

AMS Policy Forum on Hurricane Katrina

Perspectives on Emerging Insurance Issues

Hurricane Katrina

- The Claim
- Near-Term Impact
- Required Changes

Sources include Towers Perrin review (Oct. '05); media reports, industry executives.

The Katrina Claim

- Estimated Size
- Composition
- Sector Participation
- Estimated Economic Cost
- Aberration or Trend?

Near-Term Impact

- Insurance/Reinsurance Rates
- Coverage
- Rating Agencies
- Capital Requirements
- Underwriting Capacity

Near-Term Impact

- Litigation
- Forms Revision
- Claims Adjustment & Processing
- Catastrophe Models

Required Changes: Loss Prevention & Mitigation

- Cost Effectiveness
- Building Codes
- Land Use Ordinances
- Greenhouse Gases
- Levee/Flood Plain Management
- Public & Private Funding Incentives

Required Changes: Risk Financing Linkage

- Federal Financing of Local Speculation
- Homeowner Eligibility for NFIP
- NFIP Pricing
- Allocation of Disaster Recovery Costs
- Insurance Company Eligibility for Federal “Backstop” & Tax Benefits

Required Changes: Spreading Residual Risk

- Tax Recovery
- Pre-Occurrence Catastrophe Reserving
- State Catastrophe Pools
- TRIA-like Federal Backstop
- Risk Securitization in Capital Markets