

Presentation to the ULPA/LPI

“Catastrophes in the U.S. & Overview of I.I.I. Resources

Regal Sun Resort,

Lake Buena Vista, Florida

February 14, 2008

Jeanne. M. Salvatore

Senior Vice President, Public Affairs

Insurance Information Institute

212-346-5555

jeannes@iii.org



- I. Background on the I.I.I.
- II. Catastrophe Facts & Statistics
- III. Lightning Losses & Insurance Coverage
- IV. Consumer Education
- V. I.I.I. Resources



I. Background on the I.I.I.

- ❑ The Insurance Information Institute (I.I.I.) is a non-profit communications organization supported by the property/casualty insurance industry.
- ❑ The mission of the I.I.I. is to educate the public about insurance – what it is and how it works.

II. Catastrophe Facts & Statistics



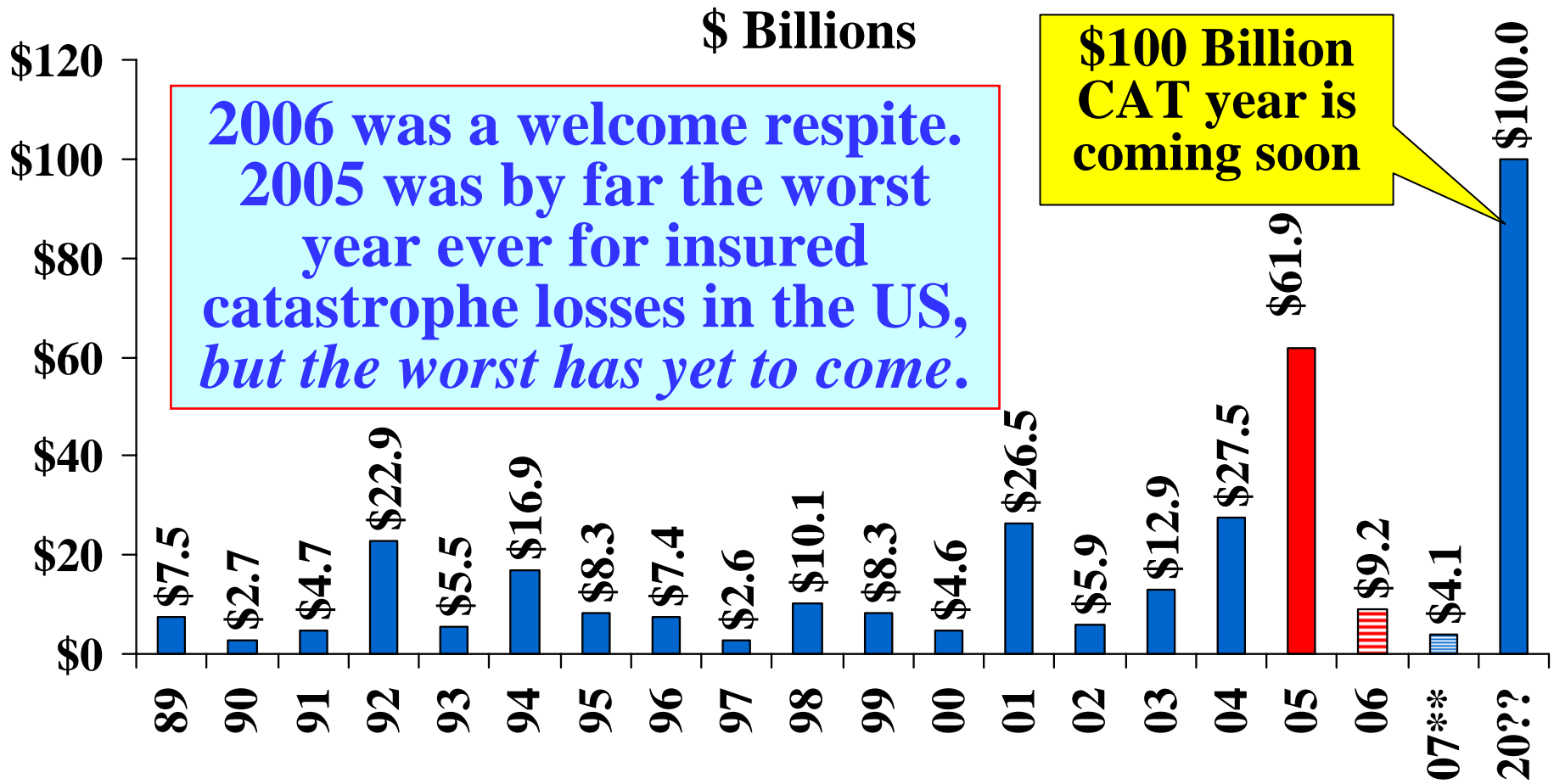


What is a Catastrophe from an Insurance Perspective?

- ❑ A catastrophe in the property insurance industry is a natural or man-made disaster when claims are expected to be over \$25 million.
- ❑ Catastrophe losses in 2005 totaled \$61.2 billion from 24 disasters.



