



Update on National Catastrophe Model Feasibility Report September 18, 2009

The pilot states study group examining the feasibility of building a National Catastrophe Model completed its final report in August 2009.

Within the past quarter, the group received a report from two consultants retained to conduct a feasibility study looking at the scope, timeline, steps required, data required and potential costs of building a national catastrophe model for multi-perils for personal lines. The study included the feasibility of building a national hurricane model and a national earthquake model. The consultants' final study estimated costs for assessing losses at both the ZIP code level and geocode level. The study also included a section detailing possible alternatives to building a national model.

The group met via conference call several times to draft a report summarizing the consultants' study and describing the process, benefits and risks involved with building a national catastrophe model. The group did not make a formal recommendation for action in its report. Instead, the pilot states study group's final report included sections regarding: 1) the need, regulator use and benefits of a national catastrophe model; 2) potential ways a model could be housed; 3) issues related to data collection and confidentiality; 4) a description of how a model might be built, including timeline, inputs, outputs and costs; 5) regulatory and political issues; and 6) alternatives to building a model.

The final report is currently being evaluated and considered by the Internal Administration (EX1) Subcommittee.

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