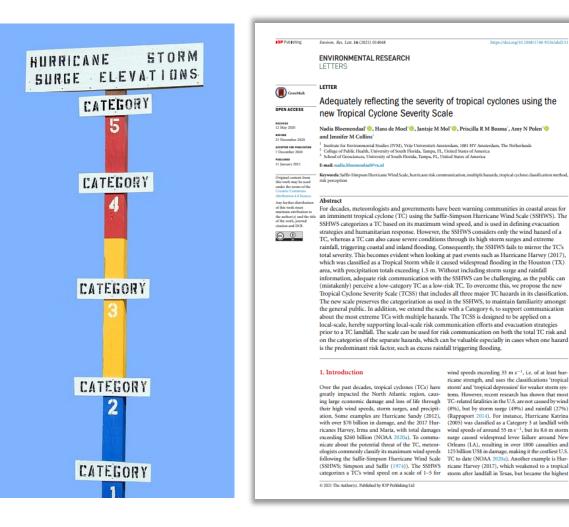
(SSHWS; Simpson and Saffir (1974)). The SSHWS ricane Harvey (2017), which weakened to a tropical

categorizes a TC's wind speed on a scale of 1-5 for storm after landfall in Texas, but became the highest

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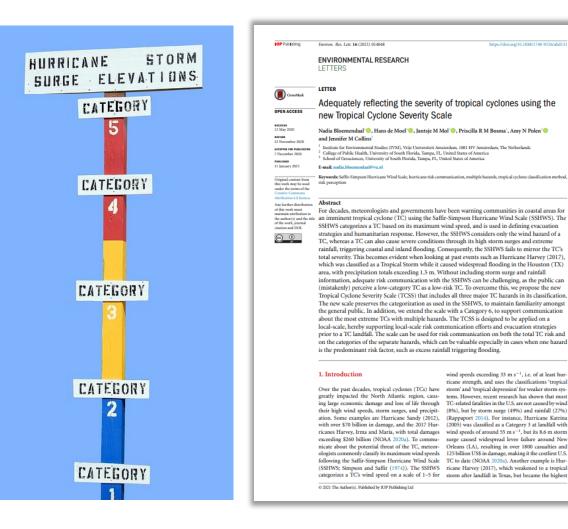
- One category for all major hazards
- Categories 0-5
- Category 6 for most extreme cases



https://doi.org/10.1088/1748-9326/abd13



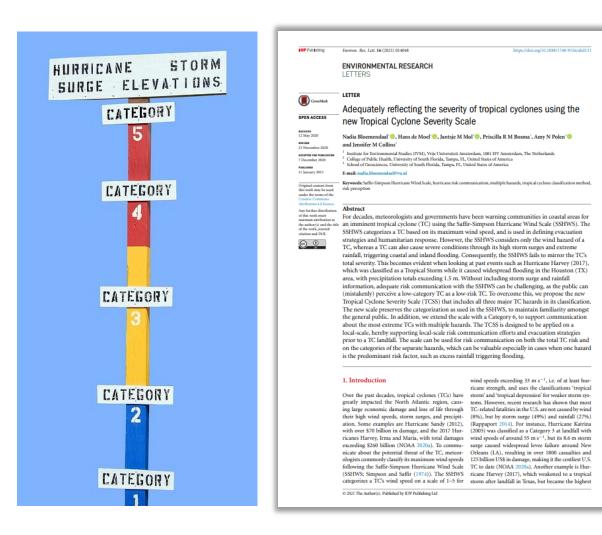
- One category for all major hazards
- Categories 0-5
- Category 6 for most extreme cases
- Pre-landfall predictions (for risk communication)



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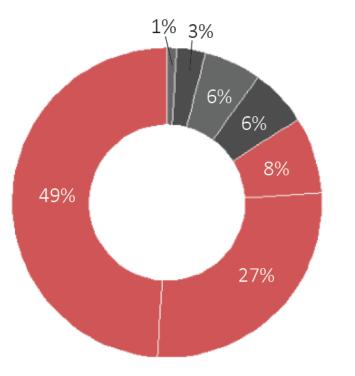


- One category for all major hazards
- Categories 0 5
- Category 6 for most extreme cases
- Pre-landfall predictions (for risk communication)
- Higher categories for historical high damage events