Catastrophe Facts and Statistics



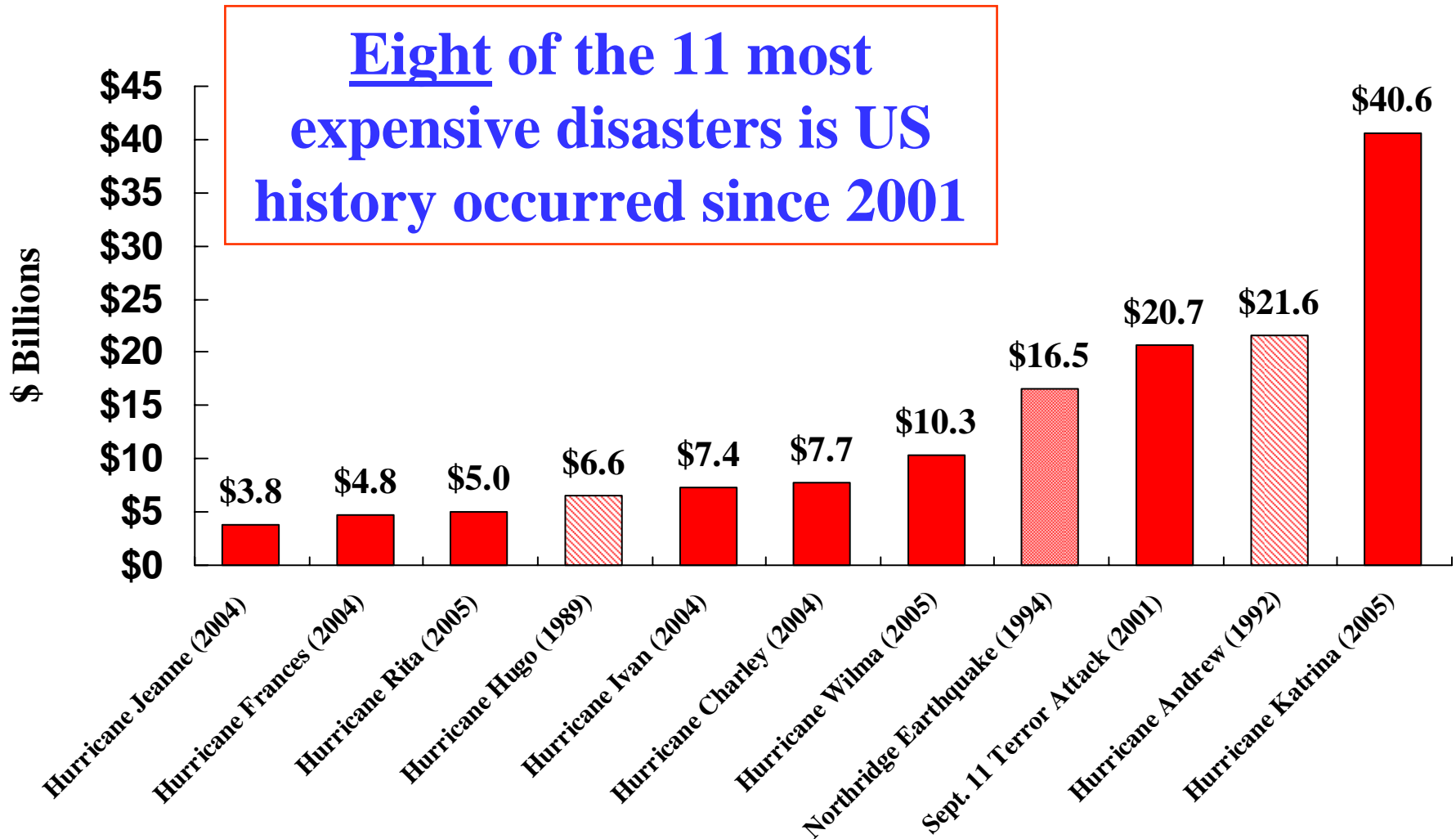
*Excludes \$4B-\$6b offshore energy losses from Hurricanes Katrina & Rita. **Ill estimate through 07:Q3.

Note: 2001 figure includes \$20.3B for 9/11 losses reported through 12/31/01. Includes only business and personal property claims, business interruption and auto claims. Non-prop/BI losses = \$12.2B.

