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SPECIAL REPORT

NATURAL CATASTROPHES

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wildfires, hurricanes and floods**





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NATURAL CATASTROPHES

NATURAL CATASTROPHE REPORT 2020

***Insurance Business America* explores three of the main loss-driving natural perils in the United States – wildfire, hurricane and flood – with expert insight from CoreLogic, Orchid Insurance and Munich Re**

A PERFECT STORM is brewing in the United States. The country is steamrolling toward peak wildfire and hurricane seasons, but the public's attention is glued elsewhere. The US remains gripped in battle with the COVID-19 pandemic, which has killed more than 150,000 Americans and strong-armed the country's economy into a slumber. But pandemic or no pandemic, Mother Nature never sleeps. Severe weather events have already struck and will continue to strike the US through 2020, and Americans must be ready.

As the Earth's warming trend continues – the last decade was the hottest on record – climate change is starting to have an effect on weather-related risks and losses. In 2019, Munich Re's NatCatSERVICE reported 820 natural catastrophe events worldwide. These events caused damages of approximately \$150 billion; only \$52 billion of that total was insured, exposing a global protection gap of \$98 billion. The US took a 31% share of the losses in 2019, experiencing \$24 billion in damages, \$14 billion of which was insured. This share is down 4% from the long-term average of 35%, largely due to the lack of severe Atlantic hurricanes in 2019.

However, 2020 could be a different story. Forecasters in the National Weather Service's

Climate Prediction Center announced in mid-May that there's a 60% chance of an above-normal Atlantic hurricane season this year. In June, reinsurance brokerage and advisory firm Beach & Associates echoed that forecast, predicting an "above average" hurricane season for 2020 on the basis of "several key persistent variables," including a high Atlantic sea surface temperature. The Atlantic Multidecadal Oscillation (AMO) index, a measure of how warm the Atlantic is relative to its average, hit its highest level since 1948 in February and March, and its second highest level in April. A high AMO is typically a strong indicator of an active hurricane season.

Hurricanes aren't the only peril the US has to deal with. As climate variations impact the frequency and intensity of weather events, the country is also contending with longer and more frequent heat waves, more erratic rain patterns, and a general uptick in secondary perils like wildfires, tornadoes and flooding. All of these weather events are exacerbated by economic and demographic development. As more homes are built in exposed areas like flood plains and the wildland-urban interface, the risks are only increasing.

The insurance industry plays a vital role in strengthening global resilience against severe weather perils – and its influence is not limited

to insurance and reinsurance risk transfer. As a key stakeholder, the insurance industry can and should work with other critical public and private parties to develop and implement risk prevention, risk mitigation and risk transfer solutions. For example, insurers can work with policymakers to bring building codes up to higher standards or use their data to provide better risk mapping that will enable more strategic construction and development. All risk prevention and mitigation actions should help to reverse the increasing trend in catastrophe losses, which will in turn enable the insurance industry to provide more attractive and affordable risk transfer solutions.

For this report, *IBA* spoke to experts at CoreLogic, Orchid Insurance and Munich Re about three of the main loss-driving natural perils in the US: wildfire, hurricane and flood. They explored best-practice risk prevention and risk mitigation strategies, as well as potential insurance solutions, for each natural peril. They also shed light on claim trends and expectations, as well as new opportunities emerging through technology and innovation.



Bethan Moorcraft
Editor
Insurance Business America

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WILDFIRE

● What are some of the key contributors to wildfire exposure in the US?

The primary factor in determining wildfire risk is always going to be fuel. The natural vegetation that occurs across the landscape provides the fuel that supports wildfire ignition and intensity. While it's true that all vegetation can and will burn, the specific type, density and condition of the fuel are all critical characteristics that differentiate risk in one area from another. Highly volatile fuels that are dry are going to be a much greater threat than more fire-resistant or -tolerant fuels in humid or wet areas. These characteristics are crucial in determining overall wildfire risk.

● What are some of the key mitigation techniques for wildfires?

The most commonly prescribed mitigation technique is defensible space. Creating defensible space means clearing or significantly reducing the fuels located immediately around the structures on a property. Removing or reducing the opportunity for a fire to burn in close proximity to a structure significantly reduces the opportunity for that fire to migrate

onto or into the structure.

