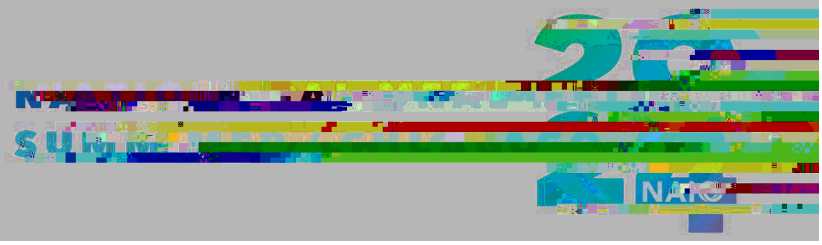

Draft date 8/2/24

2024 Summer National Meeting

federal level on climate risk resilience will also be beneficial, including updates to building codes and increasing federal tax incentives.

Bouchard said his five recommendations for how the insurance sector and state insurance regulators can work closer together to equip communities with the tools and knowledge they need to face their futures are: 1) ensure no community lacks the risk data and analytics to make risk-informed climate adaptation decisions; 2) develop a science-based approach to documenting the risk reduction benefits of community-wide adaptation projects; 3) create incentives for insurers and other private firms to invest in adaptation projects; 4) apply risk-based expertise to all policy w 3.781 0 Td [c ruatoy[cecisions and[c(b)-0.6 (a)82.4 (t)-4.8 e(s)-3.4 ((t)0

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Director Wing-Heier asked about the experience working with tribal nations in relation to this climate action plan. Golden said involving representatives from the tribal nations near Methow Valley was important because they share many of the same issues. She said there was overlap with some of the tribal nations' already ongoing work, particularly in the Clean Air section of the climate action plan. She said ongoing communication with leaders was important in understanding natural solutions to some of the climate risks.

Commissioner Rude asked how communities can start to develop their own climate action plans. Jones said the federal Inflation Reduction Act (IRA)

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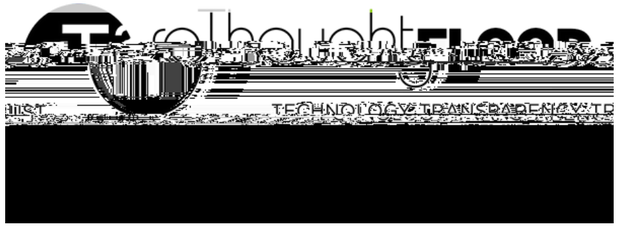