Source: Property Claims Service/ISO; Insurance Information Institute



Catastrophe Facts and Statistics - Insured Losses



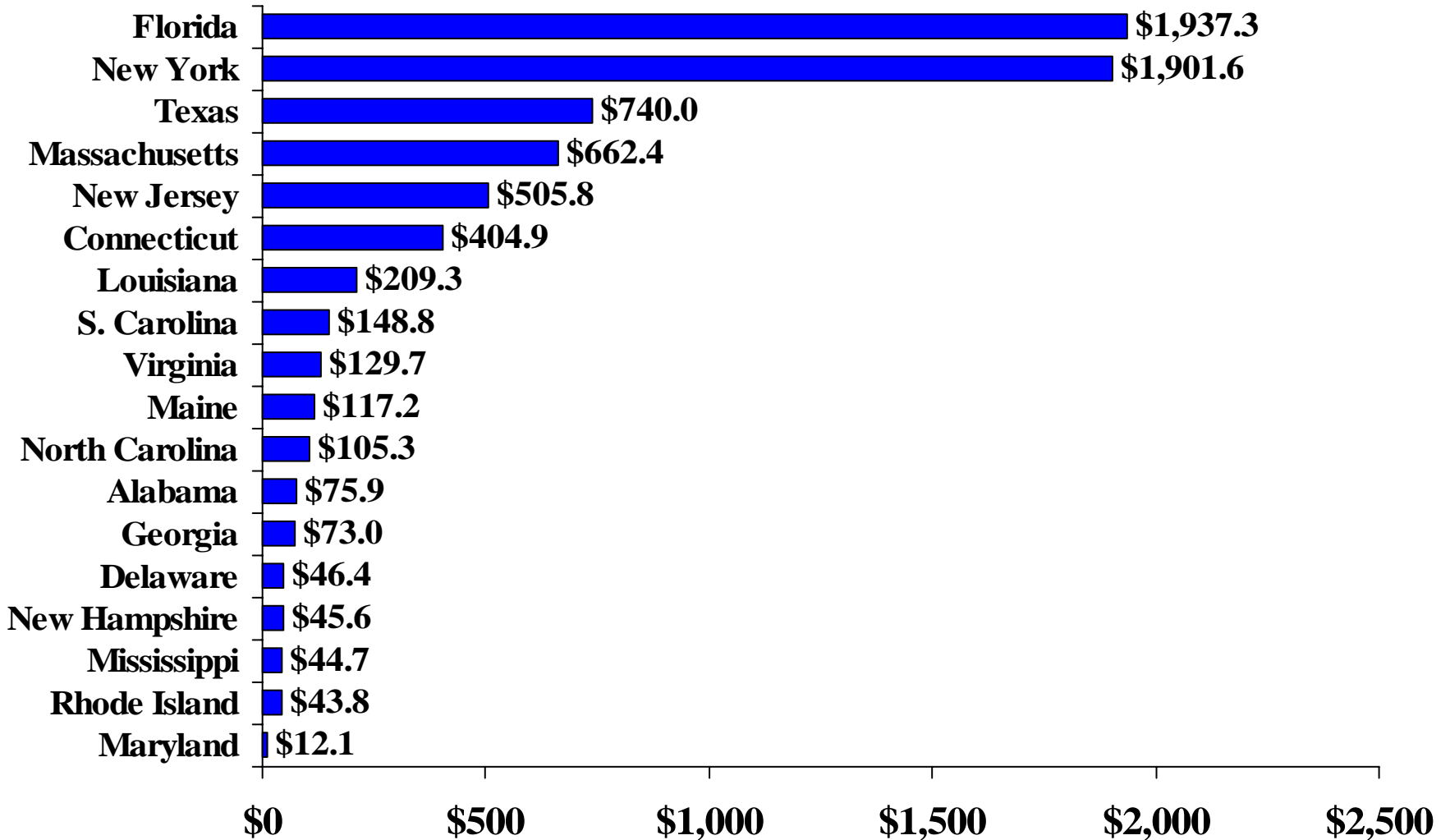
Note: 9/11 loss figure is for property claims only.
Sources: ISO/PCS; Insurance Information Institute.



- ❑ Meteorologists agree that we are currently living in a time of more severe and frequent hurricane activity. At the same time, the populations (between 1980 and 2003) of coastal counties grew by 33 million people or 28 percent. And, we are building bigger and more expensive homes.
- ❑ Between 1980 and 2003, the population of coastal counties grew by 33 million people or 28 percent. Florida grew by 75 percent, Texas 52 percent and Virginia by 48 percent.
- ❑ The growth and concentration of property values in hurricane prone states created issues of cost and availability of coverage.
- ❑ On the west coast, earthquakes and wildfires also pose a significant risk.



Catastrophe Facts & Statistics - Coastal Exposure



Source: AIR Worldwide



THE TEN MOST COSTLY CATASTROPHES, UNITED STATES (1)

Rank	Date	Peril	Insured loss (\$ millions)	
			Dollars when occurred	In 2007 dollars (2)
1	Aug. 2005	Hurricane Katrina	\$41,100	\$43,625
2	Aug. 1992	Hurricane Andrew	15,500	22,902
3	Sep. 2001	World Trade Center, Pentagon terrorist attacks	18,800	22,006
4	Jan. 1994	Northridge, CA earthquake	12,500	17,485
5	Oct. 2005	Hurricane Wilma	10,300	10,933
6	Aug. 2004	Hurricane Charley	7,475	8,203
7	Sep. 2004	Hurricane Ivan	7,110	7,803
8	Sep. 1989	Hurricane Hugo	4,195	7,013
9	Sep. 2005	Hurricane Rita	5,627	5,973
10	Sep. 2004	Hurricane Frances	4,595	5,043

(1) Property coverage only.

(2) Adjusted to 2007 dollars by the Insurance Information Institute.

Source: ISO's Property Claim Services Unit; Insurance Information Institute.