While defensible space is a great and often effective first step to reduce wildfire risk, other types of mitigation are nearly always necessary to minimize wildfire risk. Fires that move along the ground and burn up to the exterior of a structure are only half of the problem. The other source of structure ignitions is fires farther from the structure that produce wind-blown embers that land on the structure.

Mitigation against embers is most often related to hardening the actual structure to prevent embers from alighting on susceptible areas on the structure or, in some cases, actually finding a way into the structure. Capping the ends of tile roofs can prevent embers from finding a way under the tiles and igniting the roofing material. For homes that have vents into the attic, placing wire mesh over those vents can prevent larger embers from directly entering the attic space and igniting the home from the inside. Cleaning debris from roofs and gutters can eliminate any opportunity for embers to ignite small pockets of flammable materials on roofs.

Although it may be more expensive than

these suggested mitigation techniques, the use of fire-resistant building materials is often one of the most important considerations for risk reduction. New construction in wildfire-prone areas should involve the use of roofing, siding and decking material that is fire-resistant. In existing homes, it may result in added cost, but replacing a wood shake roof or wood siding with fire-resistant material is an important step in reducing risk.

● How can the insurance industry work with other stakeholders to build more resilient communities?

There are two great challenges we face as we seek community resilience from wildfires: first, homes burn down too often, and second, when they burn, a small fraction of homeowners discover they purchased inadequate coverage to restore their home. There are property-specific characteristics that can be modified to reduce the number of homes burned, and insurers can influence some actions that will reduce risk.

Risk-based pricing of insurance, which provides credits for responsible risk reduction through building and property features like fire-resistant roofs and brush cutbacks, is very effective in persuading owners and occupants to reduce the risk of loss. Wildfire losses are often full losses and require a complete reconstruction of the home. Greater consumer education on the regional costs of construction and the need to insure for the full amount are necessary to reduce the incidence of underinsurance.

● How has the property insurance market responded to several years of devastating fires in the West?

The effects of the recent wildfire seasons have been most poignant in California. In the wake of the devastating 2018 Camp Fire, one insurance company went insolvent, and several other companies had significant distress. Wildfire risk is only a single component of insurance pricing, but the cost of insurance has increased. The California Department of

THE EXPERTS



Dr. Tom Jeffery
Principal, science
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CoreLogic

Dr. Tom Jeffery is a senior hazard scientist for CoreLogic Spatial Solutions. He is the lead scientist on the development of various CoreLogic hazard risk data sets, including wildfire risk, coastal storm surge risk and Florida sinkhole risk. He works with many of the top 100 US insurance companies to help implement hazard risk models in automated underwriting and pricing systems.



Tom Larsen
Principal, industry
solutions
CoreLogic

Tom Larsen is a content strategy principal for CoreLogic Insurance and Spatial Solutions, responsible for subject-matter expertise and thought leadership on driving revenue growth and profitability goals via the identification of new solution areas and continuous white space capture. He has more than three decades of experience in natural catastrophe modeling for government and the insurance and reinsurance industries.

Insurance reported \$9 billion in written premium in 2019 versus \$7.6 billion in 2016 – an increase of 18% in three years, much higher than the CPI. Many insurers are beginning to adopt more stringent underwriting standards with more pricing tiers and associated credits and penalties, improving the risk mitigation signal that insurance pricing provides to homeowners. Community resilience is improved as policyholders choose to mitigate the risk and pay lower insurance prices.

● **How have advances in wildfire modeling, risk prevention and claims technology impacted the risk landscape?**

Wildfire modeling for the purposes of long-term risk analysis has not changed dramatically. The models rely on stable variables such as fuel, terrain and fire history.

In terms of modeling fire progression in real time, new technology has enabled better insight into weather conditions and forecasting. This is particularly useful for fire responders, as they need to know how a fire is behaving right now and how it is likely to behave in the next few hours or days in order to develop an effective plan to subdue it.

The responsibility for risk prevention seems to be moving more and more toward individual homeowners and communities to reduce the risk on their properties. Residential properties in the western US are often located near areas that are high-risk for wildfire activity. The wildland-urban interface and intermix areas are where those threats are most often immediate.