• One category for all major hazards





#### **NEW SCALE**

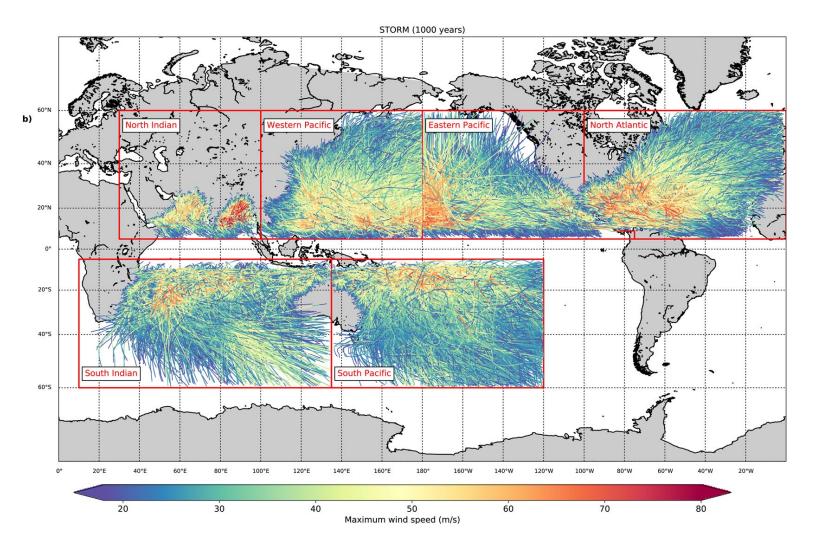
Tropical Cyclone Hazard Scale (TCHS)

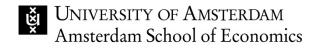
based on

wind + preciptation + storm surge



### Using a synthetic storm track

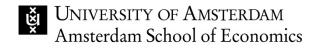




### Using a synthetic storm track to build scenarios

Name	Wind (mph)	Rain (inches)	Surge (feet)	Category SSWHS	Category TCSS	Historical example	Main hazard
Chi	130	24	8	3	4	Irma (2017)	Rain
Lambda	74	8	4	0	1	Gordon (2018)	Rain
Omega	108	20	4	2	3	Alex (2010)	Wind
Nu	86	31	10	1	5	Florence (2018)	Rain
Rho	153	8	20	4	5	Emily (2005)	Surge
Sigma	108	8	4	2	2	Bertha (1996)	Wind
Tau	130	8	8	3	3	Fran (1996)	Wind
Phi	130	12	10	3	5	Katrina (2005)	Surge
Theta	164	31	10	5	6	Michael (2018)	All hazards
Psi	130	31	4	3	5	Sally (2020)	Rain

Table 1: Overview of scenarios



## **Hurricane Hypothetical**

Different on Saffir-Simpson and TCSS General coastline

Dependent variables:

- Evacuation intent
- Worry
- Precautionary measures

Imagine you live in Hypothetical City (see image below). We will now ask you a couple of questions about a <u>hypothetical</u> scenario of an imminent hurricane approaching Hypothetical City. Please answer these questions <u>as if</u> you are living in Hypothetical City.





## Design

- $2 \times 2$  between subjects treatments
- scale: Saffir-Simpson vs. TCSS
- format: graphic vs. text-only



#### Hurricane Phi expected to make landfall in Home City as a Category 3 storm on Wednesday

Hurricane Omega bringing winds up to 130 mph and 12 inches of rain to Home City region. Storm surge estimates are up to 10 feet. Category 3 on the Saffir-Simpson Hurricane Wind Scale. You can find <u>more information here</u> (Link opens in a new window. Source: Hypothetical Weather Service).

