Date: 3/17/21

Virtual Meeting

INNOVATION WORKSTREAM
CLIMATE & RESILIENCY (EX) TASK FORCE
Thursday, March 25, 2021
3:00 – 4:00 p.m. ET / 2:00 – 3:00 p.m. CT / 1:00 – 2:00 p.m. MT / 12:00 – 1:00 p.m. PT

ROLL CALL

Colin M. Hayashida, Vice Chair Hawaii David Altmaier Florida
Lucy Jabourian California Chris Aufenthie North Dakota
Michael Conway Colorado David Combs Tennessee
George Bradner Connecticut Mike Kreidler Washington

NAIC Support Staff: Jennifer Gardner

AGENDA

1. Hear a Presentation from Wharton Risk Center Regarding Research on Parametric Products—Carolyn Kousky (Wharton Risk Center)

2. Hear a Presentation Regarding Professional Solutions Insurance Company’s Disaster Insurance Policy—Emily Drake (NCMIC/Professional Solutions), James West (NCMIC/Professional Solutions)  
   Attachment One

3. Discuss Other Matters Brought Before the Workstream—Commissioner Colin M. Hayashida (HI)

4. Adjournment

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Recoop Disaster Insurance
Professional Solutions Insurance Company
Agenda

✓ Product Purpose
✓ Why We’re Here
✓ Common Coverage Gaps
✓ Disasters We Cover
✓ Product Structure
✓ Rating & Risk Bands
✓ About Us
✓ Product Filings
✓ Questions

Presenters

Emily Drake, J.D., CPCU
• Vice President – Compliance
  • Professional Solutions Insurance Company

James West, MBA, CIC, FMLI
• Vice President – Corporate New Business Development
  • Professional Solutions Insurance Company
Product Purpose

After a disaster, many people uncover financial blindspots and losses left uncovered by other insurance products. Unfortunately, this is too little too late for the consumer. That is why Recoop Disaster Insurance was created.

The Recoop Disaster Insurance product is intended to help pay for expenses that are not covered by other insurance products, including:

• Offsetting high deductibles
• The impact of actual cash value provisions
• Expenses related to evacuation and/or being displaced
• Lost work time & job loss
Why We’re Here

The product was created to fill a need that currently exists today in the insurance markets. The need for this product is supported by the following:

• Missed weeks of work result in missed income before, during, and after a natural disaster. According to White House Council of Economic Advisors, Hurricane Harvey caused 2 million missed weeks of work, and Hurricane Irma caused 4 million missed work weeks due to evacuations.¹

• Areas near the coast are vulnerable to storm surge from hurricanes. According to the Insurance Information Institute, a “standard homeowners insurance policy does not cover damage from floods, such as flooding from a storm surge.”²
Why We’re Here (continued)

• Many Americans are not equipped to pay for unexpected expenses that result from a disaster. If faced with an unexpected expense of $400, 27% of adults would borrow or sell something to pay for the expense and 12% would not be able to cover the expense at all.³

• 3 years after a hurricane, the growth in bankruptcy filings is 50% higher in the states where landfall occurs compared to unaffected states.⁴

• 43% of homes in the United States are at a high risk for disaster.⁵

• Approximately 59% of homes in the United States are underinsured.⁶
Common Coverage Gaps

Here are 5 common coverage gaps that are leaving Americans exposed after disasters:

1. Homes can be underinsured due to pricing fluctuations in the market.
2. Insurance deductibles are on the rise.
3. Some insurance policies are based on actual cash value.
4. Home insurance policies do not cover certain perils, such as storm surge.
5. Claims processes can draw out and place an upfront financial burden on consumers.
Disasters We Cover

- Earthquake
- Hurricane + storm surge
- Tornado
- Wildfire
- Gas explosion
- Dust storm
- Winter storm
Product Structure

Pays a lump sum disaster benefit of $5,000 – $25,000

Full disaster benefit is paid if a specified disaster* event results in:

1) The designation of a declared disaster area where the policyholder’s residence premises is located, and

2) Damage to the policyholder’s residence premises of at least $1,000 (the “property damage threshold”)

❖ The property damage threshold is set at $1,000 in the policy to demonstrate that the disaster materially impacted a policyholder.

*See previous slide for covered kinds of disasters
Rates & Risk Bands

- The product is rated via zones, with each zip code in the US placed into a zone based on risk.
- The different risk zones were created through catastrophe modeling.
- Some zones have been reserved for future use in the event additional delineation is needed.

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Tiered pricing is based on coverage amount and risk. Premiums listed are annual.
About Us

This product is being brought to market by Professional Solutions Insurance Company, along with a seasoned team of insurance industry professionals and backing by world-class business partners including:

**Program administrator/Product owner**
Strategic Product Partners, LLC

**Benefits administrator**

**Claims administrator**

**Reinsurers**

- businesssolver
- sedgwick
- Munich RE
- Swiss Re
Product Filings

- Commenced product filing process in April 2020
- Product currently approved in 33 states
Questions?

Thank you!
Sources


2 Insurance Information Institute, *Hurricane Sandy and Insurance: FAQs* https://www.iii.org/article/hurricane-sandy-and-insurance-faqs