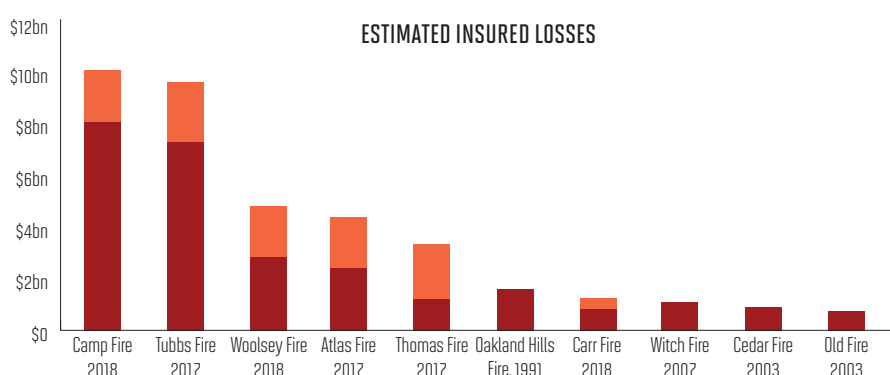
Since there is no possibility of eliminating wildfire activity and responders cannot possibly extinguish all wildfires before they encroach upon homes, homeowner mitigation goes a long way toward reducing the threat. The beneficial effects of mitigation are compounded when entire communities are involved and not just scattered individual properties.

● **In 2020, wildfire season is coming in the middle of a pandemic. What unique challenges does this present?**

The global COVID-19 pandemic increases the difficulty in dealing with wildfires from several perspectives. Most immediately, the people who risk their lives to combat ongoing fires on



TOP 10 COSTLIEST WILDFIRES IN THE UNITED STATES



Source: Insurance Information Institute

the front lines need to be healthy and available. An outbreak of the virus in a firehouse or among the groups of ground crews that travel from fire to fire would reduce the ability of these selfless individuals to do their job.

After that, large-scale evacuations from areas threatened by an approaching fire certainly pose difficulties. If hundreds or thousands of people are required to evacuate, traditional large-scale shelters like schools or public buildings tend to put people in close quarters, putting them at risk of contracting or transmitting the virus to a large congregation of people. Of course, that doesn't even consider the problem of ensuring that people actually do evacuate; some may be hesitant to do this in light of the virus.

The aftermath of a fire presents problems

as well. In the wake of disaster, claims adjusters are normally required to be in the area and communicating with residents who have had their homes destroyed or damaged. This activity is increasingly challenged by social distancing conditions. Virtual adjusting solutions can help bridge some of these gaps, ensuring homeowners can get the help they need, but any in-person assessments would require extra precautions.

Lastly, the rebuilding or repair of properties affected by the fire is challenged. The supply of laborers may be limited due to the unwillingness of construction workers to travel or temporarily relocate to the affected area, and the availability of materials may be reduced due to source companies that may have a reduced output due to the virus.

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HURRICANE

THE EXPERT



Ross Bowie
Head of personal
lines
Orchid Insurance

Ross Bowie oversees personal lines at Orchid Insurance, a managing general underwriter focused on catastrophe-exposed properties. Bowie joined Orchid in June 2020 from Bankers Insurance Group, where he served as senior vice president, overseeing \$180 million in personal and commercial lines premium, along with the development of new products in Texas, Louisiana, Florida and South Carolina.

● **The North Atlantic hurricane season is hitting right in the middle of a pandemic. What challenges does this present?**