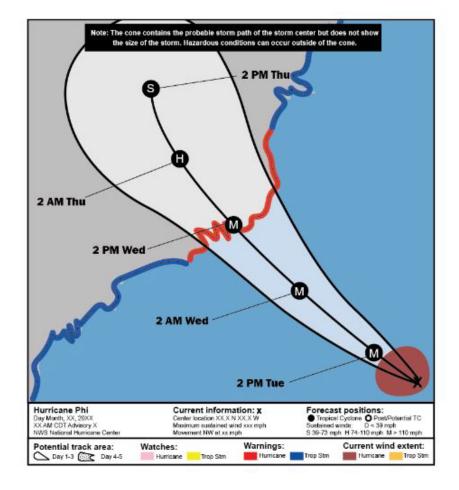
Saffir-Simpson with and without graphic

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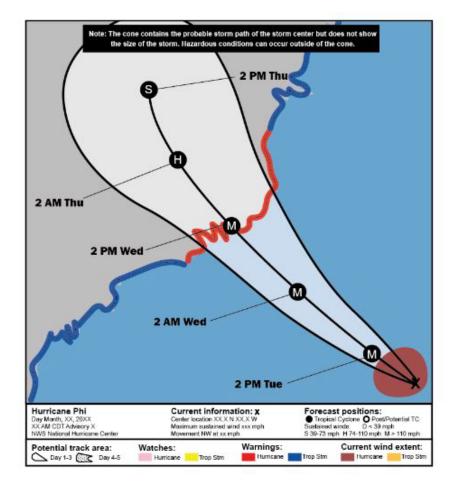
Saffir-Simpson with and without graphic

#### Hurricane Phi expected to make landfall in Home City as a Category 5 storm on Wednesday

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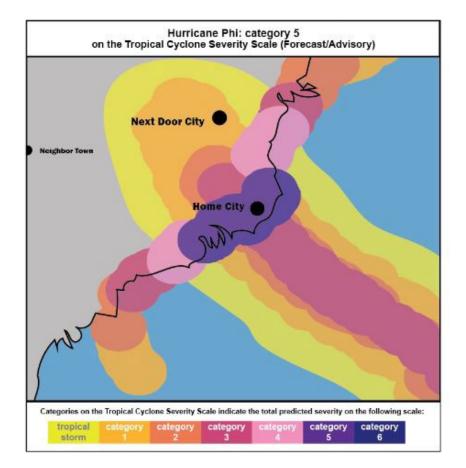
### TCSS with and without graphic

#### Hurricane Phi expected to make landfall in Home City as a Category 5 storm on Wednesday

Hurricane Omega bringing winds up to 130 mph and 12 inches of rain to Home City region. Storm surge estimates are up to 10 feet. Category 5 on the Tropical Cyclone Severity Scale. You can find <u>more information here</u> (Link opens in a new window. Source: Hypothetical Weather Service).

#### Hurricane Phi expected to make landfall in Home City as a Category 5 storm on Wednesday

Hurricane Omega bringing winds up to 130 mph and 12 inches of rain to Home City region. Storm surge estimates are up to 10 feet. Category 5 on the Tropical Cyclone Severity Scale. You can find <u>more information here</u> (Link opens in a new window. Source: Hypothetical Weather Service).



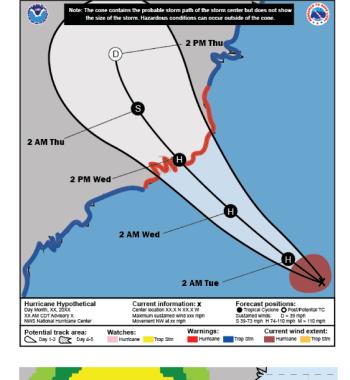
### TCSS with and without graphic

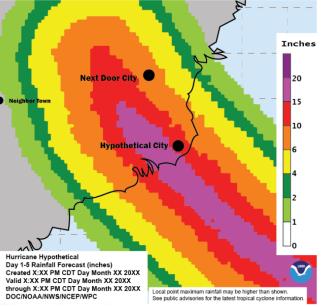


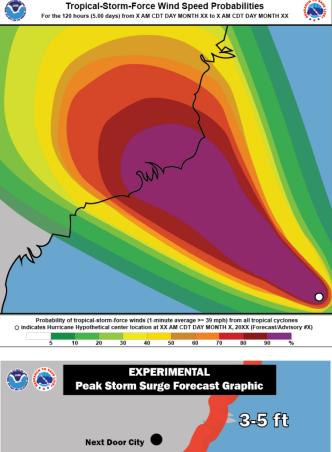
## **More information**

Display of 4 maps in NOAA style

- Cone
- Wind Speed Probabilities
- Rainfall
- Storm Surge











## **Dependent Variables**

- First 5 scenarios
  - Evacuation intent
  - Worry
  - Expected damage
- Last 5 scenarios
  - Quiz questions (e.g. main hazard)



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### **Pilot data (n = 40 on Prolific)**





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