



THE ISCM NEWSLETTER

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www.catmanagers.org

Catastrophe Review 2008 - January to June

Contributed by ISCM Member - Gary Kerney, PCS—© ISO Services, Inc.

PCS declared 16 catastrophes in the second quarter of 2008. This was nearly double the number of events identified in the first quarter, and the insured property damage in the second quarter nearly doubled the losses incurred in the first.

The 16 catastrophes, based on current PCS estimates, caused insured property damage totaling \$6.8 billion. These events affected 27 states and caused an estimated 1,274,750 claims averaging over \$5,000.

The three costliest events resulted from the effects of severe weather. The costliest occurred in late May across 7 states from Colorado and Wyoming to Minnesota and resulted in \$1.2 billion of insured damage. The second costliest was \$900 million in insured losses in 10 Midwestern states at the end of May. The third affected Texas, Oklahoma, and Arkansas in early April with associated damages estimated at \$800 million.

The five states with the greatest insured property losses are (based on current estimates):

Minnesota	\$1,255,000,000	Texas	\$1,084,000,000
Kansas	\$ 618,000,000	Oklahoma	\$ 477,000,000
Arkansas	\$ 462,500,000		

The 16 catastrophes are the most in any second quarter since 1998. The current estimated loss is the greatest for the same period. The chart below provides the detailed comparison of second quarter activity since 1997, the year the catastrophe threshold was increased to \$25 million from \$5 million.

Catastrophe History Summary Report - 2nd Qtr Comparison

Year	Total Loss \$	Frequency
1997	980,000,000	9
1998	4,520,000,000	16
1999	3,496,000,000	13
2000	1,460,000,000	10
2001	6,235,000,000	9
2002	2,790,000,000	10
2003	5,050,000,000	4
2004	2,330,000,000	6
2005	930,000,000	4
2006	5,042,000,000	13
2007	2,300,000,000	6
2008	6,785,000,000	16
Grand Total	41,918,000,000	116

A significant contributing factor to the extent of insured damage in the second quarter was the number of tornadoes. The tornado count furnished by the National Weather Service officially notes 938 tornadoes. This by far exceeds the three year annual average of 540 tornadoes in the second quarter.

Influenced by this extraordinary tornado activity, the insured loss for the first six months of 2008 also exceeds recent consequences. PCS declared 25 catastrophes from January to June, and the current estimate of insured property damage is over \$10 billion. The number of catastrophes and the extent of insured loss surpass by far similar periods since 1997. The events identified by PCS since January caused insured property damage in 33 states and produced 1,864,500 claims, according to our latest estimates.

Since the hurricane season, tropical cyclone activity has already equaled that of an average season. Insurers are responding to landfalling tropical storms and hurricanes that have caused damage from Texas to Virginia. Losses from Dolly, Fay, Gustav, Hanna, and Ike have yet to be fully assessed, and the damage is expected to rival that of most years. We do not expect insured losses so far to near the hurricane related losses of 2005.



Reinsurance Association of America To Host Cat Modeling Conference

Plan to attend the Reinsurance Association of America's *Cat Modeling in Uncertain Times*, February 17-20, 2009 at the Grand Hyatt Tampa Bay in Tampa, Florida. The conference will feature provocative discussions from respected industry leaders on topics such as:

- modeling comparison,
- key issues facing modelers,
- uncertainty about model results and interpretation,
- the growing debate about modeling regulation,
- the degree to which underwriters should rely on modeling output when making underwriting decisions,
- the 2008 hurricane season,
- hazard maps and their impact on models,
- current state of terrorism,
- and other topics.

The conference attracted nearly 400 professionals from the insurance, reinsurance, scientific, academic and cat modeling communities in 2008, providing invaluable networking opportunities for modeling developers and users alike.

And remember the ISCM will hold its Third Annual Meeting of Members on February 17 prior to the conference kick-off.

Visit <http://www.reinsurance.org/i4a/pages/index.cfm?pageid=3292> for additional information about the 2009 program.



Bermuda ISCM Event Real Time Event Management Seminar November 12, 2008 - 4pm

The ISCM Bermuda chapter is pleased to invite you to the Real Time Event Management Seminar on November 12, 2008 at 4PM at the Bermuda Underwater Exploration Institute. This seminar will focus on the current industry processes for monitoring and managing real-time events such as hurricanes. The three leading catastrophe modeling vendors: AIR, EQECAT, and RMS will present their real-time event process including how they develop their estimates, how they feel the results should be used, and information on their ongoing data collection after an event. We will then have a panel discussion with representatives of each company to allow for questions and discussion.

Following the presentations and discussion, we invite you to stay and mingle with others in the industry and enjoy a cocktail.

Agenda

4:00 PM	Presentation of survey results by ISCM
4:15 PM	AIR, EQE, RMS presentations
5:30 PM	Panel discussion / question and answer
6:00 – 8:00 PM	Cocktails

Seminar Fees

ISCM members	FREE
Non-ISCM members	\$50 USD

Admission can be paid at the door for Non-ISCM, please make sure your membership is up to date prior to the event. The admission covers the cocktail hour.

You may join the ISCM online at: <http://catmanagers.org/join>

Please RSVP via e-mail by November 1 to ffischer@aeolusre.bm