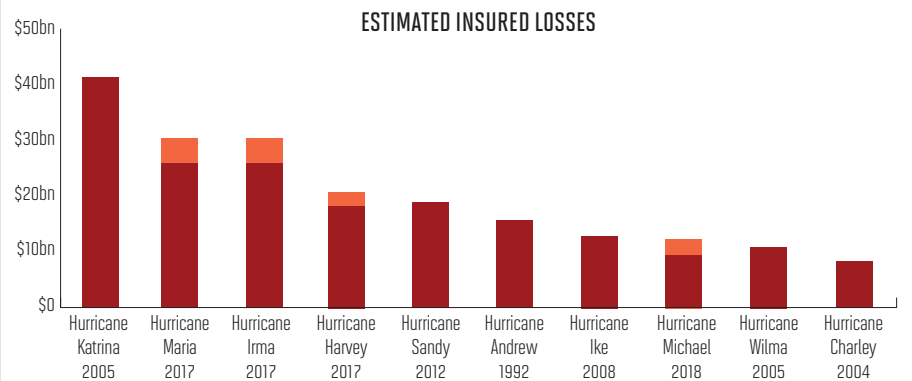
The pandemic presents an interesting challenge around additional living expenses and also the time for repair. One of the questions we've been trying to understand is where are the evacuees going to go? I could imagine that hundreds of thousands fleeing a coastal city could present a situation where COVID-19 has the opportunity to spread at a rapid pace. Could you imagine getting sick while having to evacuate your home? It's a tough situation for all.

The other aspect we're trying to understand is how homes will be repaired and claims adjudicated. Most of the resources insurance companies and utility companies use are from out of town. Will they have a place to stay? And how will we control the spread of COVID-19? These are all questions we need to find answers to.

● **What are some crucial risk mitigation techniques for hurricanes and the accompanying storm surge?**



TOP 10 COSTLIEST HURRICANES IN THE UNITED STATES



Source: Insurance Information Institute

For hurricanes, it's all about being prepared and having a plan. People who live in coastal areas need to prepare now – checking their roof for any existing damage or leaks and preparing window coverings. The last place any of us want to be is waiting in a long line at Lowe's trying to get plywood – do as much as you can to prepare outside of hurricane season.

● **What are some core challenges in metro areas that have a high risk of storm surge?**

The biggest challenge is the legacy sewer systems that most cities are riddled with. It's tough to gain traction for investment in

upgrades without a major event. No one sees what's under the road – but that infrastructure can be most important in a significant event.

● **How has the property insurance market responded to back-to-back years of devastating hurricanes?**

We've been through a period of suppressed pricing. Now that reinsurance costs are increasing, carriers are reviewing their pricing at a more granular level and sharpening their pencils on where they're willing to grow their portfolio. If they can't get pricing in a certain area or risk type, carriers are changing terms – requiring higher deduct-

FLOOD

ibles – or exiting the market altogether. This dynamic is driving premiums up significantly, north of 20%, which is pushing more shoppers into the market than ever before.

From the broker perspective, they're now allocating more time to existing customers to keep their business, which could cause some challenges to manage an influx of new customers.

● **In high-risk coastal areas, how does a policyholder's location influence their deductible on flood and windstorm insurance? What endorsements and relief are available?**

Location drives the terms and conditions you'll be able to get. I would also push policyholders to spend more time shopping than they have in the past. Not all brokers have access to the same markets – while one may not be able to find you a \$500 deductible, another might. Also think through the coverage you truly need. As we navigate a hard market, additional coverages like ID theft may take a back seat, as customers can find that coverage elsewhere.

● **What advances have been made in technology like weather forensics, predictive modeling and claims technology? How can insurers and brokers make the most of these tools?**

Test, test and test some more. We have seen so many insurtechs enter our space over the last couple years with grand promises – so far, I haven't seen many of them pan out. We've always kept an open mind, but we made sure we felt comfortable with our own validation.

We do like the advancements around text messaging for first notice of loss and the advancements of real-time storm tracking in the catastrophe models. Companies are able to understand where their claims are going to aggregate before the storm even hits so they can deploy resources early and get claims settled quickly. We're all trying to get folks back to normal life after a storm as soon as possible.

THE EXPERTS



**Dr. Raghuv eer
Vinukollu**

Natural catastrophe
solutions lead
Munich Re US

Dr. Raghuv eer Vinukollu is a member of the strategic products team at Munich Re US and leads the Nat Cat Solutions group, which focuses on the development of innovative products to cover various natural catastrophe exposures, either through traditional reinsurance structures or private-label approaches.



Sanjay Mehrotra

Senior vice president
and strategic
products natural
catastrophe
solutions manager
Munich Re US

Sanjay Mehrotra leads the flood strategy at Munich Re US. In 2015, Mehrotra and the strategic products team developed and launched an inland flood endorsement for US homeowners in low- to moderate-risk areas.