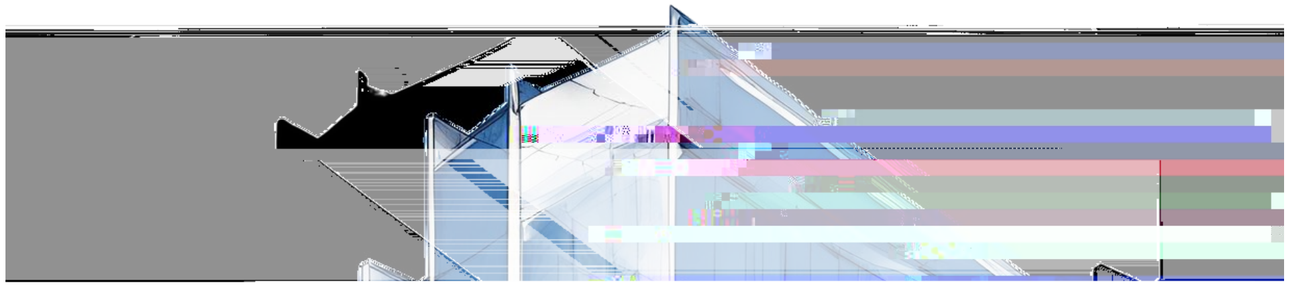

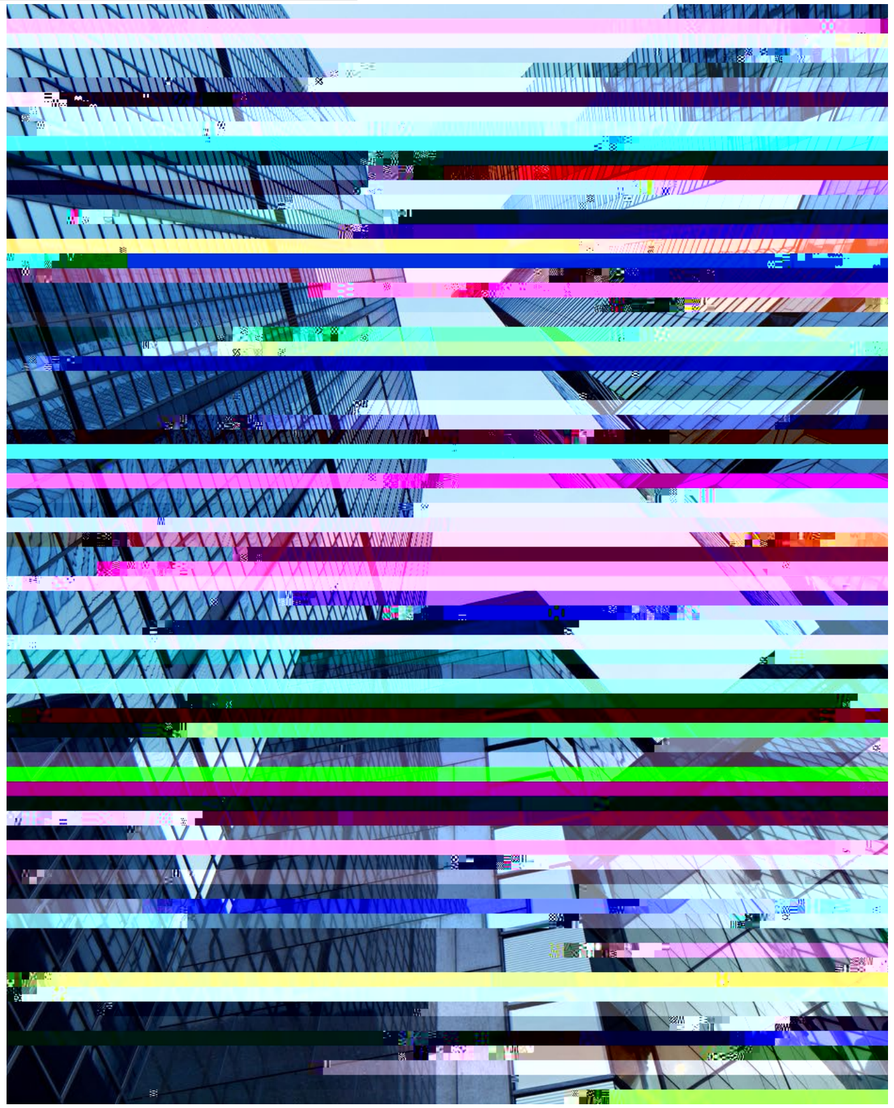

About reThought Flood

- Founded in 2017 by modelers to close the flood protection gap
- Developed with top actuaries at global reinsurers
- Proven statistically and in the real world
- Tested across multiple hurricanes, river events and 1,000 -year rain falls
- Vetted and trusted by global reinsurers and top surplus insurance companies

