

# **INTERNATIONAL INSTITUTE OF LOSS ADJUSTERS**

## **USA Region Vice President report for the 2009 AGM** **Lima, Peru**

### **WEATHER CONDITIONS**

#### **Developing El Nino Could Suppress Atlantic Hurricanes**

Current trends favor development “of a weak-to-moderate strength El Nino into the northern hemisphere fall (of) 2009, with further strengthening possible thereafter.”

The CPC report said El Nino may also “help suppress Atlantic hurricane activity by increasing the vertical wind shear over the Caribbean Sea and tropical Atlantic Ocean.” Storms sweeping in from the Atlantic or in the Gulf would threaten oilrigs in the area and menace crops from Mexico, the Caribbean and into the Southern United States.

### **CATASTROPHIES**

The state of California is experiencing some of the largest fires in our history. A huge blaze that encompassed more than a hundred thousand acres in the Angeles Crest and points north of Los Angeles was deemed a disaster area by the Governor. It was identified as of human origin. Due to its size and remote nature fire personnel had difficulty controlling the fire. Thousand of homeowners were evacuated from areas in its path. Air quality was poor due to particulate matter in the atmosphere and I’ve heard smoke from the blaze was seen as far as Minnesota.

### **STATE OF THE ECONOMY**

#### **AIG: ‘Excellent’ Chance It Will Repay Government; New CEO Likely Soon**

American International Group Inc., the insurer rescued by \$180 billion of federal bailouts, on Tuesday expressed optimism it will be able to repay government loans as it tries to rebound from punishing losses tied to derivatives. This may be due to the fact they are selling off their Aircraft leasing unit and two commercial building, the latter of which fetched \$150,000,000.00.

They reported their first quarterly profit since the third quarter of 2007, reflecting stabilization in some of its businesses and positive valuation changes and their stock is soaring.

AIG, which received \$180 billion of federal bailouts, said it also achieved several important milestones in its restructuring program.

## **Survey: Americans Keeping Cars Longer in Struggling Economy**

May 6, 2009

The current economy has many Americans shying away from buying new cars and hanging onto their cars longer than in years past, a new trend that could affect insurance and vehicle safety considerations.

A new poll from R.L. Polk & Co. revealed that 64 percent of consumers said they were “very or extremely likely” to keep their current vehicle longer than they normally would due to economic conditions. Additionally, Polk reported that the average length of ownership of both new and use vehicle increased from little more than three years in 2002 to nearly four years in 2008, a 24 percent increase.

At least one auto insurer reports seeing the same trend of customers keeping their older vehicles longer. Travelers says a higher number of older cars on the road increases risk and underscores the importance of having proper coverage.

This was offset by a very successful Cash for Clunkers program sponsored by the Federal government. As all of us in America know, Cars that qualify received a rebate of \$3,500.00 or \$4,500.00 if a new car is purchased with the requisite amount of gas mileage. Ferrari’s don’t qualify. This has created a huge sales boost for the auto industry in the U.S.

### **STATE OF THE INDUSTRY**

Results for the property/casualty industry over the next few years will be driven by the 2009 recession, mixed insurance premium pricing momentum, and modestly deteriorating underwriting results, according to a new industry forecast report.

“The combination of continued price decreases in most commercial lines of business, and the recession suppressing exposure growth, continues a string of negative premium growth for 2009 that began in 2007,” Conning Research sees modest improvement beginning in 2011, excluding unusual catastrophe experience or further turmoil in financial guaranty lines.

“Looking beyond this year, an expected slow economic recovery in 2010 and a return to more robust growth in 2011 lead to an increase in both premium and loss exposures, but also may include the start of an acceleration in inflationary factors that drive loss severity,” said Stephan Christiansen, director of research at Conning. “We see indications of price firming in personal lines, but continued mixed conditions in commercial lines. Capital conditions remain strong, particularly in commercial lines, and it is likely that further stresses will have to occur before any significant broad-based change in pricing will emerge.”

### **Allstate Declines TARP Bailout Funds**

May 19, 2009

Allstate Corp., the largest publicly-traded U.S. home and auto insurer, said it will not take funds from the government’s Troubled Asset Relief Program after winning eligibility last week to do so.

Chief Executive Thomas Wilson said on Tuesday the Northbrook, Illinois-based company had more than enough capital and liquidity and could do without taxpayer funds.

### **Supreme Court Nominee Sotomayor Shows Record of Favoring Insurers**

By Andrea Ortega-Wells  
June 1, 2009

The Supreme Court almost never takes up insurance related cases. Even so, President Obama's recent nominee brings a long record of decisions favoring insurers, a possible plus for the insurance industry, said Philadelphia base insurance attorney Randy J. Maniloff.

Maniloff, who is a partner in the commercial litigation department of White and Williams LLP, said that in his review of Sonia Sotomayor's insurance-related opinions, he discovered that she rule "consistently, across the board in favor of insurers."

### **Cunningham Lindsey U.S. CEO: Market Conditions Not Slowing Growth**

May 20, 2009

With its acquisition in early 2009 of the international business of GAB Robins (excluding its UK operations) and the U.S. forensic engineering firm, EFI Global, Cunningham Lindsey became the second largest property casualty insurance claims adjusting and risk management firm in the world.

National News

### **Congress Told New Consumer Agency Not Needed for P/C Insurance**

By Andrew G. Simpson  
June 25, 2009

There is no need for a federal consumer protection agency for property/casualty insurance products, state insurance regulators and insurers told Congress.

In testimony before the House Committee of Financial Services on a proposed federal Consumer Financial Protection Agency, the industry said that while it may not be the case with other financial services, property/casualty insurance products are already closely regulated by states.

Respectfully submitted to the member body by

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