



For Immediate Release

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EQECAT releases probabilistic terrorism insurance model

(Oakland, CA) EQECAT, Inc., an ABS Consulting company, today announced the release of a full probabilistic model for terrorism risk assessment for use by insurers and reinsurers. "We believe the EQECAT terrorism model to be the only model currently available that is fully probabilistic and covers all relevant risk sources, including, bomb blast, aircraft impact, and CBNR (Chemical, Biological, Nuclear and Radiological) weapons for all 50 States plus the District of Columbia," said Richard Clinton, President of EQECAT. The EQECAT model enables insurers and reinsurers to price and manage accumulated exposure to terrorism losses from multiple perils. The EQECAT model can provide industry or portfolio specific loss exceedance probability distributions, expected annual loss and scenario losses for workers compensation and property exposures.

EQECAT's terrorism model was selected earlier this year by NCCI, a shared-services organization serving the workers' compensation industry, to provide full loss exceedance curves for terrorism in 50 States plus the District of Columbia. "We selected EQECAT because of their proven capability to model the types of weapons and agents involved in terrorism events and their ability to provide a probabilistic analysis methodology that effectively deals with modeling uncertainty," said Barry Lipton, NCCI Senior Actuary.

EQECAT treats the problem in a "fully probabilistic manner". The likelihood of the occurrence of attacks, the targets and the hierarchy assigned to the different modes of attack were quantified by independent experts and experts within ABS Consulting. The independent experts have backgrounds in national defense (DOD and CIA), and domestic security (FBI and Homeland Security). The ability to properly portray all of the potential terrorist events and their impact is central to the efficacy of a terrorism model. EQECAT has incorporated internally developed software for event simulations. "ABS Consulting's MIDAS™ software has been used for modeling CBNR events for almost 20 years. It has been tested at the Dugway proving grounds and has been in use for counter-terrorism planning and response", said Dr. Mahmoud Khater, EQECAT's Chief Technology Officer. "The 'BLAST' software was developed by our blast research group in San Antonio and is used to model all manner of explosive devices to quantify damage and injury potential. 'BLAST' analyses have been the basis for building design and mitigation efforts to protect government and private industrial facilities around the world," said Dr. Khater.



“Terrorism is a unique exposure and cannot be modeled using the same techniques currently used to model insurers’ earthquake and hurricane exposure,” said Dr. Khater. “It requires significant expertise to understand the severity of these complex events and if they are not properly characterized, the end results will not reflect the true risk exposure.” The EQECAT model features a probabilistic set with over 10 million events and hundreds of thousands of high probability terrorism “target” sites. The model’s property damage functions are based on historical and test data, and engineering analysis with workers’ compensation vulnerability functions derived from extensive claims data.

For more information about EQECAT workers’ compensation analyses or models contact Robert Healy at 1 510 817 3101 or e-mail requests to eqecat@absconsulting.com.

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 engineering-based terrorist risk solutions that blend state-of-the-art technology with innovative risk management options for corporations and Governments. 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.

NCCI, a shared-services organization serving the workers’ compensation industry, offers a comprehensive array of products and services that enable insurers and other stakeholders to access and use workers’ compensation data to establish accurate loss costs, calculate experience rating modifications, manage residual market mechanisms and reduce overall costs. NCCI’s services support informed decision-making and the efficient economic functioning of the workers’ compensation system, thereby helping to promote the vitality of the American economy and the health and safety of American workers.