



# **Disaster Relief: Rebuilding with Resilience**

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# Natural Disasters and Credit Strength: Key Considerations

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- Probability
  - Types of Natural Disasters a Community is Exposed to
    - Earthquake
    - Tsunami
    - Hurricane
    - Flooding
    - Tornado
    - Extreme Heat
- Materiality
  - "Value at risk" within a property tax base
  - Potential disruptions in other pledged revenue streams
  - Abatement clauses or other legal provisions that require a facility to be available to the issuer

## Natural Disasters and Credit Strength:

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- At the individual transaction level, BAM's underwriting process incorporates multiple public and private data sources to help quantify a given bond issue's exposure to natural disaster risk
  - FEMA National Risk Index
  - ICE / RisQ Database
  - Private contractor reports on specific pledged facilities
  - Aerial surveys and drone footage
- At the portfolio level, BAM applies risk limits to manage exposure to "wide scale" disasters
  - State
  - MSA
  - Specific disaster zones
    - Earthquake-susceptible areas
    - Hurricane landing zones