

# FirstTrack

## Product Background

**Jeff Grimmer**

**First Insurance Co of Hawaii**  
Vice President & Treasurer

**James Doona**

**Munich Reinsurance America, Inc.**  
Managing Director - Capital Partners

- ▶ FICOH founded in 1911, largest commercial insurer in Hawaii
- ▶ Tokio Marine founded in 1879, largest/leading insurer in Japan
- ▶ Munich Re founded in 1880, largest reinsurer in the world

## FICOH goals for this product:

- ▶ Community resiliency – FICOH is very tied in with the local community; resiliency and recovery are strongly in our interest
- ▶ “Creating the future” of insurance thru innovation and new technology in products, delivery/distribution, payments, etc.
  - Increase policyholder benefits with controlled expenses
- ▶ Distribute local Hawaii risk efficiently to global markets

# The Goal for Parametric Insurance

- ▶ To supplement traditional insurance:
  - to infuse liquidity quickly into the community, by covering immediate post-disaster expenses
- ▶ To address the protection gap and enhance community resilience
  - uninsured and underinsured
- ▶ Parametric solutions have been developed for earthquake, wind, fire, and flood risks

## ► Uninsured Losses

- Less than half (41%) of catastrophic economic losses from Harvey, Irma, and Maria were insured\*
- Hurricane cat deductibles are large; a 2% deductible on a typical \$350K insured limit home is \$7,000 per homeowner, or approximately half the cost of a roof replacement
- Coverage Gaps or Existing Limitations
  - Debris Removal, Water Damage, Mold, Preparedness and other expenses

[\*2017 events, per Swiss Re “Sigma 1/2018”]

FirstTrack is a low-cost insurance option designed to assist with hurricane preparation and immediate post-hurricane expenses.

**FirstTrack is a policy for homeowners and renters alike, covering the sudden expenses we all face...**



Lost Wages



Debris Removal



Emergency Supplies



Minor Repairs



Groceries

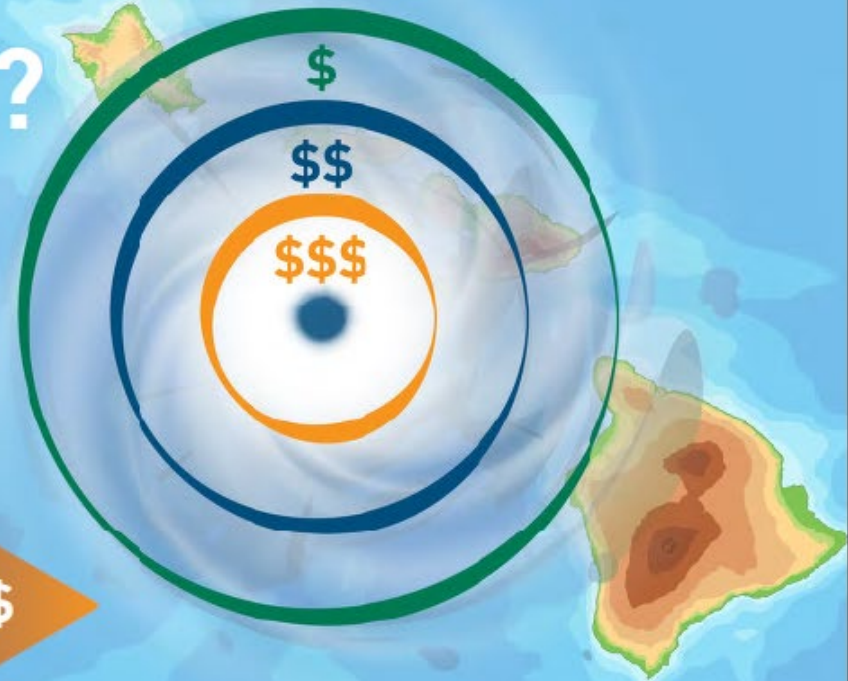
FirstTrack fills the insurance gap by offering coverage for expenses that fall below most standard hurricane policy deductibles.



## How does it work?

**1. PROXIMITY:** Payouts are determined by where your property falls within the storm track radius claim zone

**2. CATEGORY:** Payouts are also determined by the wind speed level as defined by the National Hurricane Center



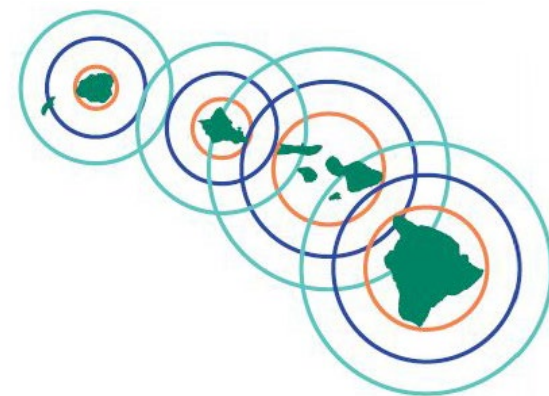
If a hurricane enters a designated claim zone radius, you'll receive a notification with details on next steps regarding your policy.

