

CATASTROPHE CLAIMS

**Insurance Coverage
for Natural and
Man-Made Disasters**

**John K. DiMugno
Steven Plitt
Dennis J. Wall**

November 2014 Edition

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Preface

In the May 2014 Edition, the title of this publication was formally changed from “CAT Claims: Insurance Coverage for Natural and Man-Made Disasters,” to “Catastrophe Claims: Insurance Coverage for Natural and Man-Made Disasters.”

The research references in this publication have been complied by the authors in some cases, and by the publisher’s editorial staff in other cases. The publisher has attempted to conform all research references to bluebook style where appropriate.

Foreword

In insurance parlance, a catastrophe is an unusually severe disaster affecting many insurers and policyholders. Often catastrophes, and the utter devastation they leave behind, are indelibly seared in our memories. It is impossible to forget the desperation of New Orleans residents who waited, often for days, to be retrieved from their roofs as 80 percent of the city lay under water in the wake of Hurricane Katrina, the anguish of Mississippi Gulf Coast residents upon seeing the wreckage left in the storm's wake, the distress following the tornado that obliterated 95 percent of the archetypal American town of Greensburg, Kansas in May 2007, or the suffering inflicted by wildfires that ravaged countless California communities later that year. None of us will ever forget where we were and what we were doing upon learning of September 11, 2001 terrorist attacks.

Regrettably, the occurrence of catastrophes in the future is not a question of if, but of when. The recent seismic activity in the mid-west, where the New Madrid fault produced four of the largest earthquakes in North American history in the early part of the 19th Century, serves as a reminder of our vulnerability to these inevitable, but largely unpredictable, events.

Catastrophe victims may in the first instance look to governments for help, but almost immediately thereafter they think of insurance. Major catastrophes produce claims under nearly every type of insurance in the marketplace. When families or businesses do not have coverage for a catastrophe loss, or when the coverage they have is inadequate, they will look to intermediaries, agents and brokers who sold them their policies for recovery. Given the stakes, and complexity of the claims, it is not surprising that major catastrophes invariably spawn years of insurance coverage litigation.

The sheer volume of claims and the intense publicity under which these claims must be resolved make catastrophe claims a tremendous challenge for the insurance industry and bar. The goal of this book is to better equip decision makers and lawyers to meet the challenge of resolving claims arising from recent catastrophes and those that are sure to occur in the future.

John DiMugno



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