



# COCHRAN, CARONIA SECURITIES LLC

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Chicago  
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## **World Trade Center Attack: Further Perspectives**

September 21, 2001

### **Introduction**

The initial flood of World Trade Center loss announcements has run its course. Herein we provide a current tally of who says what among worldwide insurers and some additional important perspectives that will play out over coming weeks and months.

This report is a follow-up to our original “Preliminary Assessment” published by our team on September 13. Since then, we have refined our estimate of ultimate losses to be on the order of \$19 to \$27 billion, suggesting a reporting gap of \$4 to \$11 billion. We feel widespread escalation of loss estimates is imminent.

This report covers the following topics:

- Cochran, Caronia’s Aggregate Loss Estimates
- The Perfect Storm – A Confluence of Hits
- The “Net of Reinsurance” Operative
- Lloyd’s of London – A Major Target
- Prospective Outlook – Opportunities and Risks
- Postscripts – Notes on War and Terrorism Exclusions and Hull Losses
- Cochran, Caronia’s Compilation of Reported Carrier Losses

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## Known Developments

The tally is now running as to the full extent of insurance carrier losses. At the end of this report we include a list we have compiled consisting of reported losses by company as of September 20, 2001. Total reported losses amount to a range of \$15.2 to \$16.1 billion pre-tax, far below our aggregate loss estimate of \$19 to \$27 billion [Exhibit 1] – a huge gulf.

Exhibit 1			
<i>Cochran, Caronia World Trade Center Loss Estimates</i>			
		<b>Estimate Low</b>	<b>Estimate High</b>
<b>Property at WTC Site</b>	\$1.3 to \$1.7 billion per tower	\$2.6	\$3.4
<b>Business Property at WTC Site</b>	\$3.5 to \$5.5 million per floor	\$0.7	\$1.1
<b>Damage to Surrounding Property</b>	\$3.0 billion to \$4.0 billion	\$3.0	\$4.0
<b>Business Interruption</b>	Cochran, Caronia estimate	\$4.0	\$6.5
<b>Workers Compensation</b>	\$450,000 to \$600,000 x 5200 persons	\$2.1	\$3.2
<b>Aviation Hull</b>	\$1.0 billion	\$1.0	\$1.0
<b>Aviation Liability</b>	\$3.0 billion	\$3.0	\$3.0
<b>Liability - Other</b>	\$2.5 billion to \$4.5 billion	\$2.5	\$4.5
	<b>Range</b>	<b>\$18.9</b>	<b>\$26.7</b>

Worker's Compensation in NY: 3/4 salary to \$400 / wk max benefit per family.  
Unclear if there is any other death benefit. Estimated \$21,000 max benefit annually, discounted at 7% = \$300,000, injury load added.

It is interesting to note that Swiss Re and Munich Re yesterday increased their own net loss estimates by 25% and over 100%, respectively, adding a collective \$1.2 billion to reported losses. On the same day, Berkshire Hathaway announced that it estimated its own losses to be \$2.2 billion, and reiterated their stance that such losses would be 3% to 5% of industry-wide losses. This announcement suggests that aggregate insured losses could exceed \$44 billion – a staggering sum.

## The Perfect Storm

Naturally, we feel cautious about carriers' initial estimates on several fronts. First, in our experience of prior catastrophic disasters, the first estimate is not always the most comprehensive and is typically low. In this case, there are still too many unknowns beyond the simple property losses. Unknown are actual business interruption losses at ground zero and beyond (is the postponement of the Ryder Cup a valid, related claim, for example?), infrastructure losses, workers compensation claims, and ultimate death benefits via workers compensation and life and disability policies.

Beyond the property and workers compensation liability questions, what of any wrongful death and other long-tail liability claims? The true dollar magnitude of these issues is inestimable at this juncture. This disaster triggers multiple types of claims at many levels. To be sure this tragedy represents the "perfect storm" – the magnitude of which should lift ultimate reported losses meaningfully.

## The "Net of Reinsurance" Operative

Most reported carrier losses to date have been disclosed as "net of reinsurance". Indeed, "net" losses should escalate for reasons beyond simple gross loss escalation as some reinsurers overrun by WTC and related claims may become insolvent, bring the losses back to the ceding carrier. The associated

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confluence of losses hits reinsurers – the ultimate aggregators of risk – in the sweet spots of excess catastrophe, excess liability, property treaty, workers comp excess, and more. . .simultaneously. No doubt several reinsurers and Lloyd’s syndicates will fail as has happened in other major catastrophes, putting an even heavier burden on ceding companies.