TOP STATES WITH HIGHEST INSURED CATASTROPHE LOSSES, 2007

(\$ millions)

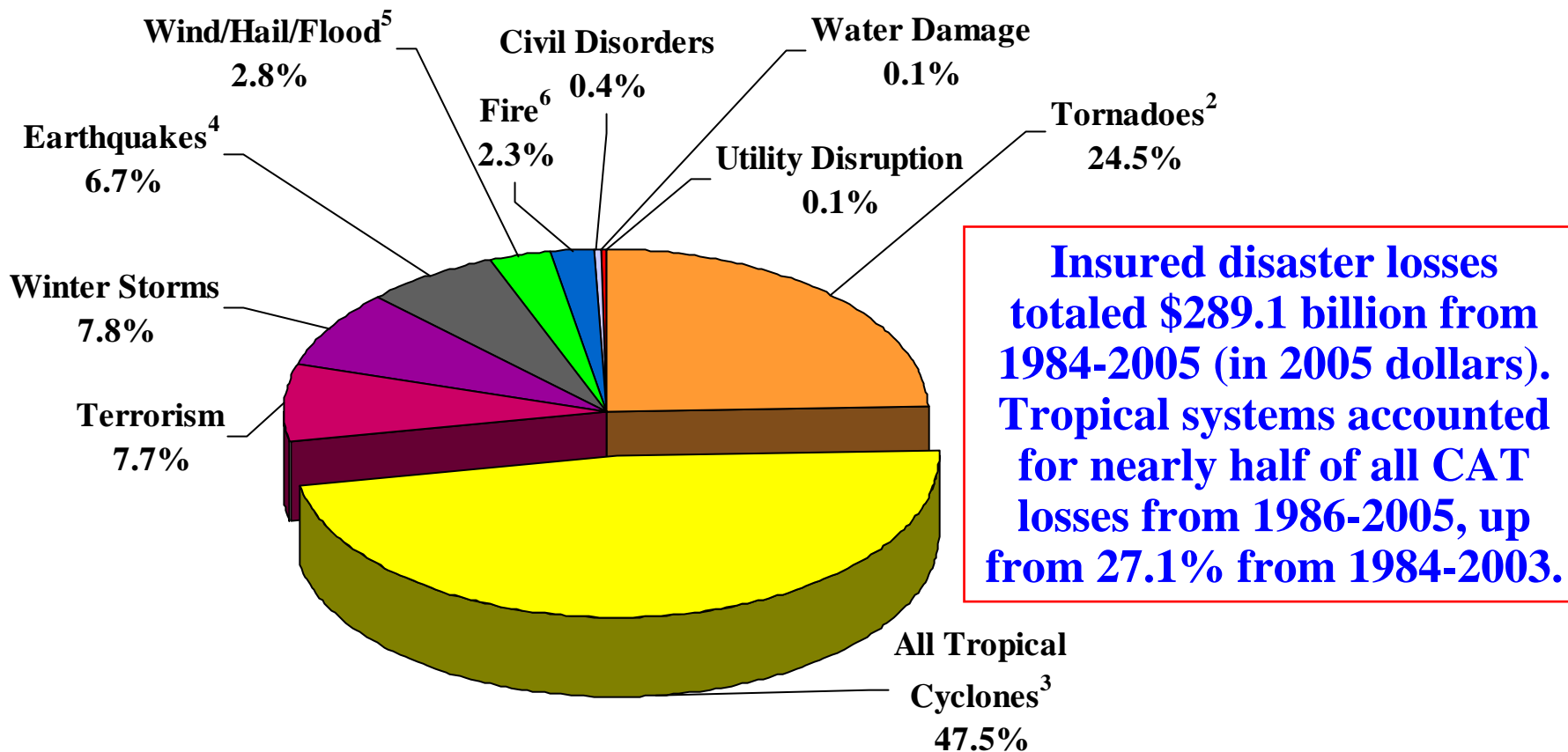
State	Estimated insured loss
California	\$1,230
Minnesota	747
Texas	677
Georgia	320
Illinois	272
Oklahoma	270
Kansas	262
Missouri	223
New York	202
Colorado	200
Alabama	200

Note: Catastrophes are assigned serial numbers by the Property Claim Services (PCS) division of ISO when the insured loss to the industry resulting from an occurrence reaches at least \$25 million and affects a significant number of policyholders and insurers.

Source: ISO's Property Claim Services Unit.



Inflation-Adjusted U.S. Insured Catastrophe Losses By Cause of Loss, 1986-2005¹



¹ Catastrophes are all events causing direct insured losses to property of \$25 million or more in 2005 dollars. Catastrophe threshold changed from \$5 million to \$25 million beginning in 1997. Adjusted for inflation by the III.

² Excludes snow. ³ Includes hurricanes and tropical storms. ⁴ Includes other geologic events such as volcanic eruptions and other earth movement. ⁵ Does not include flood damage covered by the federally administered National Flood Insurance Program. ⁶ Includes wildland fires.



Lightning Losses

HOMEOWNERS INSURANCE LOSSES BY CAUSE, 2002-2006 (1)

(Percent of losses incurred)

Cause of loss	2002	2003	2004	2005	2006
Property damage					
Fire, lightning and debris removal	32.76%	31.90%	20.88%	24.19%	34.68%
Wind and hail	20.60	25.08	49.45	44.88	28.26
Water damage and freezing	21.46	22.00	16.18	16.70	20.29
Theft	4.52	3.26	2.20	2.52	3.66
All other property damage (2)	12.25	10.77	6.31	6.69	7.76
Liability					
Bodily injury and property damage	7.70	6.31	4.44	4.39	4.36
Medical payments and other	0.69	0.67	0.53	0.63	0.99
Credit card and other (3)	0.01	(4)	0.01	(4)	(4)

(1) Data exclude tenants and condominium owners insurance.

(2) Includes vandalism and malicious mischief.

