

CAS Seminar - Bermuda

- Gary Kerney, AIC, RPA
- Property Claim Services
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Catastrophes

- Although catastrophe related insured property damage can vary from one year to the next, catastrophe losses occur every year.
- Services available from PCS to the worldwide insurance market for identifying catastrophe events and the related insured losses provides the “score keeping” needed by interested parties from claim departments to investors.

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Catastrophes by Storm Family 2003 - 2012

| Storm Family | Frequency | Estimated Insured Loss |
|----------------------------|-----------|------------------------|
| Wind and Thunderstorm | 206 | \$99.3 Billion |
| Winter Storm | 36 | \$11.6 Billion |
| Hurricane | 19 | (\$114.\$ billion) |
| Wildland Fire | 6 | \$4.5 Billion |
| Tropical Storm | 6 | \$1.3 Billion |
| Utility Service Disruption | 1 | 0 |
| Earthquake | 0 | 0 |
| Fire - Other | 0 | 0 |
| Riot | 0 | 0 |
| Volcanic Eruption | 0 | 0 |

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Tropical Cyclones by Year

| Year | Second | Third | Fourth |
|------|------------------------|---|---------------------|
| 2003 | Bill, Claudette | Grace, Henri, Isabel | |
| 2004 | | Bonnie, Charley, Frances, Gaston, Jeanne, Ivan | Matthew |
| 2005 | | Cindy, Dennis, Katrina, Ophelia, Rita | Wilma, Tammy |
| 2006 | Alberto | Ernesto | |
| 2007 | Andrea | Erin, Gabrielle, Humberto | |
| 2008 | | Dolly, Edouard, Fay, Hanna, Gustav, Ike | |
| 2009 | | Claudette, | Ida |
| 2010 | | Bonnie, Hermine | |
| 2011 | | Don, Lee, Irene | |
| 2012 | Beryl, Debby | Isaac | Sandy |

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Tropical Cyclone Catastrophes

- Comparison of significant events:
 - Katrina
 - Claims Count 1,743,000
 - Insured Loss Estimate \$41,100,000,000
 - Sandy
 - Claims Count 1,580,000
 - Insured Loss Estimate \$18,750,000,000

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Tropical Cyclone Catastrophes

| | Katrina | Sandy |
|-------------------------|------------------|------------------|
| Insured Loss | \$41,100,000,000 | \$18,750,000,000 |
| Personal | \$17,864,000,000 | \$7,107,000,000 |
| Commercial | \$21,068,000,000 | \$8,927,000,000 |
| Vehicle | \$2,168,000,000 | \$2,716,000,000 |
| | | |
| Estimated Claims | 1,743,800 | 1,580,000 |
| Personal | 1,241,000 | 1,129,000 |
| Commercial | 156,600 | 193,000 |
| Vehicle | 346,200 | 258,000 |

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Tropical Cyclone Catastrophes

- Sandy was a very strange storm
 - Highest tides – 3 in a row
 - Full moon
 - Convergence of 3 weather systems
 - Large wind field and maybe Category 1 Hurricane winds
 - Deep barometric pressure perhaps equal to at least a Category 2, maybe 3, hurricane – 5 pm and 11 pm advisories
 - The storm covers an area from NC to Canada
 - A wide range of estimates – like a greased pig!

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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

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Issues Affecting Response and Recovery (Some yet to come)

- Power Outages (including gasoline pumps; two lines)
- Access Issues – Ortley 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