### Lloyd’s of London

Lloyd’s of London’s tendency to specialize in many of the lines now pressed with hefty losses also makes it a target of concern to us. Indeed, Lloyd’s is one of the major sources of the reinsurance behind the “net of reinsurance” figures now released by insurers.

Syndicates at Lloyd’s, large and small, benefit from the broad licensing capacity and strong rating of the Lloyd’s cooperative. Through centuries-long function as the insurance source for ocean vessels otherwise hard-to insure risks, Lloyd’s has developed into a major player in marine, aviation, and property risks, and is an oft-used source of retrocessional capacity. Originally capitalized by individual “names”, syndicates at Lloyd’s today are largely capitalized by insurance corporations worldwide.

Official WTC-related loss figures by Lloyd’s have not been released in aggregate. But, again, the perfect storm aspect of this loss may well hit a number of syndicates from many directions. We have been told by knowing persons that Lloyd’s could have twice the WTC exposure per capital dollar than non-Lloyd’s carriers.

Lloyd’s possesses a “Central Fund” to make good on losses incurred by insolvent syndicates. This fund now holds £175 million (UK), is insured for another £350 million, and has the right to call £300 million more from member syndicates. The total of £825 equates to approximately \$1.2 billion (US). Interestingly, the insurance layer for this fund is placed with Swiss Re, Employers Re, St Paul, Hanover, and Chubb. Member syndicates from whom the additional funds can be called also make up a who’s who of insurance corporations, albeit a broader list. These facts suggest that reinsured losses may well find their way back to “net of reinsurance” losses for carriers.

Syndicates with WTC-related losses are now madly searching for additional, but likely absent, additional reinsurance capacity. The large proportion of Lloyd’s syndicates purchase reinsurance on a “losses occurring” basis. Thus, much of the reinsurance garnered by syndicates will be tapped out after WTC losses are paid. These syndicates must recharge their reinsurance covers in order to be able to pay out other past and prospective losses wholly unrelated to the WTC peril. Only a handful of syndicates have taken the alternative course of purchasing reinsurance capacity on a “risk attaching” basis. This method relates reinsurance covers to specific policy years, thereby segmenting WTC losses from, at least, policies written and still active from earlier years. This is a subtle but very important aspect casting additional clouds over an already foggy London scene.

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## Prospective Outlook –Opportunities and Risks

Beyond the horrific insured losses of September 11, it is important to develop a view of the global insurance marketplace prospectively. Over the coming weeks and months, there is no doubt to us that the insurance landscape will change. In our opinion, the already ongoing market hardening will be amplified and extended.

Looking into 2002, many insurance lines such as catastrophe reinsurance may be prohibitively expensive or downright absent from the marketplace. Furthermore, the insurance world will hold its collective breath through the remainder this fall's hurricane season knowing that a major blow would exacerbate an already hazardous situation among property insurers.

There will be many opportunities looking ahead, even among those insurers not mortally wounded by WTC-related losses. Carriers without meaningful WTC losses will be the principal beneficiaries of seriously higher rates across the insurance landscape prospectively. Furthermore, those without heavy ongoing reliance on the forthcoming scarcity of reinsurance will be in even better shape. Lower bond yields are the only offset to this anticipated condition.

Finally, even for those without appreciable WTC-related losses, one additional risk now makes its way to the forefront: carriers may have recoverables with reinsurers who are now badly gashed by the events of last week. This too is an unknown at this juncture but should be watched iteratively. In summary, we now suggest a sharper pencil be applied to existing recoverables among all insurers in the wake of this disaster.

## Postscripts

Many US and UK insurers are treating last week's events as acts of terrorism and not war. This is an important distinction since most property policies contain exclusions against acts of war, not terrorism. Thus, typical property covers will likely be drawn upon.

The exception here is for aviation hull risks – the physical cost of the lost aircraft. For these items, the non-war hull policy excludes both war and terrorism on aviation. As a result, separately purchased policies, required by aircraft owners, will pay the losses of the downed airliners – policies written specifically for war and terrorism-related losses. These policies have historically been written by marine underwriters, not on the typical aviation form. In the case of the planes lost by American Airlines, the value of these policies was determined on the depreciated book value of the specifically insured crafts. Hull loss amounts are on the order of \$35 and \$50 million for the each respective American Airlines aircraft – far below replacement value. These losses will likely be paid to the insureds and collected from reinsurers within four weeks. Interestingly, remaining war and terrorism policies for aircraft were given notice of cancellation on September 17<sup>th</sup> by Lloyd's. By contract they will be automatically renewed at higher rates and with specific additional territorial exclusions such as Gulf of Aqaba and the Red Sea, Yemen, Syria, Iraq, Egypt, and other like areas.