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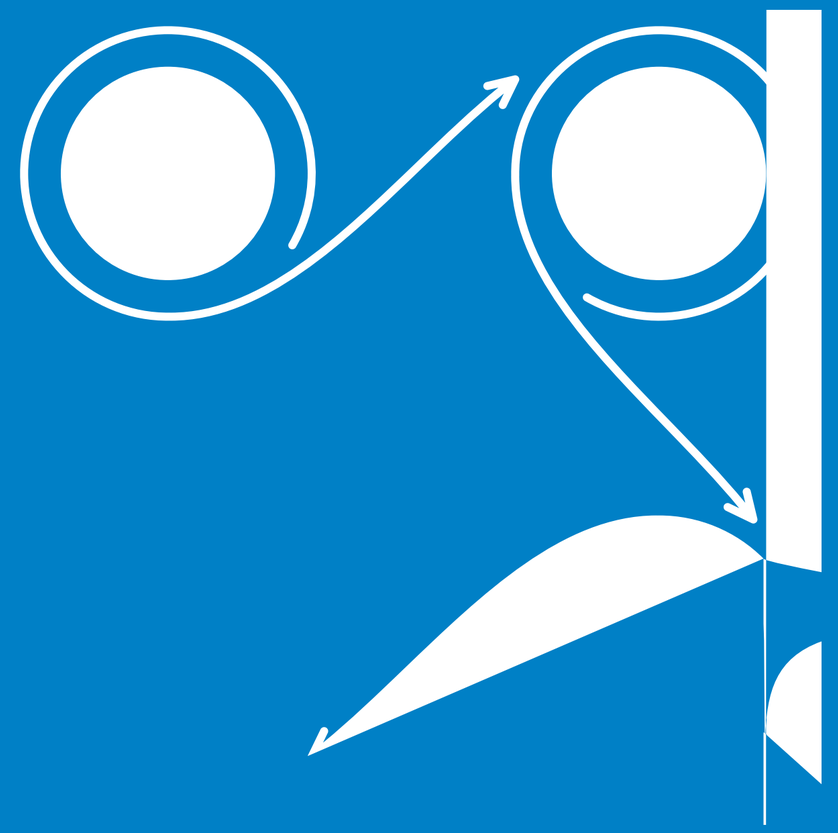
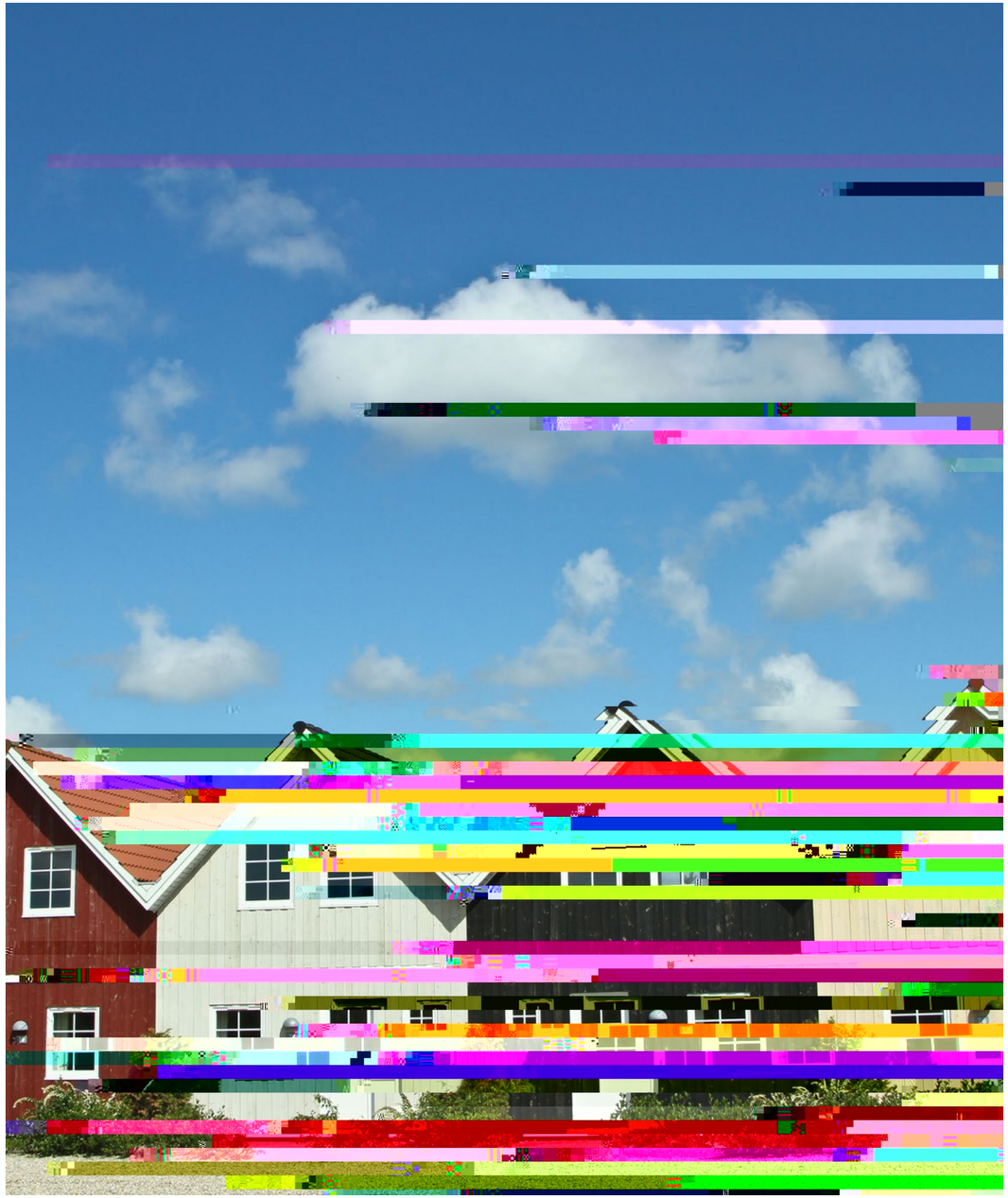
Closing the Protection Gap