**Serena
Garrahan**

Vice president
and inland flood
product manager
Munich Re US

As VP and inland flood product manager at Munich Re US, Serena Garrahan works closely with partner carriers to implement the inland flood endorsement, providing support for filing, marketing and training.

● **For a long time, the US flood insurance market was dominated by FEMA and the NFIP. How has the market evolved in the past few years?**

In 2018, net premiums written for private flood insurance totaled \$541 million, up 11.5% from \$471 million in 2017, according to S&P Global Market Intelligence. According to the National Association of Insurance Commissioners, there were 120 private companies writing flood insurance in 2018, compared to about 90 in 2017 and 50 in 2016. The increase in private carriers improves competition and helps spread the economic risk that comes from flooding. Private carriers can offer higher coverage than FEMA's National Flood Insurance Program policies, currently capped at \$250,000 for residential buildings and \$500,000 for nonresidential buildings. Some of the larger writers of private flood include FM Global, Assurant and Zurich Insurance.

There has also been growth in the non-admitted flood market through MGAs like Poulton & Associates and Neptune Flood. MGAs use both admitted and non-admitted carriers to cover the flood peril, with reinsurers sometimes taking up to 100% of the underlying flood risk. Non-admitted carriers, or surplus lines carriers, though approved by the state, have no requirements on their rates and forms and are not backed by state guaranty funds, but they may have higher minimum solvency requirements than admitted carriers. Rate and form freedom allow them to specialize in potentially volatile markets – nonstandard, unique, complex or catastrophic risks.

While broader coverage options are now available to homeowners and small business owners through the private flood market, the NFIP still has the most significant share of the current flood market.

● **The flood insurance gap in the US remains sizable, even though flooding is the number-one natural peril. What's preventing further uptake?**

There is a large flood insurance gap in the

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United States, where many people who are exposed to flood risk are not covered by flood insurance. According to Milliman, only 5% of single-family homeowners in the US have flood insurance. The NFIP is the primary source of residential flood insurance. More than 22,000 communities participate in the NFIP, with nearly 5.1 million policies providing more than \$1.3 trillion in coverage.

Recent floods like Hurricane Harvey highlight the issue of high uninsured losses. As of August 2016, just 15% of the 1.6 million homes in Harris County, Texas, had flood insurance, according to data from the Insurance Information Institute, and only 28% of the homes are located in high-risk areas for flooding. Many Houston homeowners outside the 100-year flood plain have been flooded several times in just the last few years, and most city homeowners don't have flood insurance now. More than 50% of Houston's homes in high and moderate flood risk areas are not in designated flood zones, according to CoreLogic.

The NFIP identifies areas at high risk of flooding as Special Flood Hazard Areas [SFHAs]. Property owners are required to purchase flood insurance only if their properties are in SFHAs, their communities participate in the NFIP and they have federally backed mortgages. Because the SFHA boundary is central to NFIP mapping, it may create a false belief that flood risk changes abruptly at the boundary and that properties outside the SFHA are safe and do not need flood insurance. However, about 20% of NFIP claims are for properties outside SFHAs, and all 50 states have experienced floods in the last five years.

A new report from the First Street Foundation provides a comprehensive analysis of the state of flood risk in the continental US. At the national level, the First Street Foundation flood model identifies about 1.7 times the number of properties as having substantial risk compared to the FEMA 1-in-100 SFHA designation. This equates to a total of 14.6 million properties across the country at substantial risk, of which 5.9 million properties and property owners are currently unaware of or underestimating the risk they face because they are not identified as being



within the SFHA zone. This report further highlights the flood protection gap because the number of high-risk homes is actually much higher than what FEMA designates.

While studies such as the one by the First Street Foundation are a move in the right direction, there is currently no industry standard for an accurate – or even adequate – view of flood risk. The current binary view of flood risk from FEMA – 58% of which is outdated, according to the September 2017 Department of Homeland Security Office of Inspector General report – serves as a major roadblock for a higher take-up rate. FEMA only requires that homes within the SFHA areas purchase flood insurance.