It had already been a bad year for war and terrorism aviation hull underwriting with nearly \$400 million in losses from aircraft destroyed in the Sri Lanka airport bombing. This year, war and terrorism aviation hull losses now total \$600 million – including the estimated \$200 million in losses from last week – against a paltry \$50 million in premium. Indeed, it has now been a bad year for insurers overall.

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### World Trade Center Loss

#### Exposures

#### Reported as of 9-20-01

Sources: Company Press

Releases

(Figures in millions of US dollars, asterisks denote after-tax figures)

Company	As Reported		Company Comments
	Low	High	
* ACE Ltd.	\$400	\$400	"As a result of these events, we estimate that third quarter net operating income, after-tax, will be reduced by approximately \$400 million."
Aegon NV	50.0	50.0	"Total estimated claims cost of less than \$50 million results in an after-tax earnings influence of less than \$30 million," the company said in a statement. Aegon said it had no significant group exposure in life, disability or accident insurance coverage in the New York area, and virtually no property and casualty or commercial liability insurance or reinsurance in the United States.
Aetna Inc.	10.0	15.0	Aetna estimated its financial exposure from the air attacks on American targets in the range of \$10 million to \$15 million before tax. The company, whose payments for life insurance coverage total about \$1 billion annually, said the losses were expected in its group insurance business and included the effects of reinsurance.
Allianz AG	637.0	637.0	In a statement issued after trading on the Frankfurt exchange closed Wednesday night, the company said that the attacks would "significantly" affect its earnings this year. The company stressed that "a final analysis of the existing insurance and reinsurance coverage is not yet possible." However, it said it now expects a net profit this year of just over 2 billion euros (\$1.82 billion), compared to the 2.4 billion euros it earned last year. It did not state its previous estimate for this year.
Allstate Corporation			Allstate expects to pay auto, property, commercial and life insurance claims from the Sept. 11, 2001 tragedy. Based on what is known, this should not be a major financial event for Allstate.
American Financial Group	20.0	20.0	American Financial Group, Inc. estimates that its pre-tax losses after reinsurance will be less than \$20 million. The company has limited property exposures and expects losses to come principally

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			from excess liability and workers' compensation coverages.
American International Group Inc.	500.0	500.0	“Although AIG's property insurance coverages on the World Trade Center complex are minor, as the world's largest commercial insurer, we expect to receive claims from many insureds across a wide range of coverages,”
Aon Corp.	50.0	55.0	Aon expected \$50 million to \$55 million in life insurance claims related to the 200 of its employees that are still missing after Tuesday's attack on the World Trade Center.
Axa	300.0	400.0	“September 11 events have added to this turbulence and the challenges that all companies, including AXA, must manage through. While uncertainty exists today, we believe our strategy is the right one and our financial strength will allow us to stay focused on the execution of this strategy. The long-term drivers of growth remain in place.”
Berkshire Hathaway	2,200.0	2,200.0	Berkshire Hathaway Inc. expects \$2.2 billion in pretax losses from claims arising from the destruction of the World Trade Center. Berkshire said it would take these losses as a charge in its third-quarter results, but said it would receive a refund for taxes already paid this year and a reduction in tax due for the remainder of the year. Berkshire's projected losses, it said, are in line with its previous estimate that it would pay out between 3 percent and 5 percent of worldwide insurance industry losses from the attack. By that reckoning, Berkshire is expecting at least \$44 billion, before tax, in property-casualty insurance industry losses. That is well above analysts' most recent estimates of \$30 billion or so.
Burlington Insurance Group and Guilford Specialty Group			“Our overall exposure to loss from these catastrophes will be insignificant as respects our anticipated results for 2001, and that our strong policyholders surplus position remains intact.”
CGNU	51.0	51.0	Following these events we have reviewed our worldwide exposure to the potential insurance claims which may arise, including accident and life policies, business interruption, travel and some participation in aviation insurance. An initial estimate, after taking into account the extent and quality of the group's reinsurance arrangements, is that CGNU's total net liability is not expected to exceed £35 million.

