

Everything You Need to Know about the PCS Global Marine and Energy Index

Since 1949, the property/casualty insurance industry has relied on catastrophe loss estimates from PCS® and its predecessor organizations to set catastrophe reserves and optimize the deployment of adjusters. Our mission has grown to include reinsurance, insurance-linked securities (ILS), and other forms of risk transfer. For more than 20 years, PCS has been a trusted source of North American natural catastrophe data for the ILS market.

In 2017, PCS added a loss aggregation service for global ocean marine and offshore energy loss events. PCS Global Marine and Energy™ marks our first foray outside property-catastrophe events and provides industry loss estimates on large nonelemental risk losses for use in a wide range of internal functions as well as reinsurance and alternative risk transfer, such as industry loss warranties (ILWs).

About PCS Global Marine and Energy

The PCS team consists of eight full-time-equivalent employees directly focused on loss reporting, as well as other resources made available by Verisk as needed for specific projects. PCS is part of the Verisk Insurance Solutions – Claims organization, which also includes ISO Claims Solutions and Xactware. Verisk Analytics became the parent company of ISO as part of the company’s initial public offering in 2009. The team supports loss aggregation for PCS Global Marine and Energy as well as PCS Global Cyber™ and PCS Global Terror™, along with catastrophe loss aggregation solutions for the United States, Canada, Turkey, Japan, and Mexico.

What PCS Global Marine and Energy covers

PCS Global Marine and Energy provides industrywide insured loss estimates by line of business (physical damage, business interruption, liability, and cargo*) for nonelemental ocean marine and offshore risk losses resulting from a wide range of causes, including:

Energy	Ocean Marine
<ul style="list-style-type: none"> • PD • LOPI • P&I • COW/OEE/ICOW • SRCC/terror/war on land • Other man-made events 	<ul style="list-style-type: none"> • Collision (ATL/CTL) • Hull & machinery (ATL/CTL) • Cargo/containers • Fire/explosion • SRCC/terror/war on land • Piracy/war • Salvage • Other man-made events

*PCS will begin reporting line-of-business granularity for events after November 1, 2019, in addition to the following historical events: Jubilee, White Rose, and Lürssen. PCS may provide line-of-business granularity for other historical events based on the availability of relevant data and client demand.

How PCS develops marine and energy estimates

The PCS Global Marine and Energy loss estimate process begins with the designation of a marine and energy loss event. When PCS believes that an event is likely to cause more than US\$250 million in insured losses, we assign a four-digit serial number with the first two digits being the year of the event, and the event becomes a “PCS identified Marine and Energy Event.”

For each loss event, we issue an event designation bulletin, indicating that we believe the loss likely to exceed US\$250 million. The bulletin also includes information about the event, such as location, likely cause of loss, type of event, and other anecdotal information (as available). At the end of the second quarter following the loss event, we issue a bulletin with our preliminary loss estimate (for example, the first estimate for a March 15 event would be released in July). We then publish quarterly updates until we believe the loss estimate is stable, based on feedback from companies providing underlying loss data to PCS.

To obtain the data necessary to determine a catastrophe loss estimate, PCS surveys reinsurers, ILS funds, and reinsurance intermediaries affected by the event. We supplement that with information from other sources, including news reports, regulatory filings, financial statements, and information from other market stakeholders. For each event, we talk to affected companies—regardless of whether they’re PCS, ISO, or Verisk Analytics customers.

Based on the data we receive, we develop an industrywide estimate for each event.

Factors that we consider include:

- actual losses reported
- reserves that are set
- information on insured losses from announcements, news stories, regulatory filings, and conversations with industry stakeholders

Using that information, along with the professional experience and judgment of the PCS team, we compile the results for personal property and vehicle lines and develop an estimate that reflects 100 percent of the market. Based on the conclusions from the PCS team, we publish a preliminary estimate consisting of physical damage, business interruption, liability, and cargo for the event through the subscription-based ISONet® platform. Although PCS estimates for the largest events may find their way into the public domain, it’s important to remember that they’re the property of PCS and that PCS publishes estimates exclusively for the benefit of our customers, who invest their resources into the service to advance their own businesses.

All PCS Global Marine and Energy events are subject to a resurvey process. We conduct resurveys quarterly to arrive at the most accurate number possible.

The resurvey process gives the industry an opportunity to report additional findings as it learns more about the event. As affected companies refine their assumptions and estimates, PCS uses that information to revise estimates for the industry.

Additionally, the resurvey process captures more third-party information, which can provide further insight. Since many of those losses require involvement of accountants, attorneys, and other professional services providers to help understand the nature and scope of the loss, it takes more time to determine the effects. When that information becomes available, PCS adds it to the loss estimate.

Get started with PCS Global Marine and Energy

To learn more about PCS Global Marine and Energy and activate your subscription, contact:



Tom Johansmeyer | Head of PCS



Phone: +1 201 469 3140 | **Mobile:** +1 201 377 8429



tjohansmeyer@verisk.com



[in/tjohansmeyer](https://www.linkedin.com/in/tjohansmeyer)



[@tjohansmeyer](https://twitter.com/tjohansmeyer)



Ted Gregory | Director of PCS Operations



Phone: +1 201 469 3144



tgregory@verisk.com



© 2017, 2019 Insurance Services Office, Inc. Verisk Analytics, the Verisk Analytics logo, ISO, and ISONet are registered trademarks and Verisk and the Verisk logo are trademarks of Insurance Services Office, Inc. PCS and Property Claim Services are registered trademarks and PCS Global Marine and Energy, PCS Global Cyber, and PCS Global Terror are trademarks of ISO Services, Inc. All other product or corporate names are trademarks or registered trademarks of their respective companies. ca17022 (9/18)