Swiss Re
Corporate Solutions

STORM
Parametric data-based insurance solution

Clients exposed to catastrophic named windstorm risk often face gaps in coverage in the traditional insurance marketplace. Swiss Re Corporate Solutions offers tailor made parametric solutions to complement traditional programs that cover a broad range of economic losses related to a named windstorm event.

What is Parametric insurance?
- Parametric policies are policies that pay out when a named windstorm event meets or exceeds a certain wind speed, and the insured incurs losses.

Key differences from traditional insurance
- Traditional insurance is indemnity based, and coverage is based on deductibles, sublimits, and precise policy terms and conditions. Claims are paid when losses exceed the retention held by the insured, and settlement can take months or years.

- Parametric insurance is index-based, meaning coverage is triggered if pre-defined event parameters are met or exceeded. The parametric trigger is set in a manner that if it is triggered, it is highly likely the insured would sustain actual loss. There is no claims adjustment process to determine the value of the loss; as a result, the policy pays very quickly.

About STORM
- Our proprietary STORM product is unique in the marketplace. We tailor each parametric policy so that closely mirrors the insured's experience during a windstorm. Following a named windstorm event in the United States or the Caribbean, RMS HWind produces a granular wind footprint, allowing us to determine the highest one-minute sustained wind speed closest to the policyholder's location(s). The policy pays out based on the intensity of the event as the insured experiences it.

- STORM parametric solutions are highly customizable. Limits can be spread across multiple locations, and triggers can be adjusted to reflect the insured's interests and budget.

- Once terms are agreed and pricing is finalized, the policy is bound. If a named windstorm event occurs and the insured sustains a loss related to that event, they notify Swiss Re Corporate Solutions. We determine whether there is coverage based on third party data; and a payout is made.

What can the payout be used for?
- Fill in the traditional insurance deductible.

- Cover business interruption even if no there is no direct physical loss or damage (i.e. physical property is not significantly damaged, but revenues decrease due to temporary loss of attraction).

- Fund losses from sublimited or excluded coverage including beach erosion, landscaping, golf and tennis courts, light structures and others can be recovered using the parametric payout

- Cover increased operating costs following an event.

- Liquidity for emergency response and immediate needs following the storm for faster recovery.

Key Facts & Benefits

Payout: within 30 days following an event

Transparent loss settlement: a payout is determined by physical parameters as provided by an independent third party

No dollar or percentage deductible

Policy limits up to USD 50M per event; larger limits can be explored.

Broad coverage: Payouts can be used for property replacement, repair costs, business expenses, lost revenue, and other immediate economic needs.

Proof of loss: Simple confirmation of total loss amount, signed by an officer of the company; no receipts required

Coverage terms: 1-3 years

Swiss Re Corporate Solutions' proprietary STORM product uses RMS HWind as a third party data provider. HWind produces a granular wind footprint, allowing us to calculate wind speed closest to the insured's location(s). For insureds with multiple locations, limit can be allocated based on their needs.

Hurricane Charley Historical Footprint

Sample Client/Scenario
- Single location property seeking parametric cover
- Wind speed reported at the location provided by RMS HWind
- Limit per occurrence: USD 5M
- Term aggregate limit: USD 5M
- Optional reinstatement limit at 125% of the original premium
- Trigger location: 26.475°, -82.255° (near Boca Grande, FL)
- Payout is based on the table below

Max 1-Min Sustained Wind Speed	Payout in % of Limit
65 – 75 MPH	5%
75 – 85 MPH	15%
85 – 95 MPH	50%
95 – 105 MPH	75%
105+	100%

Once terms are agreed and pricing is finalized, the policy is bound. If a named windstorm event occurs near the insured's location and they sustain a loss, the insured notifies Swiss Re Corporate Solutions. We calculate whether there is coverage based on third party data and a payout is made.

Sample Single Location with Hurricane Charley wind footprint overlay; Max 1-min sustained wind speed at this location during Hurricane Charley was 104.28 MPH, which would have resulted in a 75% policy payout.

75% p/o USD 5M limit = USD 3.75M payout within 30 days following the event. Remainder of the annual limit available for future storms during the policy term.

Confidentiality Notice and Disclaimer

RMS invests substantial time and financial resources in developing its proprietary applications, models and data. Information concerning RMS applications, models and data is protected under trade secret laws, among other intellectual property rights. Recipients of the information contained herein must keep it strictly confidential and must not disclose this information to any third party.

How is STORM™ different from other parametric solutions?
Parametric solutions have existed in the market for several years; however, there is basis risk - the risk that the payout does not accurately reflect the severity of the event - associated with other options.

Cat-in-the-Box/Circle: Policy is triggered if the eye of a named windstorm passes through a circle (or other geometry) and exceeds the intensity defined in the policy. There is high basis risk associated with this structure, since a cat-in-the-box only considers if the storm track passes through the geometry, and the intensity at its center. The structure does not consider the impacts over an area, at the insured's locations. The storm center can miss the geometry, while bringing damaging wind to the insured's area.

Fixed Anemometer: A named windstorm passes by nearest anemometer to insured's asset, exceeding a certain wind speed. High basis risk since stations are often miles away from insured's assets (e.g. during Hurricane Andrew, wind speeds fluctuated by 40 mph over 10 miles). Stations may fail in hurricane conditions.

Swiss Re Coporate Solutions STORM™: A named windstorm causes wind speeds at the insured's assets, exceeding a certain wind speed. Our solutions minimizes basis risk by using site-specific wind speed, based on reliable data. STORM captures every named storm, regardless of distance from your site or equipment failure.

Questions? Please contact the Innovative Risk Solutions team

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