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The Chubb Corporation	100.0	200.0	The company believes it has significant property exposure in the World Trade Center, both for the structure and for businesses housed in the towers. However, significant reinsurance that is in place is expected to limit Chubb's pre-tax loss to the range of \$100 million to \$200 million, subject to revision as more facts become known.
Cigna			No adverse material effect on its 2001 results and liquidity.
Cincinnati Financial Corporation			No known direct property losses.
* Citigroup	500.0	500.0	Citigroup anticipates that losses related to the payment of insurance claims, including claims on property in lower Manhattan, business interruption insurance claims, workers compensation exposure and life insurance claims could total \$500 million, after-tax, or approximately \$0.10 per share. In addition, the company expects that the impact of the closing of the stock exchange as well as a number of our branches for much of last week would reduce earnings by \$100 million to \$200 million after-tax, or \$0.02 to \$0.04 per share.
* Clarica Life Insurance	25.0	25.0	The direct financial impact on Clarica of the tragic events in the U.S. is expected to be less than \$25 million after-tax.
CNA Financial Corporation	200.0	350.0	CNA's potential exposure, for all lines of business except as noted below, could be in the range of \$130 million to \$230 million after-tax (\$200 million to \$350 million pre-tax), net of anticipated reinsurance recoveries. CNA's financial condition and results of operations could be materially adversely affected by potential estimated and unestimated exposures concerning these events.
CNA Surety			Losses from the destruction of the World Trade Center should not have a material effect on its results.
Conseco, Inc.	5.0	5.0	The company's exposure is largely limited to participation in catastrophic reinsurance pools. Total financial exposure is estimated to be less than \$5 million.
* Delphi Financial Group Inc.	1.5	2.5	"We currently anticipate possible losses, net of taxes and reinsurance coverage, in the range of \$1.5 million to \$2.5 million."
Employer's Re	600.0	600.0	ERC's preliminary estimate of its net losses is approximately \$600 million, or approximately \$400 million after-taxes.

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* Everest Re Group LLP	75.0	75.0	The company expects losses of \$75 million after-tax and reinsurance because of last week's devastating attack on the World Trade Center
Fairfax Financial Holdings Limited	100.0	125.0	The company's aggregate exposure, after reinsurance, may be in the range of US\$100 to US\$125 million before tax (US\$65 million to US\$80 million after-tax). While a significant event, these losses will not materially impact the financial position of the insurance and reinsurance companies.
Hannover Re	365.0	365.0	"The published exposure of approximately EUR 400 million is a pre-tax effect. As our previous result's forecast assumed a pre-tax profit of EUR 400 million, this additional exposure is not expected to cause a net loss for the year."
* HCC Insurance Holdings, Inc.	22.0	22.0	"HCC has no involvement in the insurance coverage of either American or United Airlines. HCC does have a small participation in the World Trade Center property insurance coverage and some of the surrounding buildings. In addition, we anticipate some claims from our Medical Stop-Loss business in the New York City area. We also have some exposure from our Accident & Health and Workers Compensation reinsurance account. Although it is still too early to provide specific estimates, we anticipate that our net loss will be confined to an amount less than our third quarter earnings."
* Hartford Financial Services Group Inc.	450.0	450.0	Expects up to \$450 million in insurance claims, after-taxes and net of reinsurance, from the destruction of the World Trade Center. Lower equity markets, which tend to hurt Hartford's large variable annuity business, will cut its fourth-quarter profits by 5 to 10 cents, the company added.
Harleysville Group Inc.	3.6	3.6	"Our policy count in the lower Manhattan area of New York is small, mostly consisting of small business policies. Our reinsurance programs are such that we would not expect our net pretax losses to exceed \$3.6 million (8 cents per share after-tax)."
Imagine Insurance Company Limited			The company does not anticipate experiencing any material losses associated with the recent terrorist attacks in the United States.
IPC Holdings, Ltd.	75.0	75.0	IPC Holdings, Ltd. estimated its loss from the September 11 terrorist attacks on the United States at \$75 million. The Company stated that this preliminary estimate is based on a review of those

