



The Mitigation Imperative

NAIC Climate and Resiliency Task Force
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Increasing Natural Catastrophe Losses

- **Increasing frequency and severity of natural catastrophes**

- Flooding
- Hurricanes
- Severe Storms
- Wildfires

- **Additional long-term effects predicted by some climate change scientists**

- Global warming
- Sea level rise
- Loss of biodiversity

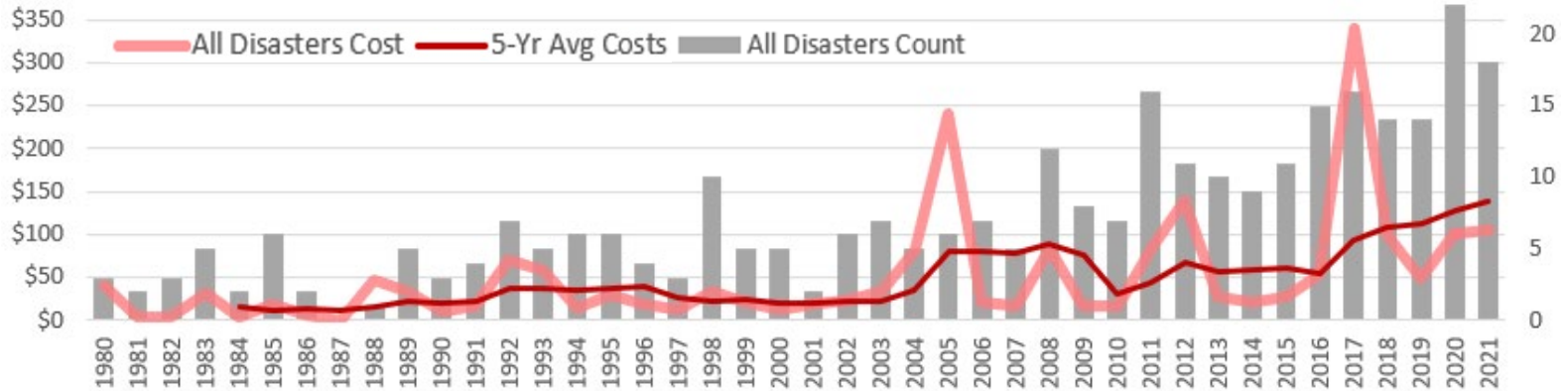




Increasing Natural Catastrophe Losses

- Rising loss trends are seen in recent data, including number of events and total costs.

Billion-Dollar Disaster Events 1980-2021 (CPI Adjusted)



Source: NOAA (*data as of October 8, 2021)



Increasing Natural Catastrophe Losses Are a Key Factor in Insurance Market Issues

Insurance market contractions are typically the result of competing forces

AFFORDABILITY

Rising Costs

AVAILABILITY

Ability to Manage Exposure



Increased Losses

- claim payments, higher reinsurance costs, inflation, etc

Growth in Exposure

- laws expanded policy coverage, new development in high-risk regions

Changing Environmental Conditions

- climate change, drought, etc

Rate Adequacy

- Timely approvals

Underwriting Constraints

- Moratoriums on non-renewals & cancellations

Access to Tools

- Cat models to help identify & price individual risk and aggregate losses



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Deteriorating market conditions are a lose/lose/lose--for regulators, the public and insurers

