Part One: The Discovery

The map you see here identifies a one billion dollar opportunity. It was published by the National Hurricane Center in 2010 to illustrate the projected frequency of hurricanes. But it shows much more than that. Notice where the coastline is edged in deep blue. That color band literally identifies the best fall weather in the South.

Yes, the best fall weather, that has a relatively low risk for hurricanes, extends from Charleston to Jacksonville, Florida. And that knowledge alone raises two questions: Why is our homeowner insurance so high if our coastal risk is so low? And if we have the best fall weather in the South, why does our county tourism drop 65% from summer to fall?

I will answer those questions in the next few months. Furthermore, I will promise you one thing: the answers may shock you. My quest to answer these questions was sparked by simple curiosity. As a businessman, I know that many opportunities are spotted by witnessing events that simply make no sense. Or we notice problems that bother us. Real magic often happens when we turn curiosity into problem solving. And that magic often translates into new sales and revenue. It also leads us to add new employees to the work force.

You need to know what motivated me to spend three years digging behind our coastal risk for fall hurricanes. It wasn't that I find hurricanes or homeowner insurance terribly interesting.

Frankly, I would rather be working on my farm in Bamburg County or shrimping in the nearest tidal creek. But my initial curiosity led me to a simple discovery that has the potential to bring 2,000 to 4,000 people back to work. And if I can do anything to bring one or two of our families back to work, then it will have been time well spent.

I moved to Beaufort in 2000. I'll never forget one of the first dinner parties my wife and I attended in October of that year. The TV networks had just reported the track of a westward-headed hurricane in the mid-Atlantic. The latest report had it heading straight toward Beaufort County. You know how the conversation went. The couple who just moved here from New Jersey asked where they could buy plywood for the windows. The husband of the couple who had lived here forever informed us that the Great Hurricane of 1893 literally covered the county in water... and thousands died. There was no conclusion to this party discussion. It just went around and around. If there was a TV network conclusion, it was this: If you live along the coast of any Southern coastal state, you are probably living in a state that is a magnet for hurricanes.

After hearing this conversation for eight years, something did not make sense. "Why are we guessing?" I wondered. If the National Hurricane Center has a record of 120 years of coastal hurricane strikes, they must have a projection as to when the next major hurricane will hit our coast. And if the insurance industry has to set rates for homeowner insurance, they certainly must have projections to set those rates. And if they have those rates, they certainly must know whether our coast is rated as having a 'high hurricane risk', 'above average,' or 'average' hurricane risk. (http://videospelautomater.com/blog/enarmad-bandit.html)
My curiosity started to churn. I called the National Hurricane Center and asked to speak to a hurricane specialist. What I did not know is that the NHC has dozens of hurricane experts; but they pride themselves on being scientists, not customer service representatives. They really do not want to talk with you and me. I soon discovered that unless you know hurricane meteorology, you will never talk with one of them. So, I went back to the books and learned as much as I could about hurricanes.

After six months of book learning, I called the senior supervisor of the NHC's hurricane specialists. I got his attention. He knew that I could talk "hurricane." Within a few minutes I made my case, "There must be some estimate of the fall hurricane risk for the coast between Charleston and Savannah. You must have the data. I would like to see your risk assessment for the major hurricanes, Classes 3,4, and 5 for southern South Carolina." I was not surprised by his answer, "Yes, we have them. I will forward them to you."

There are five categories of hurricanes. The National Hurricane Center, and the insurance industry, pays special attention to the MAJOR hurricanes, categories 3,4,and 5. As the attached chart shows, they are the ones that do the most damage. Thus, the more frequent that an insurance company believes that a major hurricane will hit our shores, the higher that they will project future storm costs. Simply put that means higher homeowner insurance premiums.

Hurricane Categories

Category	Wind Speed/mph	Cost/per Hurricane
1	74-95	$33 million
2	96-110	$336 million
3	111-130	$1.4 billion
4	131-155	$6 billion
5	156+	$8.2 billion

Risk Along the Southeast Coast

Location	Hurricane Strikes 1851-2009 (years)		Projected return of Hurricanes (years)		
	All Hurricanes	Major Hurricanes	Cat. 3	Cat. 4	Cat. 5
North Carolina	17	9	35	72-96	200
Charleston	14	2	48	110	300
Beaufort County	8	1	79	210	500
Miami, Fl.	25	14	9	16	23

*Source - National Hurricane Center 2010