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			property catastrophe contracts in its portfolio which it believes are likely to be impacted by claims arising from these events and will be revised as loss information continues to develop. IPC's underwriting guidelines limit the amount of liability that can be accepted on any one programme and also impose maximum limits that can be exposed in any one geographic zone.
John Hancock Financial Services, Inc.			The company believes that the tragedy's impact is not material to its financial strength nor reason to change its guidance for the rest of the year.
Kemper Insurance Companies	60.0	80.0	The Kemper Insurance Companies announced that it expects its pre-tax losses from the Tuesday, Sept. 11 terrorist attack to be \$60 million to \$80 million, net of reinsurance arrangements. David B. Mathis, Kemper chairman and chief executive officer, said Kemper is among the insurance industry's most financially stable companies and will meet its obligations to policyholders with no difficulties. He also said that Kemper considers this terrorist act to be insurable and not part of language written into insurance policies that typically excludes exposures due to war.
Lloyd's			"Substantial Involvement"
Lincoln National Corporation	50.0	50.0	The company expects mortality claims to be under \$50 million.
Manulife Financial	63.6	63.6	"It is our expectation that the net losses to Manulife are unlikely to exceed \$100 million." (Canadian)
Markel Corporation	75.0	75.0	Pre-tax losses after reinsurance could be as much as \$75 million.
Meadowbrook Insurance Group			Meadowbrook believes that it has no known exposure to Tuesday's events, and anticipates no impact on earnings.
MetLife Inc.	250.0	300.0	Metlife expected \$250 million to \$300 million in claims from the attack that destroyed the World Trade Center, more than halving expected third-quarter profits. MetLife said the losses would cut third-quarter earnings by 35 cents to 40 cents per share.
Munich Re	1,950.0	1,950.0	Based on the information available at this time and taking into account conceivable loss scenarios, Munich Re has estimated its possible pre-tax loss burden at €2.1bn.
Mutual Risk Management			Mutual Risk does not expect any material adverse

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			impact on earnings from Tuesday's events.
* The Navigators Group, Inc.	5.0	5.0	The Navigators Group, Inc. estimates its after-tax net loss from the September 11th terrorist attack on the World Trade Center to be approximately \$5 million. The loss comes primarily from business underwritten at the Company's Lloyd's Syndicate 1221. This loss is projected to add 12-15 points to the Company's loss ratio for the third quarter 2001 and 3-5 points to the full year's loss ratio. The reinsurance protecting Syndicate 1221 is led by AAA rated reinsurers, with the vast majority of the reinsurance placed with reinsurers rated AA or better.
Nationwide Financial			Nationwide Financial said it believes that Tuesday's acts of terror will not have a material impact on its financial strength or performance.
Nationwide Mutual Insurance Company	10.0	10.0	Galen R. Barnes, President of Nationwide Mutual Insurance Company, does not believe the terrorist attacks will have any material impact on its financial strength or performance, with losses estimated at less than \$10 million from property-casualty claims.
Nymagic Inc.	9.0	9.0	Nymagic Inc., an insurance holding company specializing in marine and aircraft insurance, said on Wednesday it will post a pretax loss of up to \$9 million in the third quarter, as a consequence of claims related to the attacks to the World Trade Center, the Pentagon, and the Pennsylvania airplane crash
Odyssey Re Holdings Corp.	80.0	80.0	Odyssey Re Holdings Corp. expects pre-tax net losses will be in the range of \$80 million; after-tax losses will be in the range of \$55 million.
Ohio Casualty Corporation	5.0	7.0	Based on a review of exposures in the Manhattan area of New York City, the estimated pre-tax cost of claims is \$5 to \$7 million, net of reinsurance. The member companies of Ohio Casualty Group have 35 policies in force in the Manhattan area south of New York University. President and CEO Dan R. Carmichael stated, "We anticipate most of the claims to be property-related, including business interruption."
OneBeacon Insurance Group	175.0	175.0	Owned by Bermuda-based White Mountains Insurance Group Ltd. , the company said on Friday it expected maximum losses of \$175 million from the destruction of the World Trade Center.
PartnerRe Ltd.	350.0	400.0	PartnerRe estimates its damage claims arising from