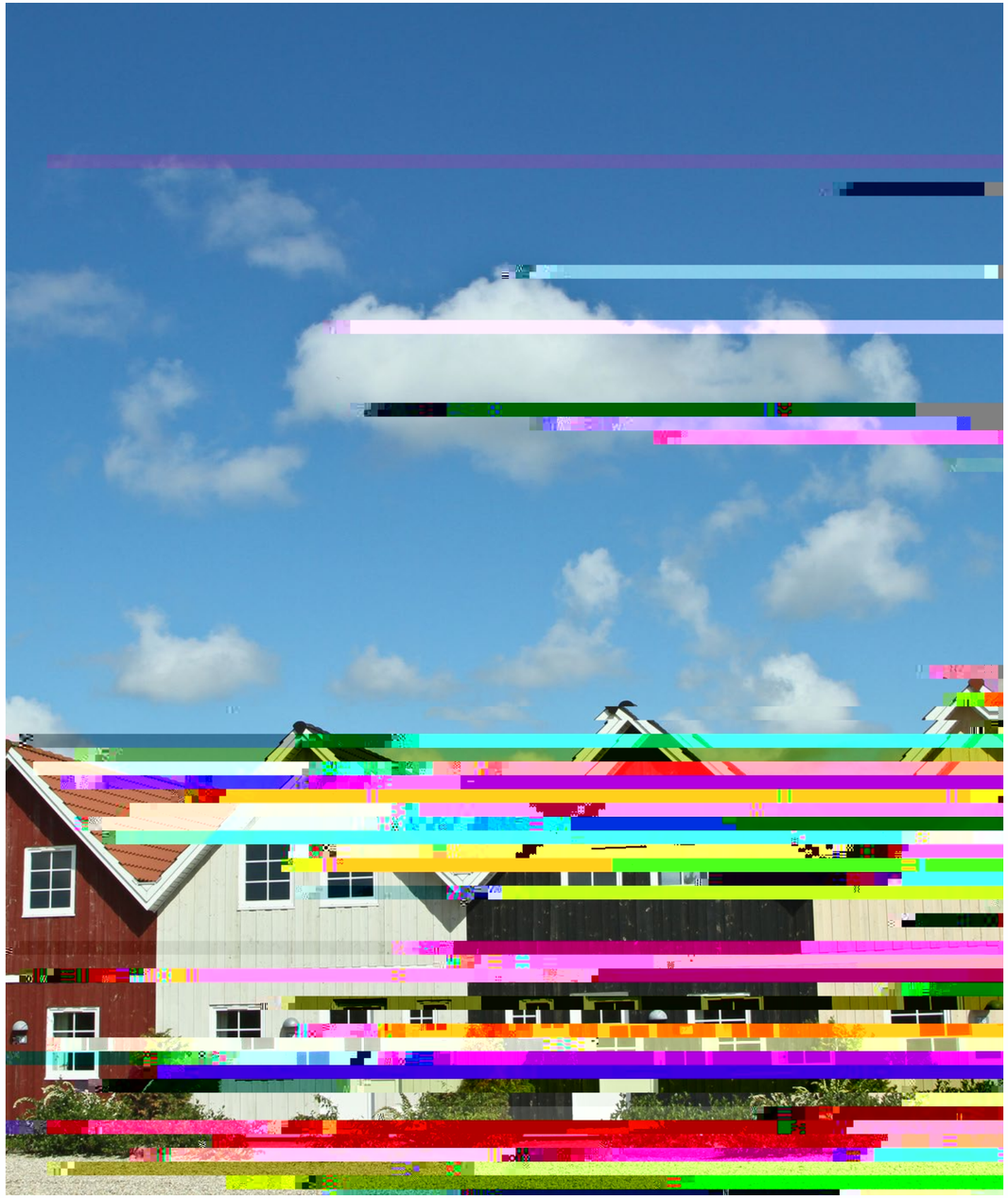


Admitted Product Coverage



Admitted Product Education

- Awareness of the need for coverage
- Risk-appropriate pricing
- Education to consumers on their specific risk
- Timely materials before, during, and after an event
- Education for agents on how to discuss and sell flood
-



Claims

Expertise is needed for catastrophe claims

TPAs with experienced adjusters can make sure that claims are fast, seamless, and fair

Rating in the Market Today

40% to 50% of damage happens outside SFHAs - CBO

