

NAIC taps Karen Clark to consult on cat models

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BOSTON—Karen Clark & Co. said Tuesday it has been selected by the National Assn. of Insurance Commissioners as its lead consultant on catastrophe models, including building a national multiperil catastrophe model for personal lines.

The NAIC retained Karen Clark & Co. to conduct a study and report on hurricane loss, earthquake loss and general modeling.

Additionally, the Kansas City, Mo.-based NAIC retained SPA Risk L.L.C., a Denver-based consulting and risk assessment firm, to help develop the earthquake modeling section of the report.

Boston-based Karen Clark will determine the feasibility and estimate costs of establishing a U.S. hurricane model to estimate residential losses nationwide, including whether a national model could incorporate existing models. The model is to include average residential losses by ZIP code.

Meanwhile, SPA Risk will work on a similar assessment for an earthquake model.

“The increased use of catastrophe models creates a new challenge for insurance regulators, since the models play a significant role in a company’s rate-setting, underwriting, claims administration and overall financial solvency,” Charles Scawthorn, a principal with SPA Risk, said in a statement.
