

## **Insurers' Hurricane Loss Estimates Off By Billions, Validus Says**

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Validus Holding, Ltd. said it expects its insured losses from Hurricanes Ike and Gustav to amount to \$185 million, adding that it believes industrywide losses from Ike could be \$4 billion higher than estimated.

The Hamilton, Bermuda-based insurer broke down the losses by segment, with Ike producing the highest loss at \$165 million, and Gustav totaling \$20 million.

The company said its reinsurance segment stands to lose \$124 million, offshore energy could lose \$44 million, and its insurance could see losses of \$17 million.

“Regarding Hurricane Ike, we believe that currently reported industry loss estimates in the \$8 billion to \$12 billion range significantly underestimate the likely insured cost of this storm,” Ed Noonan, chairman and chief executive officer of Validus, said in a statement. “Although Ike was a Category 2 storm on the Saffir-Simpson hurricane scale at landfall, we believe the large wind field and the storm’s high integrated kinetic energy combined with wind damage through the Ohio Valley are not fully contemplated in current industry estimates.

“In addition, our view of the loss to the offshore energy markets caused by Hurricane Ike lead us to conclude that currently reported industry estimates for this segment are likely to increase,” he continued.

“Our estimates for Hurricane Ike are predicated on an industry loss of \$15 billion to \$17 billion, comprised of \$13 billion to \$15 billion onshore and \$2 billion to \$3 billion from offshore energy.”

Validus’ losses are net of reinstatement premiums, reinsurance and other recoveries. The estimates are based on the company’s evaluation of impacted contracts and information provided by customers and brokers.

Actual losses may vary materially from these estimates due to the inherent uncertainties resulting from its preliminary information, the company said.