

## **Internet Appendix**

### **Table A1 Robustness Checks**

Table A1 reports the results of additional robustness checks. Panel A presents the results using an alternative identification of insurance companies with high business exposure to Hurricane Katrina. We collect the information on paid losses of insurance companies from the NAIC database. We identify the top 10 property and casualty insurance companies with the largest amount of paid losses in the third quarter of 2005, which can be matched into the Lipper/eMAXX database as the managing firms. Panel B presents robustness checks on the previous results by excluding firms in the regions directly affected by Hurricane Katrina. Specifically, we drop firms headquartered in Alabama, Florida, Louisiana, Mississippi and Texas. In Panel C, we present robustness checks on the previous results by excluding firms in the insurance industry. Specifically, we drop firms with SIC codes between 3400 and 3499. We repeat the same analyses as the main tables and report the results accordingly. For brevity, we only report the results on the variable of interest.

Table A1 CONTINUED

Panel A: Alternative Identification of Exposed Insurance Companies

*Panel A-1: Rating-adjusted Bond Returns around Hurricane Katrina*

	8/8/2005 - 8/21/2005	8/22/2005 - 9/18/2005	8/22/2005 - 11/18/2005	8/22/2005 - 2/18/2006
	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	0.007	-0.107***	-0.121***	-0.084**
	(0.43)	(-4.09)	(-3.10)	(-2.04)
Same specification: Table 4, Panel B	Y	Y	Y	Y

*Panel A-2: Changes in Debt Financing around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-3.353***	-3.625**	-3.493**	-3.020***
	(-2.92)	(-2.58)	(-2.58)	(-3.94)
Same specification: Table 5, Panel B	Y	Y	Y	Y

*Panel A-3: Changes in Debt Maturity around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-3.401***	-3.285**	-3.068**	-2.643**
	(-2.73)	(-2.22)	(-2.22)	(-2.46)
Same specification: Table 6, Panel A	Y	Y	Y	Y

*Panel A-4: Changes in Capital Structure around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	0.002	0.051	-0.048	0.104
	(0.02)	(0.32)	(-0.25)	(0.52)
Same specification: Table 8	Y	Y	Y	Y

Table A1 CONTINUED

Panel B: Exclude Firms Located in Katrina affected Region

*Panel B-1: Bond Returns around Hurricane Katrina*

	8/8/2005 - 8/21/2005	8/22/2005 - 9/18/2005	8/22/2005 - 11/18/2005	8/22/2005 - 2/18/2006
	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	0.006	-0.101***	-0.093***	-0.080**
	(0.34)	(-4.27)	(-2.76)	(-2.02)
Same specification: Table 4, Panel B	Y	Y	Y	Y

*Panel B-2: Changes in Debt Financing around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-3.311***	-3.526***	-3.350***	-2.501***
	(-2.92)	(-2.62)	(-2.61)	(-2.98)
Same specification: Table 5, Panel B	Y	Y	Y	Y

*Panel B-3: Changes in Debt Maturity around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-3.702***	-3.066**	-2.857**	-2.788***
	(-3.12)	(-2.24)	(-2.24)	(-2.60)
Same specification: Table 7, Panel A	Y	Y	Y	Y

*Panel B-4: Changes in Capital Structure around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-0.064	-0.040	-0.258*	-0.152
	(-0.79)	(-0.32)	(-1.81)	(-0.99)
Same specification: Table 8	Y	Y	Y	Y

Table A1 CONTINUED

Panel C: Exclude Firms in the Insurance Industry

*Panel C-1: Bond Returns around Hurricane Katrina*

	8/8/2005 - 8/21/2005	8/22/2005 - 9/18/2005	8/22/2005 - 11/18/2005	8/22/2005 - 2/18/2006
	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	0.003	-0.105***	-0.108***	-0.082*
	(0.16)	(-3.62)	(-3.39)	(-1.94)
Same specification: Table 4, Panel B	Y	Y	Y	Y

*Panel C-2: Changes in Debt Financing around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-3.057***	-3.122**	-2.947**	-2.197***
	(-2.78)	(-2.25)	(-2.24)	(-2.65)
Same specification: Table 5, Panel B	Y	Y	Y	Y

*Panel C-3: Changes in Debt Maturity around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	-3.155***	-3.034**	-3.247**	-3.066***
	(-2.80)	(-2.21)	(-2.56)	(-3.11)
Same specification: Table 7, Panel A	Y	Y	Y	Y

*Panel C-4: Changes in Capital Structure around Hurricane Katrina*

	1	2	3	4
PROPERTY INSURANCE OWNERSHIP AT Q2 2005 (HIGH EXPOSURE)	0.079	0.101	0.034	0.003
	(0.89)	(0.71)	(0.17)	(0.01)
Same specification: Table 8	Y	Y	Y	Y