# Limit of liability defined in each policy is tied to proximity and wind speed

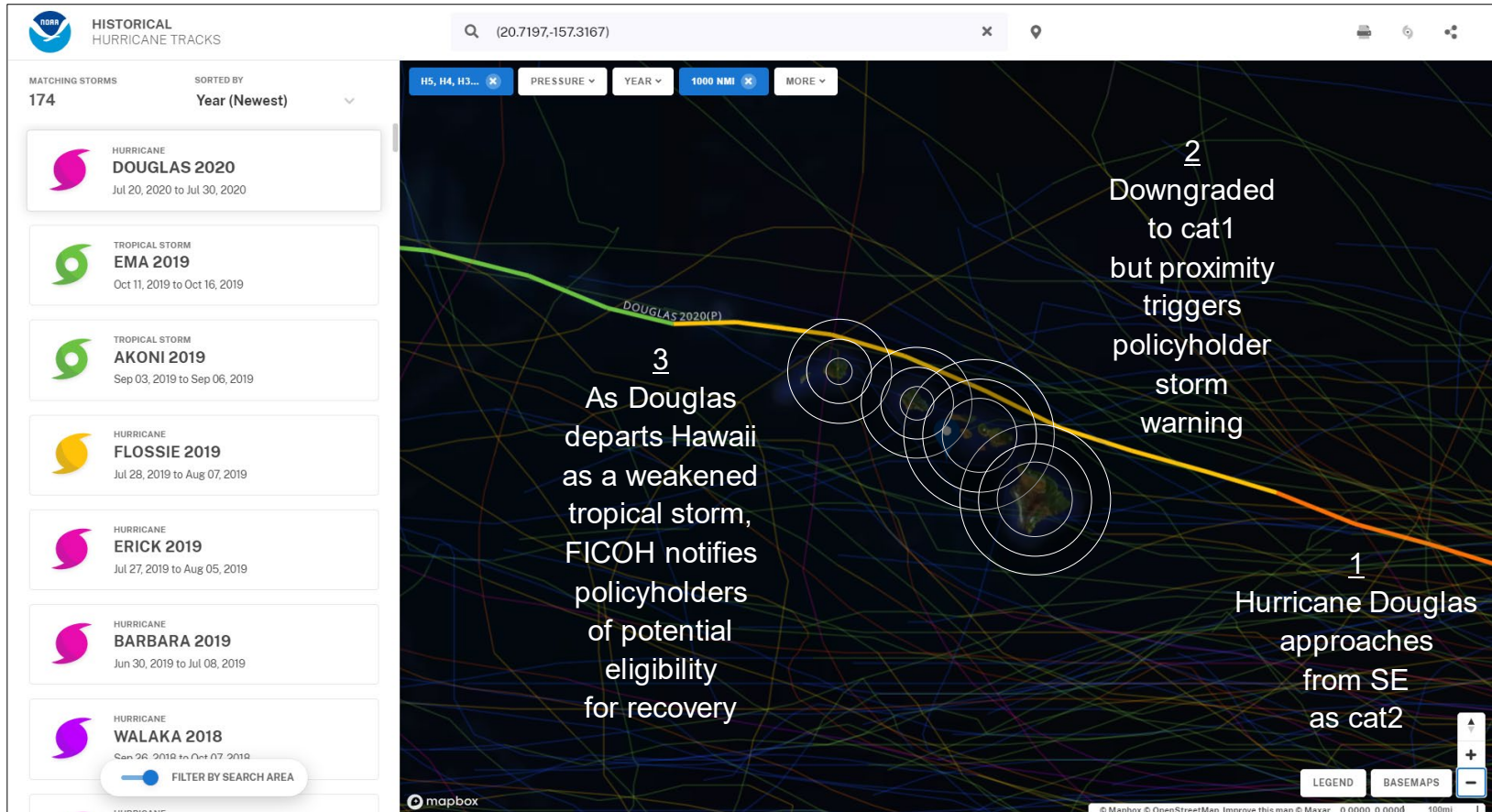
Table III.3 Limit of Liability

	"Interpolated track point" has entered the "Coverage Region" at...	Zone 1	Zone 2	Zone 3
Each "Covered Loss" - Limit of Liability if "Wind Speed" is...	At least 157 mph	100%	60%	10%
	At least 130 mph, but less than 157 mph	90%	50%	10%
	At least 111 mph, but less than 130 mph	80%	40%	10%
	At least 96 mph, but less than 111 mph	70%	30%	10%
	At least 74 mph, but less than 96 mph	60%	20%	10%
	At least 39 mph, but less than 74 mph	50%	10%	0%

Each policyholder is eligible for a recovery of storm-related damage and other related expenses



# Hurricane Douglas (2020)



Schematic: FirstTrack imposed on an NHC map of Hurricane Douglas (July, 2020)



- ▶ Proactive communication
  - Warning of impending storm activity
  - Near real-time updates
  - Information about claims process for affected policyholders
- ▶ Attestation for quick payment
- ▶ Proof of loss process follows



Mahalo,  
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