(3) Includes coverage for unauthorized use of fund transfer cards, and forgery and counterfeit currency.

(4) Less than 0.01 percent.

Source: ISO.

III. Lightning Losses & Insurance Coverage



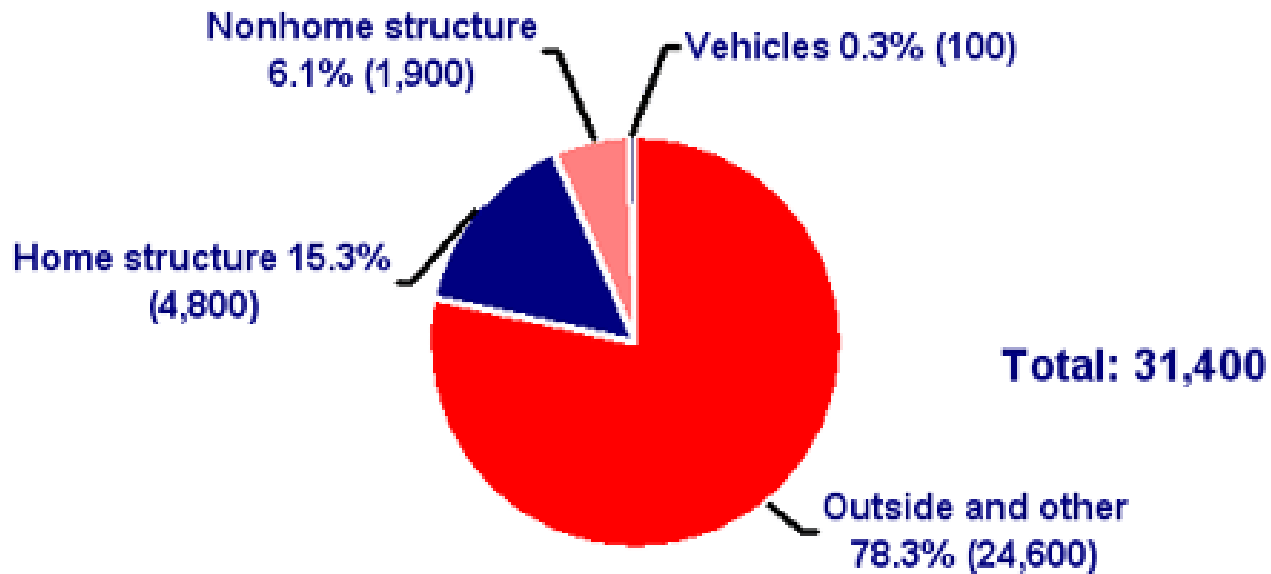
HOMEOWNERS INSURANCE CLAIMS AND PAYOUT FOR LIGHTNING LOSSES

	2004	2005	2006	Percent change 2004-2006
Number of paid claims	278,000	265,700	256,000	-7.9%
Insured losses (\$ millions)	\$735.5	\$819.6	\$882.2	20.0
Average cost per claim	\$2,646	\$3,084	\$3,446	30.3

Source: Insurance Information Institute estimates.



FIRES STARTED BY LIGHTNING BY TYPE, 2002-2005 (1)



(1) Reported to local fire departments.

Source: National Fire Protection Association.



ODDS OF DEATH IN THE UNITED STATES BY SELECTED CAUSE OF INJURY, 2004 (1)

Cause of death	Deaths	One-year odds	Lifetime odds
Motor vehicle accidents	44,933	6,535	84
Assault by firearm	11,624	25,263	324
Motorcycle riding	4,018	73,085	938
Exposure to smoke, fire and flames	3,229	90,944	1,167
Fall on and from stairs and steps	1,638	179,278	2,301
Air and space transport accidents	679	432,484	5,552
Firearms discharge	649	452,476	5,808
Drowning and submersion while in or falling into swimming pool	625	469,851	6,031
Fall on and from ladder or scaffolding	392	749,125	9,616
Cataclysmic storm (2)	63	4,661,220	59,836
Lightning	46	6,383,844	81,949
Earthquake and other earth movements	30	9,788,561	125,655
Bitten or struck by dog	27	10,876,179	139,617
Flood	22	13,348,038	171,348

(1) Ranked by deaths in 2004.