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			Tuesday's attacks in the United States to be in the range of \$350 to \$400 million.
PMA Capital Corp.	30.0	30.0	"We have developed an initial and preliminary estimate of the net effect from claims that may be reported to us," said John W. Smithson, President and Chief Executive Officer. "Based upon this analysis, we currently believe that the impact from these exposures to be in the range of \$30 million pre-tax." As a result, the Company will be updating its estimated range of consolidated after-tax operating earnings for 2001.
Protective Life Corporation			The Company believes that it does not have significant life insurance exposure related to these events.
PXRE Group Ltd.	30.0	35.0	"Based on a preliminary projection, the net loss to PXRE from these events is expected to be in the range of \$30 million to \$35 million, but further information may affect this indication. The Company anticipates that it will take some time for a more accurate assessment of these events, given the unprecedented nature of this tragedy."
RenaissanceRe Holdings Ltd.			Based on its preliminary analysis, the Company believes that it will still report a profit for the third quarter, although it is not yet in a position to comment on performance relative to Street expectations for the quarter.
Royal Sun Alliance	220.0	220.0	Based on reports and estimates received to date from our operations, our preliminary estimate is that our loss, net of reinsurance and before tax relief, will be in the region of £150m.
SCOR	150.0	200.0	"The cost of this loss, exceptional both in nature and in scale, is estimated at between USD 150 to 200 million for SCOR, net of retrocession cover and protections. This first estimate does not take into account the possible recoveries which could diminish the overall cost for SCOR. This unprecedented tragedy will have no impact on the financial strength of our Group or on our underwriting capacity."
Scottish Annuity & Life Holdings, Ltd.			The company does not expect to be adversely impacted by an increase in claims that might arise from the terrorist attacks on the World Trade Center and the Pentagon.

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The St. Paul Companies	700.0	700.0	The St. Paul Companies announced that the terrorist attacks of Sept. 11 will likely result in estimated net pretax losses of approximately \$700 million to the company from its U.S. primary insurance, reinsurance and Lloyd's of London operations. The company's estimate is based on a total insured loss of between \$30 billion and \$35 billion for the industry. The St. Paul's net loss comprises all losses from all lines of insurance, and takes into account the company's various reinsurance arrangements, its catastrophe reinsurance program, the corporate reinsurance program, and a provision for potentially unrecoverable reinsurance.
Sun Life Financial			Any losses that may be incurred are not expected to be material to earnings.
Swiss Re	1,250.0	1,250.0	The after tax effect of the event to Swiss Re will be approximately CHF 2 billion, which corresponds to about two thirds of the year 2000 annual profit. In addition the group carries equalisation reserves to absorb large loss events but the above number does not include any withdrawal from these reserves, which at present stand at CHF 2.5 billion. No decision has been made as to how and to what extent Swiss Re will use its equalisation reserves to cover this loss.
The MONY Group			The company said that the impact of the terrorist attack will not have a direct material affect on the company's financial strength or liquidity.
* Transatlantic Holdings Inc.	100.0	100.0	An initial estimate of a net loss from the Sept. 11 attacks on the United States will amount to about \$100 million after-tax.
Trenwick Group Ltd	50.0	75.0	The impact is estimated at approximately \$50 million to \$75 million, net of reinsurance recoveries. On an after-tax basis, the estimated loss represents a potential \$1.30 to \$2.00 reduction of Trenwick's book value per share, which was \$16.65 at June 30, 2001 and a potential 5% to 7% reduction of Trenwick's consolidated statutory surplus, which was \$986 million at June 30, 2001.
UICI			UICI does not currently believe that the tragic events of September 11 will have a direct and material adverse impact on its primary businesses.
UnumProvident Corp.	20.0	20.0	"Due to the quality and level of the company's various reinsurance coverages, we currently do not expect the pre-tax costs to our company to exceed \$20 million."

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Vesta Insurance Group, Inc.			Vesta does not expect any losses as a result of this tragedy because the Company discontinued commercial insurance in 1999 and sold its reinsurance operations in 1999.
W. R. Berkley Corporation	10.0	25.0	“We do not expect our pre-tax losses to exceed \$10 million. In the unlikely event all reinsurance retentions are exhausted, our company's net pre-tax losses would be less than \$25 million. We do not currently believe that we have any significant liability exposures.”
XL Capital Ltd.	600.0	700.0	The company estimated it would have claims of \$600 million to \$700 million related to the attack on the World Trade Center, causing a “significant negative impact” on its third-quarter earnings. The claims are expected to mainly come from its aviation, property, and business interruption insurance and reinsurance coverage, and are subject to change.
Zenith National Insurance Corp.	7.0	15.0	Zenith's primary property and casualty operation, which consists of direct workers' compensation business, is not expected to sustain any losses in connection with the events of September 11. In its assumed reinsurance operation, Zenith is exposed to losses from catastrophes including losses associated with the events of September 11. Zenith believes it is exposed to a potential loss in the range of approximately \$7.0 million to \$15.0 million before tax or \$4.6 million (\$0.26 per share) to \$9.8 million (\$0.56 per share) after-tax.
Zurich Financial	400.0	400.0	“Our indication at this time is that net pretax losses will be less than USD 400 million or less than approximately 2% of consolidated shareholders' equity.”

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