

Managing the Costs of Natural Disasters in Massachusetts

*An Informational Seminar
Hosted by the Massachusetts Division of Insurance*

Thursday, September 20, 2012 – 10 am

**The Advanced Technology and Manufacturing Center at
University of Massachusetts – Dartmouth**

151 Martine Street, Fall River, MA 02723



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

(617) 521-7794 • <http://www.mass.gov/doi>

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The National Association of Insurance Commissioners (NAIC) has launched an initiative to more accurately recognize the impact of natural disasters on insurance company solvency, and the potential effect on property insurance pricing. Full execution of this effort is anticipated by 2015. Once implemented, the NAIC will require insurance companies to complete comprehensive and regular reviews of the effects of natural disasters on their current and future solvency position for state regulators.

Reviews will specifically address companies' ability to pay claims in the event of a hurricane or an earthquake, and regulators' assessment of an insurance company's capital strength will include a specific charge for exposure to hurricane. The catastrophe loss models that are currently used by many insurers in the pricing of property insurance coverage will also be used to estimate how much capital they need to cover hurricane losses. This change will create a higher standard of accountability for insurance company management whose property insurance prices depend in part on the results of catastrophe models.

The Massachusetts Division of Insurance has developed this informational seminar to educate public policymakers and insurance consumers about the NAIC's changed focus, and the expected benefits of the capital risk charge. Speakers from across the industry will provide a practical overview of:

- how primary insurance companies manage catastrophe risk
- the challenges of interpreting results of catastrophe models in making operating decisions regarding reinsurance purchases, primary pricing, and loss control programs
- the processes used to ensure the accuracy of the modeling data
- how models properly reflect the loss prevention efforts of policyholders

Program

Opening Remarks: Joseph G. Murphy, Commissioner, Massachusetts Division of Insurance

Loss Prevention Analysis: Debra Ballen, General Counsel, Insurance Institute for Business & Home Safety

Loss Recovery Panel:

Joseph B. Sieverling, Senior Vice President & Director of Financial Services, Reinsurance Assn. of America

Parr Schoolman, Global Head of Risk & Capital Strategy, Aon Benfield Analytics

John P. Tierney, Senior Vice President & Chief Actuary, Quincy Mutual Fire Insurance Company

Heather L. Chalfant, Reinsurance Manager, State Farm Mutual Insurance Company

Karen L. Blomquist, Deputy Commissioner, Massachusetts Division of Insurance, *Moderator*

Registration

This seminar is free and open to the public. However, due to space limitations, pre-registration is required. To register, e-mail doiregistration@massmail.state.ma.us or call 617-521-7788.

Doors will open at 9:30 a.m. The seminar will begin promptly at 10 am and will adjourn no later than 12:30 pm.

Directions and Parking

The Advanced Technology and Manufacturing Center at UMass-Dartmouth is located at 151 Martine Street, Fall River, less than one mile from the intersection of Routes 24 and 195. Ample free parking is available. Ask when registering for detailed driving directions from Boston, Cape Cod or other starting points, or visit the Division's website, www.mass.gov/doi for a link to the directions in PDF format.