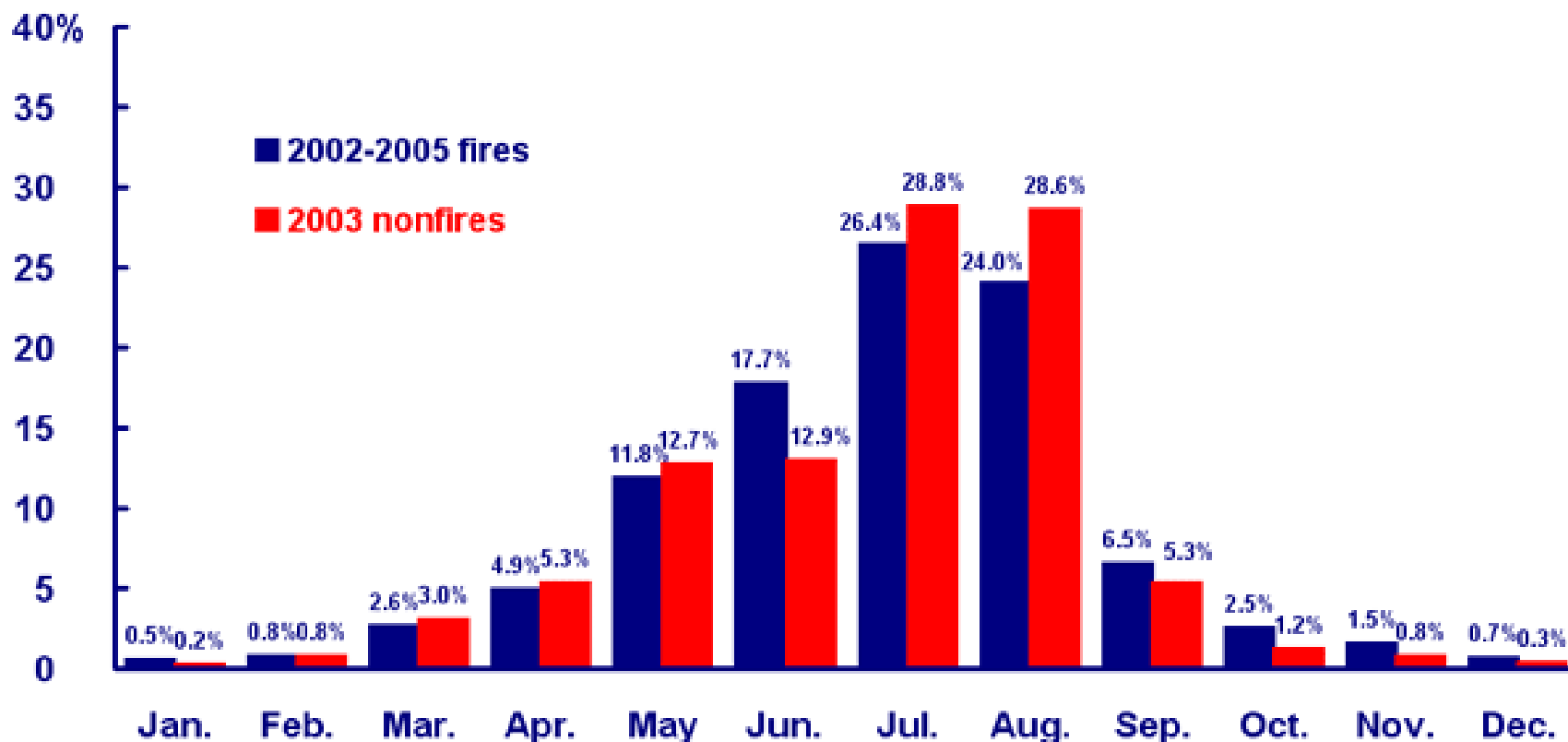
(2) Includes hurricanes, tornadoes, blizzards, dust storms and other cataclysmic storms.

Source: National Center for Health Statistics; National Safety Council.



Lightning Losses

LIGHTNING INCIDENTS BY MONTH, 2002-2005 (1)



(1) Reported to local fire departments.

Source: National Fire Protection Association.



Lightning Facts & Coverage

Home and business insurance policies provide coverage against:

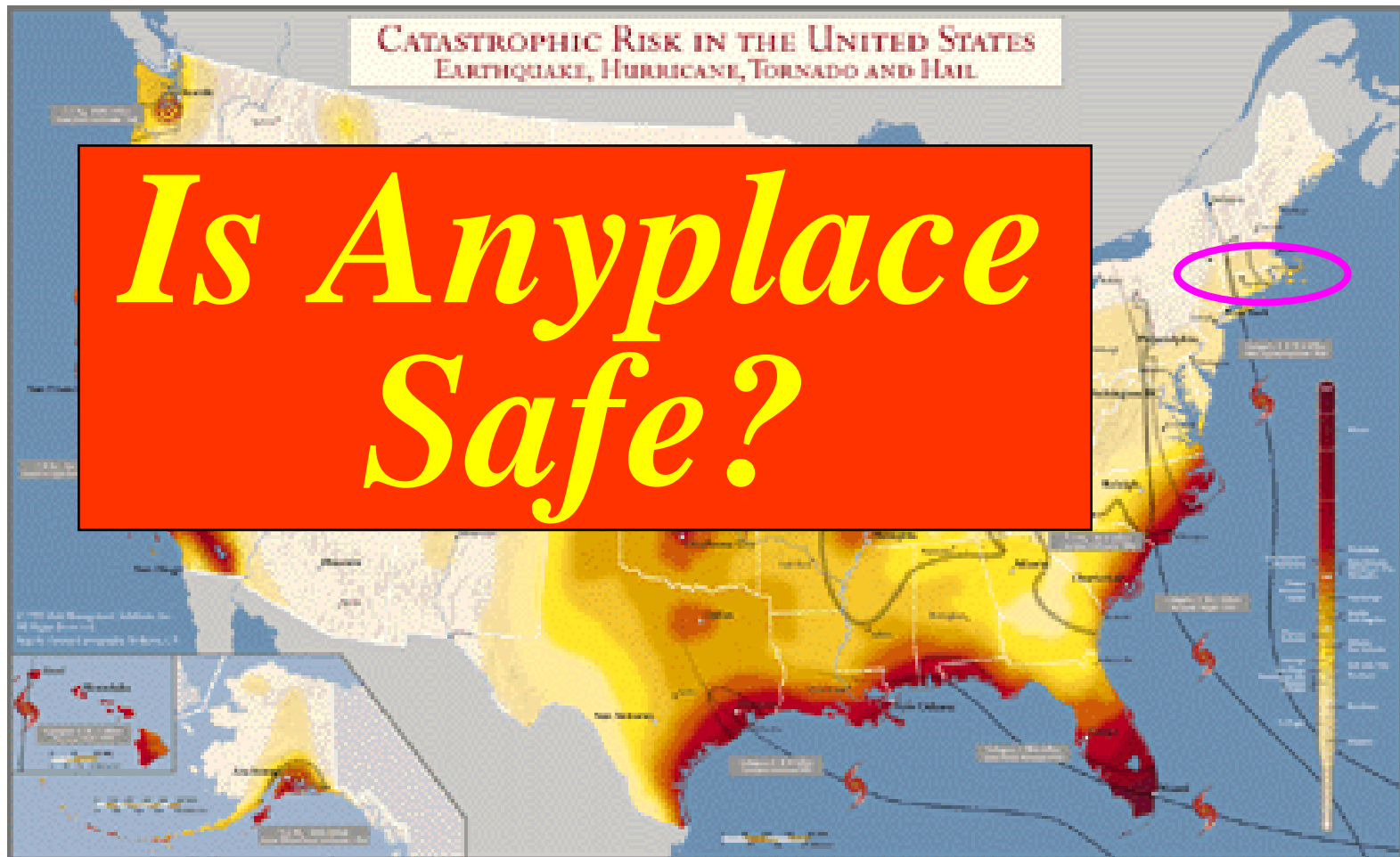
1. Fire or lightning
2. Windstorm or hail
3. Explosion
4. Riot or civil commotion
5. Damage caused by aircraft
6. Damage caused by vehicles
7. Smoke
8. Vandalism or malicious mischief
9. Theft
10. Volcanic eruption
11. Falling object
12. Weight of ice, snow or sleet

