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EQECAT Estimates Insurance Industry Dodges \$3 Billion Loss as Hurricane Lili Reaches Landfall as a Category 2 Rather than Category 4 Storm

(Oakland, CA –) EQECAT, Inc., an ABS Consulting company, estimates that insured property wind damage related losses from Hurricane Lili will probably be less than \$500 million. There is a 20 percent probability, however, that losses could exceed \$600 million. “The damage and loss from Lili would have been much greater if the storm had remained a Category 4 event and made landfall nearer to Port Arthur where there are higher population densities and very high value industrial facilities,” said Dr. Mahmoud Khater, EQECAT’s Chief Science Officer. “In that event the loss could have been in the \$3 to \$4 billion level.”

EQECAT estimates insured losses for natural hazards using its proprietary catastrophe model, WORLDCATenterprise™, in conjunction with databases of structure inventories by zip code and regional insurance in force. “EQECAT models have proven to be very reliable based on past hurricane, windstorm and earthquake loss estimates. EQECAT’s model has been selected over competing models to generate the catastrophic loss estimates for over 60 percent of the CAT Bonds issues currently in force because of the technical advantages inherent in our methodology,” said Khater.

EQECAT, Inc., an ABS Consulting company, is a leading provider of global catastrophe management software and services specifically focused on the Property and Casualty Insurance Industry.

ABSG Consulting Inc., marketing under ABS Consulting, (www.absconsulting.com) provides rational engineering-based solutions that blend state-of-the-art technology with practical loss-control measures and innovative risk-transfer options. Headquartered in Houston, Texas, ABS Consulting is an affiliate of ABS, one of the world’s largest providers of classification services to the international marine and offshore industries.