Unfortunately, in some cases, this leads to miscommunication that homes outside the SFHA do not have flood risk or are a low flood risk. Examples include hurricanes

Harvey, Florence and Michael, where people were caught off guard in terms of their real flood risk. In addition, note that flood risk is constantly changing in a warming climate scenario. Unfortunately, homeowners and business owners are not aware of their current view of risk, let alone what might occur in a future climate.

● How can the insurance industry work with other stakeholders to build more flood-resilient communities?

For the peril of flood, not only does the protection gap exist at the homeowner level, the gap is also significant at the public entity level with regards to insuring public buildings and infrastructure. One of the key factors for the resilience of a community is dependent on the take-up rate of insurance by property owners. With the single-digit



number for insurance take-up for flood, there exists not only a need but also a potential opportunity for the insurance industry to play a vital role in the recovery of a community after an event.

While the private-market options clearly outweigh the NFIP ones in terms of the benefits – policy coverage options, etc. – the industry and local stakeholders should work together to communicate to communities the growing flood risk, to mitigate and adapt to the warming climate, and to work collectively on risk transfer options that fit the specific needs of the community. Risk transfer needs for Florida are much different than the solutions required for communities in a state like Vermont. Furthermore, insurance solutions not only exist for individual property owners, but also collectively for a community – e.g. community insurance.

It's not just important to focus on building resilient communities to help protect them from natural catastrophes; it's now becoming a crucial requirement for cities and states. Standard & Poor's has emphasized the importance of disaster insurance arrangements on sovereign financial resilience. In their September 2015 Rating Report, they indicated the potential negative impact of insufficient or no insurance coverage at all on sovereign ratings. In November 2017, Moody's reported the incorporation of climate change into its credit ratings for state and local bonds. This means that communities, cities and states may get downgraded unless they show sufficient adaptation and loss mitigation strategies.







Public-private partnerships can play a crucial role in building a backstop against catastrophic losses that neither entity could provide on its own. Insurers and legislative bodies can work together to not only make communities resilient, but also help in maintaining the credit ratings for state and local bonds. While insurers can bring their financial strength, rich data and risk expertise to bear, public entities can help to increase the take-up rate of coverage by encouraging communities to adopt risk mitigation regulations and educating consumers.

The 2019 Mississippi floods and the 2017–2019 hurricanes highlight the importance of creating communities resilient to natural disasters – specifically floods – both from a risk transfer and a risk mitigation standpoint. Within disaster risk management, investment in risk-reducing measures is considered wholly separate from investment in risk transfer measures. But the two can actually be combined to create more efficient solutions.

Recently, Munich Re has been actively pursuing a potential proof of concept for testing a potential solution, Resilience Risk Transfer [RRT], that would look at the risk reduction impact of a specific risk mitigation measure on a property exposed to extreme flooding. The focus of the risk mitigation measures is on natural infrastructure: wetlands, mangroves, etc. The RRT solution has the potential to restore the natural infrastructure that provides one of the most important protections from flood disasters

PRIVATE FLOOD INSURANCE: THINGS TO CONSIDER

When switching from the NFIP to private flood insurance, the experts at Munich Re US recommend taking some time to consider the following aspects.

-  Coverage might not be as broad as that offered by the NFIP-supported policy and therefore might not be accepted by a lending institution. Most private flood insurance policies do state that their coverage is at least as broad as the NFIP.
-  An NFIP policy offers a guarantee of renewal; private flood insurance does not offer this, even if the premium is paid. This is especially true for E&S flood policies.
-  Rates could increase drastically, especially with an E&S or surplus lines insurer.
-  The insurer might be weakly capitalized or new to writing flood coverage.
-  There is the potential to lose a subsidized rate and/or grandfathering, especially for pre-FIRM risks.
-  As these policies are new, policy language is not standardized and has not been tested in court.

while also providing insurance coverage, thus narrowing the protection gap.

Finally, the resilience of communities to flood also relies on mitigating physical damage to property by building stronger structures. Strong building codes have clearly demonstrated their benefits to cities and towns across the world in better withstanding natural catastrophes. Building property a few feet above the base flood elevation/predicted flood levels and/or using flood-resistant

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materials for construction can prevent thousands of dollars in damage to a single property. While implementing building codes needs to be addressed by legislative bodies, insurers can offer incentives to property owners for building stronger.