* Two major disasters that are not covered are flood and earthquake.

* Coverage for Power Surge can differ by company



Most of US Population & Property Has Major CAT Exposure



IV. Consumer Education





- ❑ Educate both individuals and small business owners on what is and is not covered in standard home, auto and business insurance policies. This includes the importance of getting the right amount and type of insurance coverage.
- ❑ Help policyholders understand the meaning of the terms and conditions in the policies they purchase, help them make informed purchasing decisions and form reasonable expectation in the event a claim is filed.




- ❑ Encourage consumers and small business owners to review their insurance policies at least once a year to make sure that they are still up-to-date.
- ❑ Explain specific safety measures that will protect homes, drivers and small business owners against a variety of disasters.
- ❑ To help these messages resonate more strongly, the I.I.I. focuses on specific life stages and segments of the population.

LIFE STAGES

 Insurance Information Institute

INSURANCE TOOLS

more tools

Select a Tool 

select a life stage



Welcome to the life stage tool of the Insurance Information Institute's Web site.

This tool provides easy to use information on insurance and financial planning for different stages of your life. Information on auto, home, life, health, disability, and long-term care insurance are provided.

Simply click on a life stage icon to your left.



> [Play Video](#)

Find a Company



VNR: Find A Company
> [Play Video](#)

Evacuation: The 10 Minute Challenge



VNR: Evacuation: The 10 Minute Challenge
> [Play Video](#)

Enough Insurance



VNR: Enough Insurance
> [Play Video](#)


Earthquakes



VNR: Earthquakes
> [Play Video](#)

dii Disaster Insurance Information

Home Be Prepared Resources En Español News Media HIIC I.I.I.



ARE YOU PREPARED FOR HURRICANE SEASON?


- Review preparedness tips
- Update your home inventory
- Make an evacuation plan.

[Click here for more information >>](#)

Be Prepared

- Hurricane Season: Five Tips to Protect Yourself, Your Family and Your Property
- Prepare an Effective Evacuation Plan
- Develop a Small Business Disaster Recovery Plan
- Protect Your Pet During a Disaster


Resources



Video

Planning for Evacuation

▶ Play



Free Software

Know Your Stuff
Home Inventory Software

▶ DOWNLOAD

News

DISASTER NEWS

LIGHTNING SAFETY

Disaster Insurance Information

- Preparedness information covering hurricanes, tornadoes, earthquakes, floods, wildfires and terrorism

[Evacuation video](http://www.iii.org/static/video/mediaplayer/evacuation.wmv)

<http://www.iii.org/static/video/mediaplayer/evacuation.wmv>

V. I.I.I. Resources





Insurance Information Institute

member site

You are presently logged on as iii.
Click [here](#) to enter Members area.



