

# Property Claim Services®



*Independent, objective, reliable information on insured property losses for insurance, reinsurance, and capital markets*

ISO's Property Claim Services® (PCS®) unit is the internationally recognized authority on insured property losses from catastrophes in the United States, Puerto Rico, and the U.S. Virgin Islands.

Photo courtesy of NOAA

The insurance, reinsurance, and capital markets rely on PCS to investigate reported disasters and estimate insured losses, including the extent and type of damage, dates of occurrence, and geographic areas affected.

Since its inception in 1949, PCS has maintained a rigorous program to designate natural and man-made catastrophes. PCS assigns serial numbers to help track losses from each catastrophe and produces damage estimates for losses and claim counts for personal, commercial, and automobile lines of business.

#### The role of PCS in catastrophe identification

PCS defines catastrophes as events that cause \$25 million or more in direct insured property losses and that affect a significant number of policyholders and insurers.

Once PCS designates a catastrophe and identifies the official date(s) of occurrence and geographic area(s) affected, we release a catastrophe serial number, generally within 24 to 48 hours, to our subscribers. That number lets insurers and reinsurers track losses and reserves related to a single, discrete event.

#### PCS loss estimates

PCS estimates comprise insured losses covered under personal and commercial property policies, including:

- real property
- vehicles
- boats
- contents
- time element losses
- certain inland marine and specialty coverages

In addition to confidential catastrophe surveys, the methodology for estimating losses includes:

- telephone surveys of insurers, agents, and adjusters
- limited ground and/or air inspections
- informal interviews of selected affected homeowners

- review of market-share data for each affected state
- comparison of gathered data against data in ISO's proprietary database

Typically, within two weeks of the occurrence of a PCS-designated catastrophe, our staff compiles reported loss estimates and releases a preliminary estimate to subscribers.

For unusual events or those resulting in more than \$250 million of insured property damage, PCS conducts periodic resurveys approximately every 60 days until PCS believes the estimate reasonably reflects insured losses for the industry.

#### PCS value-added services

PCS distributes preliminary, resurvey, and final loss estimates to subscribers through our web-based service — ISONet<sup>SM</sup> PCS.

Our subscribers also access the following value-added services through ISONet PCS:

- **Catastrophe Bulletins** — critical data on PCS-designated catastrophes, including information on the number of claims, the perils causing damage, and property damage estimates
- **Catastrophe History Reporter** — information about the cumulative impact of catastrophes through selected reports and search criteria
- **Daily Severe Weather Summaries** — a daily recap of severe weather events that could cause catastrophic insured property damage
- **Storm and Event Tracking Reports** — reports on potentially catastrophic events as they occur

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EXHIBIT

tabbles

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- **Catastrophe News** — periodic news bulletins on recent catastrophic events and other issues affecting the industry's catastrophe response

### **The role of PCS in risk management and alternative risk transfer**

PCS is an internationally recognized catastrophe loss index provider and an authority on insured property losses.

PCS estimates are widely used as triggers in many financial instruments, including:

- exchange-traded futures and options
- catastrophe bonds
- catastrophe swaps
- industry loss warrants (ILWs)
- other catastrophe derivative instruments

PCS plays an invaluable role in risk management, alternative risk transfer, and insurance risk trading.

### **Find out more**

For more information on PCS and the valuable services we provide, please contact:

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### **The PCS value proposition**

PCS catastrophe information is invaluable for the insurance-linked securities market to improve availability and affordability of reinsurance and alternative risk transfer products.

PCS catastrophe information helps set expectations about catastrophe response and recovery for policyholders, regulators, government, stockholders/stakeholders, employees, and others interested in the financial performance of an insurance entity.

PCS loss estimates help insurers and reinsurers set loss estimates, deploy field adjusters, and verify internal company estimates.

PCS catastrophe information allows insurers to benchmark their own claims-handling processes against the aggregated industry data and identify the causes of claim surge or increasing loss payments.

The PCS historical record assists in evaluating risk and exposure by territory and catastrophe type.

PCS catastrophe serial numbers facilitate reinsurance catastrophe treaty recovery by quickly identifying and capturing claims that qualify for reinsurance coverage.

### **About PCS**

ISO's Property Claim Services (PCS) unit serves property/casualty insurers, reinsurers, and capital markets as an authoritative source of catastrophe loss information, providing estimates of anticipated industrywide insured losses arising from catastrophes. The estimates reflect the total insurance payment for personal and commercial property items, additional living expenses, business interruption, automobile property damage, and workers compensation.

### **About ISO**

Since 1971, ISO has been a leading source of information about risk. We supply data, analytics, and decision-support services for professionals in many fields, including property/casualty insurance, mortgage lending, healthcare, government, and human resources. We also offer information for risk managers in all industries. In the United States and around the world, our products help customers protect people, property, and financial assets.



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