

PC catastrophe losses for third quarter up 300%

Insurers are expected to pay \$2.9 billion to homeowners and businesses for insured property losses from seven catastrophic events in the third quarter of this year — up more than 300 percent from the year-ago period — according to current estimates by Insurance Services Office, Inc. Third-quarter 2002 catastrophe losses totaled \$715 million.

The quarter's losses are exceeded only by the \$20.7 billion loss in third-quarter 2001, primarily from the Sept. 11 terrorist attacks in New York and Virginia, and \$4.06 billion in the third quarter of 1998, when Hurricane Georges caused nearly \$2 billion in damages along the Gulf Coast.

Catastrophe losses for the first nine months of 2003 now stand at \$9.4 billion, more than double the figure for the same period last year.

At \$1.17 billion, Hurricane Isabel topped the list for this quarter's insured losses, followed by an estimated \$815 million in damages from the severe thunderstorms that struck 14 southern and eastern states in late July. The power outage caused \$75 million in property damage, an estimate that could be revised when the cause of the blackout is determined. □

N.Y. resolves terror policy complaint with AIG

NEW YORK — Superintendent of Insurance Gregory V. Serio said that a review of terrorism coverages offered by New Hampshire Insurance Co. to brownstone property owners has resulted in an agreement for New Hampshire to fully disclose terrorism coverage information to its policyholders.

The review followed an initial inquiry concerning charges for terrorism coverage to brownstone property owners.

Earlier this year the New York Insurance Department looked into a consumer complaint regarding the charging of premiums for terrorism coverage on brownstone properties by New Hampshire. New Hampshire subsequently returned a half million dollars in premiums to more than 500 insureds. The department then conducted a more detailed review of insurance of brownstone properties.

Under the agreement, New Hampshire will provide all prospective customers and policyholders a letter which discloses that if the units are being occupied for residential purposes the property will be treated as personal lines insurance and will automatically have terrorism coverage included in their policies at no additional charge. At issue in the department review was the classification of property as a residential property or commercial property. According to the federal Terrorism Risk Insurance Act, commercial property owners must be given an option to purchase terrorism coverage, while residential property owners are covered for terrorism in their homeowner's policies and should not pay any additional fees. □