HOMEOWNERS INSURANCE: SAFEGUARD YOUR HOME AND ASSETS >>

INSURANCE

Feature

TERMS & CONDITIONS

>> Insurance Industry blog

Free Software



[Know Your Stuff](#)
[Home Inventory](#)

[My Financial House](#)
[Personal Finance Software](#)

[web sites](#) [iii store](#) [about iii](#)

INFO

individuals

- Auto
- Home
- Life
- Annuities
- Health
- Long-term Care
- Disability
- Specialty
- Business
- En Español
- Credit

media

- Issues Updates
- Industry Financials
- Facts and Statistics
- Latest Studies
- Presentations
- Research/Analysis
- Media Questions
- Directories
- Press Releases
- Industry Blog



EN ESPAÑOL
Consumer information in Spanish, including Home, Auto, Life, and a new section on Annuities. [more>>](#)

BE PREPARED

Find out how to protect your family and home from a disaster. [more>>](#)

AUTO INSURANCE

Revisited by all the options in your

insurance tools

iii WIRE

[Taking care of Fido:](#) The I.I.I. offers tips to pet owners on various insurance options. (Also in Spanish)



[Don't take a risk with your Valentine's Day gifts:](#) How to insure valuable items.



Researching an insurance issue?

Select an issue:



INDIVIDUALS

HOME

INDIVIDUALS MEDIA MEMBERS

search

- auto
- home
- life
- annuities
- health
- long-term care
- disability
- specialty
- business
- en español
- ask the expert

- TOOLS
- GLOSSARY
- VIDEOS
- BROCHURES

- III.
- ABOUT III.
 - III. STORE
 - III. WEB SITES
 - DIRECTORIES / RESOURCES

DOWNLOAD mp3

INSURANCE IQ

SEGUROS

Printer Friendly Format
 Email This Page

Pocas cosas en la vida son seguras. Los accidentes, desastres e imponderables no solo prueban nuestra resistencia emocional y causan grandes daños económicos sino que afectan también la capacidad de recuperación en estas eventualidades. El *Insurance Information Institute* pone a su disposición los conceptos básicos necesarios para elegir y obtener protección para muchos de estos imprevistos que ponen en peligro la tranquilidad y las finanzas familiares. Para información sobre seguros de automóviles, la protección del seguro de propietarios de viviendas y el seguro de vida, visite las siguientes páginas.



SEGURO DE AUTOMOVILES

- Seguro de auto: Un aliado forzoso, pero utilísimo
- ¿Qué se incluye en un seguro de auto?
- ¿Cuánta cobertura de seguro de auto se necesita?
- Conozca cómo elegir la compañía de seguros apropiada y dónde encontrarla
- ¿Qué factores influyen en el precio de una póliza de seguro de auto?
- Consejos para ahorrar al momento de adquirir un seguro de auto
- ¿Qué información necesita la aseguradora para emitir un seguro de auto?
- ¿Se puede manejar legalmente sin seguro de auto?
- ¿Cómo influyen las leyes estatales de conducir a la hora de comprar seguro de auto?
- ¿Cómo se hace un reclamo a su aseguradora de automoviles?
- ¿Cuáles son sus derechos cuando introduce un reclamo?
- ¿Cómo se determinan el valor y costo de reparación de su auto?
- ¿Puede su compañía de seguros requerirle el uso de cierto tipo de repuestos para reparar su auto?
- ¿Subirá el precio de la prima si introduce un reclamo?
- ¿Cuál es la diferencia entre una cancelación y la no renovación de una póliza?
- ¿Quién necesita adquirir una póliza paraguas de responsabilidad civil?
- ¿Qué tipo de seguro se necesita para un lease de auto?

HOME INVENTORY Know Your Stuff™

taking a home inventory how to use this software storing your project download help about i.i.i.



Maureen Conboy

Welcome

Welcome to KnowYourStuff.org, where you can download the I.I.I.'s new home inventory software for free!

This software makes creating a home inventory fun and easy. Once you have completed your inventory, it is easy to keep your information up to date.

Download

New: Know Your Stuff, Home Inventory 3.0 with **Vault 24** secure file storage technology.

[Click here to download latest version of Home Inventory software >>](#)

New Features

- Added secure file storage support
- Added edit room names feature
- Added international address input

[more >>](#)

VAULT²⁴
secure swiss databank

- Securely store your home inventory files

SIGN UP NOW >>

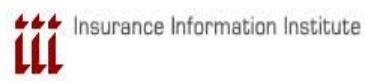
- Meteorologically and politically secure location
- State of the art communication technology
- 256 bit high-grade encryption
- Complete privacy



Taking Inventory
Watch "Taking Inventory" video news release
[Play>>](#)

Version 3.0
just released

- **Handles larger files and images**
- **Third-party secure online storage**
- **Streamlined set-up process**



- About the software
- How to use this software
- Storing your project
- Download
- Help
- Press room
- About I.I.I.



This software will help you:

- Organize and create a picture of your current financial situation
- Work more effectively with a financial adviser
- Identify gaps or overlaps in your financial situation
- Help heirs and beneficiaries to file claims

[↓ DOWNLOAD](#)



MY FINANCIAL HOUSE – Personal Finance Software™

This free software enables you to take an inventory of your financial situation and track progress towards your financial goals.

Once you complete your financial inventory, you can share it with your accountant, financial advisor and/or attorney – someone you trust – to help you plan for your future, so that even in an emergency you will know if your financial house is in order. You can also email your inventory and save it to a disk to store it for safe keeping.

You alone will have and control the scenarios you create using My Financial House™. The I.I.I. will not have your information, does not seek it, cannot and will not share it.

My Financial House™ will let you create a lasting image of your financial situation. It is something you can use throughout your life – and your family's.



Insurance Information Institute

New York, N.Y.

III.Org (website)

212-346-5500