● What advances have been made recently in flood modeling, risk prevention and claims technology?

Flood is a high-gradient peril and probably one of the least understood perils within the industry. Part of the complication is that a country as vast as the United States is exposed to different forms of flooding: storm surge from hurricanes, tropical depressions, spring flooding, flooding from atmospheric rivers, etc. However, flood models have significantly developed over the past few years. It may be fair to say that the flood models are at the same stage as the hurricane models were in the early 2000s. This is a significant development and can be attributed to the increased computational power that exists.

Flood modeling is also beginning to take into account the changing climate. There are companies that are not only looking at a historical view, but also looking into what flooding might look like in a warming climate scenario. Examples include what the storm surge inundation would look like in an increased sea level rise scenario, the impact of Hurricane Harvey-like scenarios in other regions of the country, etc.

In flood modeling, the topography, location accuracy and building characteristics are as important, if not more, as the science identifying the floods over a region. Technology has come a long way in capturing some of these important parameters for flood underwriting. Geocoding and location accuracy have improved substantially with machine learning [ML] and artificial intelligence [AI]. If the model geocodes the address to the wrong location, then there is a significant chance that the loss cost and the premium calculations are wrong.

Similarly, local elevation and building characteristics are extremely important. LiDAR technology, which is based on laser measurements, is now available to obtain high-resolution digital elevation data. AI and

ML have also enabled the capture of the lowest and/or first flood elevation, which has further improved the flood underwriting process, thus helping insurers to find the competitive edge for flood insurance pricing.

Experiencing a flood can be a frustrating process for a property owner. With the increasing frequency and severity of flood events, insurers have to be prepared for a large influx of claims and, in some instances, claims from multiple events – hurricanes Harvey and Irma made landfall within two weeks of one another. High-resolution imagery – i.e. remote sensing – combined with AI and ML has provided a major breakthrough in the claims management process by speeding up the recovery process, especially for a homeowner who has experienced flooding on their property.




● In 2020, the Atlantic hurricane season is coming right in the middle of a pandemic. What unique challenges does this present?

The global pandemic has, in many ways, caught communities, states and countries off guard and once again forced us to question and find ways to be prepared and mitigate for future catastrophes.


As has been already noticed, some cities and towns recovering from the 2019 Mississippi flooding are facing huge economic challenges from the coronavirus pandemic. Earlier in the year, some regions that experienced spring flooding also faced a shortage of PPE, which further impacted the emergency and recovery efforts. Most of these communities did not have sufficient insurance coverage for the flood, let alone being insured for the pandemic. Based on the NFIP policy statistics, in some of the Midwestern states, the insurance take-up rate for flood is as low as 1% to 2%.

The take-up rate for flood is not significantly higher in the coastal regions and states. Events like hurricanes Florence and Harvey and Superstorm Sandy exposed that as many as 80% of homeowners were not insured for flood. This huge protection gap can be a major challenge as we enter the main season for the Atlantic hurricanes. Recent years have clearly experienced both frequency and severity of

POTENTIAL ADVANTAGES OF A PRIVATE FLOOD INSURANCE POLICY

-  Broader definition of flood versus the NFIP
-  Higher limits of coverage than those offered by the NFIP, both primary and excess
-  Replacement cost loss settlement versus actual cash value on all building and personal property losses
-  Coverage for personal property in basements
-  Full-limit ordinance and law coverage
-  Broader coverage for other structures besides a detached garage
-  Additional living expense on a policy covering homes
-  Business income and extra expense coverage on commercial policies
-  More deductible options
-  Fewer 'property not covered' and exclusions than the NFIP
-  No elevation certificate requirement
-  No HIFAA surcharge of \$25 or \$250
-  Potentially lower rates

Source: Munich Re US

events, with more hurricanes impacting communities with extreme flooding. There is also strong evidence that climate change has already had a significant influence on these extreme events. 



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A close-up photograph of a person's hand, palm up, holding a small amount of water. The hand is positioned over a surface of dry, cracked, and parched earth. The background shows more of this cracked earth, with some areas reflecting light, suggesting a recent flood or drought. The overall tone is somber and emphasizes the impact of climate change.

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