Swiss Re
Corporate Solutions

STORM, QUAKE and HAIL

Parametric insurance for your natural catastrophe exposure

Corporates and public entities exposed to natural catastrophes face a variety of financial challenges after an event from pure financial losses to repairing uninsured or underinsured assets. Costs of event recovery can accumulate and linger for months to years. Parametric insurance can help address these costs effectively, efficiently, rapidly and transparently.

What is parametric insurance?

- In a parametric insurance policy, the loss amount is pre-agreed. The policy pays proceeds when the event parameter (e.g. wind speed) is above a pre-agreed level.

What perils can be covered?

- **Tropical cyclone (STORM):** We use the highest wind speed during a tropical cyclone at the insured's location(s) to determine proceeds due.
- **Earthquake (QUAKE):** We use the highest ground shaking during an earthquake at the insured's location(s) to determine proceeds due.
- **Hail (HAIL):** We use the highest hailstone size at the insured's location(s) to determine proceeds due.

Who provides the data?

- **Hurricane** (Atlantic Ocean, east Pacific Ocean, central Pacific Ocean): Moody's RMS HWind
- **Typhoon** (west Pacific Ocean) and all other tropical cyclones (other oceans): Reask
- **Earthquake:** United States Geologic Survey ShakeMap
- **Hail:** CoreLogic

What can the payout be used for?

- Losses covered by traditional insurance (physical damage and resulting BI)
- Lost revenue due to cession of business operations
- Costs incurred due to unanticipated emergency response
- Support employee or citizen recovery efforts

When can I expect the funds?

- Tropical cyclone wind speeds are available 2 – 5 days after the event.
- Earthquake ShakeMaps are available 10 days after the event.
- Hail sizes are available 2 – 7 days after the event.
- We are contractually bound to settle claims within 30 days.

Where is coverage available?

- **Tropical cyclone:** Global
- **Earthquake:** Global
- **Hail:** Continental United States

Key facts & benefits

Policy limits
Up to USD 50m per event; larger limits can be explored.

Payout
Usually within 30 days following an event.

Broad coverage
Payouts can be used for property replacement, repair costs, business expenses, lost revenue.

Transparent loss settlement
A payout is determined by physical parameters as provided by an independent third party.

Proof of loss
Simple confirmation of total loss amount, signed by an officer of the insured.

Coverage terms
1–3 years

No dollar or percentage deductible

Sample transaction (hurricane)

Location: Hotel in downtown Miami

Limit: USD 10 million occurrence (per event), USD 10 million in the aggregate (over the term)

Wind Speed Intensity:
1 minute sustained wind (mph)

Sample scenario (Wilma)

Wind speed: 100 mph

Payout due: 60% of limit

Payout due: USD 6 million

Wind Speed	**Payout** (% of limit)	**Payout** (USD of limit)
80 mph	20%	USD 2 m
90 mph	40%	USD 4 m
100 mph	60%	USD 6 m
110 mph	80%	USD 8 m
120 mph	100%	USD 10 m

Want to learn the best option for you?

Please contact the Alternative Risk Transfer Solutions Team.

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