However, **MITIGATION** helps restore balance and stability in markets



Mitigation is Critical to Reducing Losses and Supporting Insurance Markets

■ Risk identification

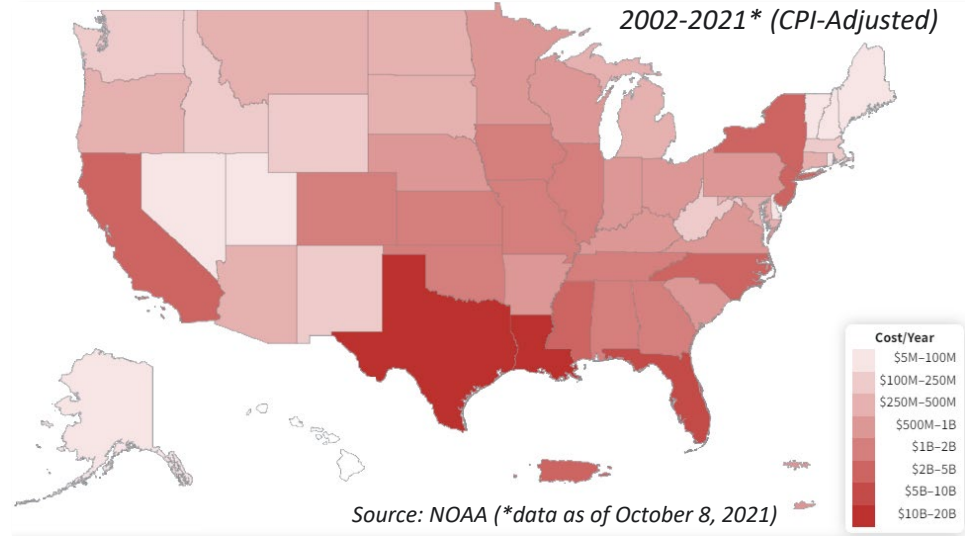
- Updated hazard maps and modeling
- Public communication and awareness

■ Preparedness and Response

- Physical Adaptation
 - Adopt/enforce building codes
 - Better land use policies
 - More resilient infrastructure
- Financial Incentives
 - Pre-disaster mitigation funding
 - Risk-Based Pricing

Billion-Dollar Weather and Climate Disaster Cost/Year

2002-2021* (CPI-Adjusted)





Mitigation More Important than Ever

■ Recovery

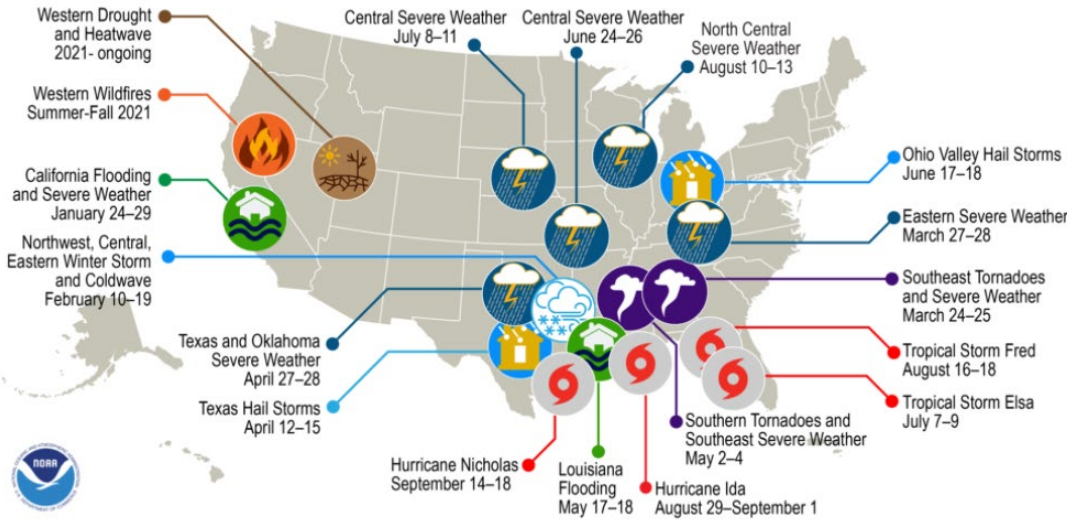
- Financial Incentives
 - Catastrophe Savings Accounts
 - Post-disaster mitigation in rebuilding
- Insurance regulation
 - Streamline and make uniform and predictable insurance recovery regulations
 - Support efforts to prevent fraud and price gouging





Conclusion

U.S. 2021 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States January–September 2021.

- Climate change will intensify natural catastrophe trends and losses, and Mitigation actions are critical now - for the benefit of all
- Mitigation and resiliency can also play a vital role in minimizing market issues in regions where insurers' ability to manage exposure is constrained, such as limits on risk-based pricing or other regulatory responses