

PROGRESS REPORT TO THE COMMUNICATIONS COMMITTEE

Fourth Quarter
January 2008

Industry Financials and Outlook

- ✓ The I.I.I. promoted Dr. Hartwig's Early Bird Forecast on December 17. Each year the Insurance Information Institute invites a panel of Wall Street stock analysts and industry professionals to review the prospects for the industry in the year ahead. This year's survey results indicated that the continuing respite in catastrophe losses in 2007 combined with strong performances in virtually all major lines of property/casualty (P/C) insurance will propel the industry to one of its best underwriting performances in the past 80 years
<http://www.iii.org/media/industry/financials/earlybird2008/>
- ✓ The I.I.I. promoted a news release on the nine-month results co-produced by ISO and PCI to the media on December 19. This information was featured in the *I.I.I. Daily*.
- ✓ Dr. Hartwig wrote a commentary on the results of the first nine months of 2007 <http://www.iii.org/media/industry/financials/2007firstninemonths/> showing that the financial performance of the property/casualty insurance industry for 2007 is turning out to be significantly better than was anticipated when the year began. Results through the first nine months are generally excellent and so far have proven surprisingly resilient in the face of an increasingly price competitive environment. But at the same time the nine-month results provide confirmation that the industry is now past its cyclical peak in profitability of 14.0 percent and its cyclical trough in the combined ratio of 92.5, both achieved in 2006. The I.I.I.'s media outreach generated significant media coverage in both the business and trade press including Bloomberg News, *Business Insurance*, Dow Jones News Wire, *National Underwriter*, Reuters, and the Insurance News Network.

Briefings/Meetings

- ✓ The I.I.I. along with the advocacy trades, briefed Congress on insurer response to the California wildfires. *BestWire* and *National Underwriter* covered the Tuesday, Nov. 13 Congressional briefing in which I.I.I. President Bob Hartwig offered a synopsis of the insurance industry's rapid response to the October 2007 wildfires. I.I.I. also discussed how insurance proceeds would provide an essential boost to the region's economy as the damaged neighborhoods recover. Those who were at the D.C. session said it engendered goodwill toward the industry; most in the room at the Rayburn House Office Building were congressional staff representing House Members from California. *AM Best* subscribers can access the *BestWire* story online at: <http://www3.ambest.com/Frames/FrameServer.asp?AltSrc=23&Tab=1&Site=news&refnum=109535>.
- ✓ *National Underwriter* sponsored the online 'Battle of the Bobs'; a debate which featured the I.I.I.'s Bob Hartwig and Consumer Federation of America's Insurance Director Bob Hunter. *NU* subscribers can read about the event at:

<http://www.propertyandcasualtyinsurancenews.com/cms/nupc/Breaking+News/2007/11/15-BATTLINGBOBS-sf>.

- ✓ The first Catastrophe Modeling Forum (CMF) was held in New York City. The Forum was developed by the Center for Health and the Global Environment at Harvard Medical School and the Insurance Information Institute, and was sponsored by American International Group and Lloyd's America, with additional support from ACE Ltd, Marsh, Inc. and Travelers. The CMF brought together climate scientists, catastrophe modelers, insurers, reinsurers and other stakeholders from around the world to discuss methods and avenues of research for improving modeling, for the benefit of insurers and others. It also looked at the technical issues that have industry wide relevance, the communications aspects that affect the CAT modeling community, insurers and reinsurers, and how these issues are perceived by analysts, regulators and rating agencies. For more information, see <http://www.iii.org/media/met/cmf/2007cmf/>.

Catastrophe Communications

- ✓ The I.I.I. continued to actively reach out to the media regarding the California wildfires, which ended in early November, as well as focusing on the need for better preparation for homeowners in other parts of the country that are prone to this type of disaster. The I.I.I. continued to promote its disaster preparation Web site (<http://www.disasterinformation.org>) to the media, consumers and the industry. The I.I.I. also used the wildfires as an opportunity to launch an updated version of its *Know Your Stuff* home inventory software (<http://www.knowyourstuff.org/>). As a result, *U.S. News & World Report* will incorporate information about the software into its year-end edition piece (Dec. 31, 2007) on ways consumers can improve their physical and financial health in 2008.
- ✓ The I.I.I. sent out a media advisory regarding Hurricane Noel. The trajectory of the storm was heading for Eastern Long Island and parts of New England. The release provided the opportunity to get the industry message out about preparedness, pointing out that next to Florida, New York has the second highest amount of insured coastal exposure in the U.S valued at more than \$1.9 trillion; that more than 50 percent of the insured property in Connecticut, Maine and Massachusetts is coastal and that insured coastal exposure for the Northeast totals \$3.73 trillion. It also provided an opportunity to talk about coverage issues including the fact that flooding is not covered under a standard homeowners policy.
- ✓ The I.I.I. sent out a release on a multi-state winter storm that addressed coverage issues on homes, businesses and vehicles. The release was picked up by media in states affected by the storm including *The Oklahoman* and the *Kansas City Star* and the *Record*, as well as getting national pick-up including a CNN segment on winter weather driving tips and a Fox Business radio piece on coverage issues.
- ✓ Severe damage created by storms in Washington and Oregon prompted the I.I.I. to send out a press release addressing the issue of flood coverage. Heavy rains flooded houses, washed out roads and covered Interstate 5 in southwest Washington with 10 feet of water. The release was picked up in the *Oregonian* and *Portland Observer* as well as the *News Tribune* and *Lake Chelan Mirror*.

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Letter to the Editor

- ✓ Bob Hartwig's response to *USA Today* founder Al Neuharth's Friday, Nov. 30 'Plain Talk' column which stated, "hurricanes are over; insurance rip-off isn't," (<http://blogs.usatoday.com/oped/2007/11/hurricanes-are.html>) was published in the paper's Friday, Dec. 7 edition: <http://blogs.usatoday.com/oped/2007/12/homeowners-pay.html#more>.

Press Releases

- ✓ I.I.I. issued weekly seasonal releases in both Spanish and English on a range of issues. These included releases on insurance coverage for pets, avoiding deer related collisions, insuring a bicycle, renting a car for the holidays, driving and distractions, fire safety, protecting against identity theft, and conducting a home inventory as a New Year's resolution. Accompanying these releases are radio actualities and links to industry-sponsored organizations such as the Institute for Business & Home Safety and the National Insurance Crime Bureau. Releases can be viewed at: www.iii.org/media/updates.

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