



verisk  
Insurance Solutions  
Claims and Crime Analytics

# Catastrophe Claims

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# PCS

- Since 1949, continuing a process begun in 1921
- Information provided to nearly 700 insurers, reinsurers, and others globally and to nearly 5,000 individual users.
- Acknowledged worldwide as the source for insured catastrophe loss information in the US and Canada.
- Extensive staff experience – 4 claims professionals with over 100 years of experience.

# PCS Catastrophe Definition

- An event causing \$25 million or more of insured property damage **AND**
- affecting a significant number of policyholders and insurers
- Same definition in use for the PCS-Canada service.

# Catastrophes in the Last Decade

Year	Insured Loss	Frequency
2003	\$12,885,000,000	21
2004	\$27,490,000,000	22
2005	\$62,301,200,000	24
2006	\$9,238,000,000	33
2007	\$6,710,000,000	23
2008	\$27,570,000,000	37
2009	\$10,570,000,000	28
2010	\$14,315,000,000	34
2011	\$33,640,000,000	30
2012	\$34,960,000,000	26
<b>Total</b>	<b>\$239,154,200,000</b>	<b>278</b>

## Estimated Insured Loss by Storm Family: 1950 to 2012

- Hurricane (91)
  - Wind and Thunderstorm Event (1296)
  - Winter Storm
  - Fire – Other
  - Earthquake
  - Wildland Fire
  - Tropical Storm
  - Riot
  - Water Damage
  - Utility Service Disruption
  - Volcanic Eruption
  - Total Insured Loss (1,654)
- \$160,536,445,790
  - \$159,607,646,208
  - \$27,536,207,409
  - \$20,050,753,604
  - \$13,964,150,000
  - \$7,657,348,000
  - \$4,734,320,000
  - \$970,250,000
  - \$300,000,000
  - \$180,000,000
  - \$27,000,000
  - \$387,664,121,011

# Presentation of PCS Estimates

- **Insured loss:** Direct loss in US\$, including ground-up, gross loss (gross of reinsurance but net of deductible and other limiting clauses), generally defined as the full or total insured property damage paid for by an insurer. PCS estimates do not include loss adjustment expense.
- **Claim count:** The number of claims received and anticipated for a particular event. Claims involving a single structure or insured that are layered among a number of insurers are counted by PCS as a single loss. (For example, PCS considered the World Trade Center complex to be one loss, even though coverage was provided by a number of insurers in various layers of a single program.)
- **Personal lines losses:** Involve homeowners, condominium unit owners, mobile-home owners, tenants policies covering structural, personal property, and time element (additional living expense) losses.
- **Commercial lines losses:** Include losses to commercial properties (retail, office, industrial), business personal property, time element (business interruption, contingent business interruption, extra expense), including buildings housing condominiums or apartment units.
- **Vehicles:** Includes both personal and commercial vehicles and insured losses covered by comprehensive coverage. (PCS does not include collision losses, such as those that may occur during a winter storm, in our estimates of catastrophe loss. PCS also does not include liability losses.)
- **Workers Compensation**

# PCS Insured Loss Estimates

- Included in PCS estimates:
  - Real property
  - Personal property
  - Time element losses
  - Vehicles (insured with comprehensive cover)
  - Boats
  - Certain inland marine coverages
  - Amounts paid by quasi public entities, e.g.  
Wind Pools

# PCS Insured Loss Estimates

- Not included in PCS estimates:
  - Loss above coverage limits (i.e. sump pump)
  - Deductibles – including HU or EQ Percentage Deductibles
  - Uninsured property – not calculated very well
  - Agriculture losses
  - Aviation losses
  - NFIP or WYO losses
  - Ocean marine
  - Loss Adjustment Expense



# Catastrophes

- 2013 Hurricane Forecasts

	Named Storms	Hurricanes	Major Hurricanes
2013 Forecast			
CSU	18	9	4
TSR	15	8	3
WSI	16	9	5
2013 Actual			
Seasonal Average	<b>11</b>	6	3

# Hurricane Sandy

- **CATASTROPHE SERIAL NO. 90**
- **DATES:** October 28, 2012 To October 31, 2012
- **STATES:** Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia
- **PERILS:** Flooding, Hurricane, Snow, Wind
- **STORM FAMILY:** Hurricane Sandy

• Connecticut	\$500,000,000
• District of Columbia	\$37,000,000
• Delaware	\$84,000,000
• Massachusetts	\$210,000,000
• Maryland	\$410,000,000
• Maine	\$36,000,000
• North Carolina	\$57,000,000
• New Hampshire	\$55,000,000
• <b>New Jersey</b>	<b>\$6,300,000,000</b>
• <b>New York</b>	<b>\$9,600,000,000</b>
• Ohio	\$292,000,000
• Pennsylvania	\$700,000,000
• Rhode Island	\$103,000,000
• Virginia	\$295,000,000
• Vermont	\$13,000,000
• West Virginia	\$58,000,000
• <b>Total All States</b>	<b>\$18,750,000,000</b>

# Hurricane Sandy

- Wind Field and Barometric Pressure
  - Wind gusts in coastal areas of 80 to 94 mph
  - Barometric Pressure measured in Atlantic City at 948.3mb – Wilma 954 mb
- Flooding:
  - Bay v. Ocean
  - Saved by the Dunes
  - Inland Flooding
- Wind
- Power Outages
- Hurricane Deductibles

# Issues Affecting Response and Recovery (Some yet to come)

- Power Outages (including gasoline pumps; two lines)
- Access Issues – Ortleigh Beach and Hoboken, New Jersey
- Damage to infrastructure – roads and bridges; Route 35
- Snow the next week
- Rebuilding and Repair Issues
  - Winter weather
  - Availability of contractors
  - Availability of insurance or other money
  - Demand surge

# Hurricane Sandy and Insurance

- Business Interruption, Contingent Business Interruption, and Extra Expense Insurance
  - Power Outages
    - Off premises
    - Flooding
    - Food Spoilage
  - Downtown Manhattan
    - Subway tunnels
    - Basements
    - Streets
  - Oftentimes the coverage requires physical damage from an insured peril

# Hurricane Sandy – Business Continuity

- The impact of Sandy on business (The need for Flood or Excess Flood Insurance)
  - Retail
  - Hotels – cannot move
  - Businesses that cannot afford to be out of business (Extra Expense)
    - Stock brokers
    - Banks
    - Law Firms
    - Accountants
  - Restaurants
  - Marinas
  - Small Businesses on the Boardwalks
  - Fishing