Zone-Based

- Based on flood zones
- NFIP/FEMA no longer rates based on flood zones

Territory -Based

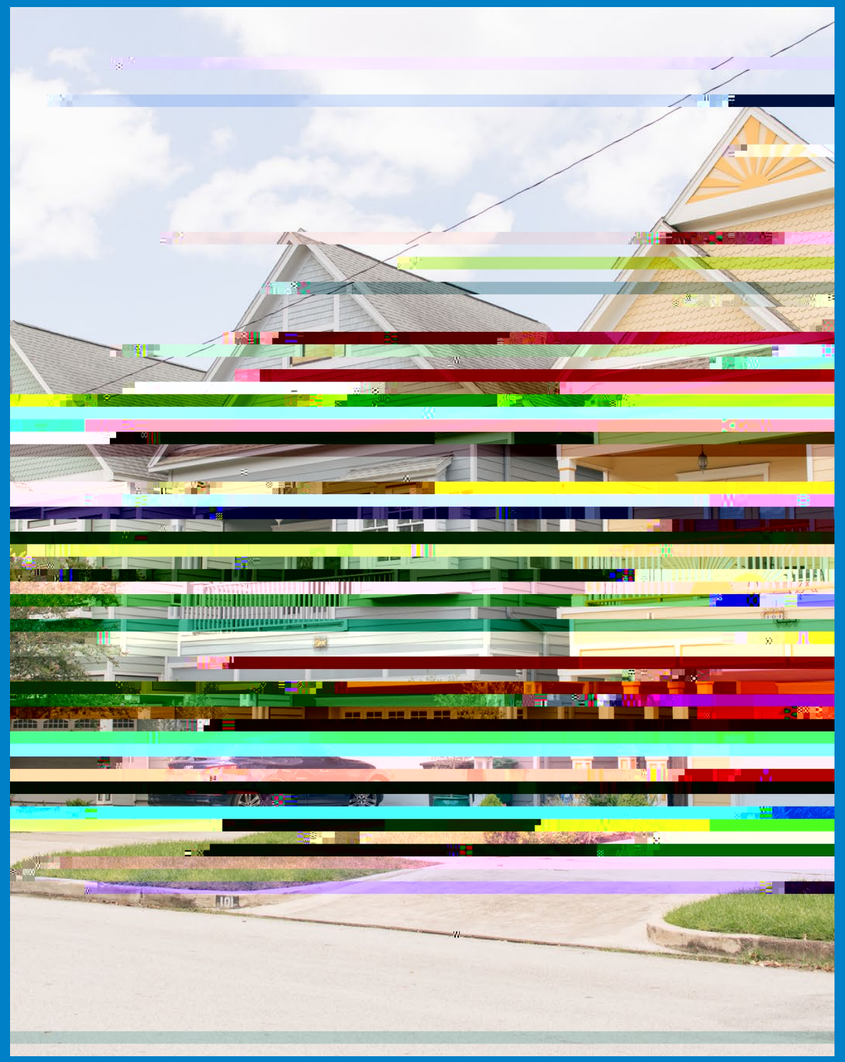
- Geographic sizes are much too large

Third -Party Score

- Scores are often a black box or misunderstood
- Qualitative measure

Single Model

- Many are single point
- Bad inputs are used
- Models have holes



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A Complex Simulation

Actuaries use the

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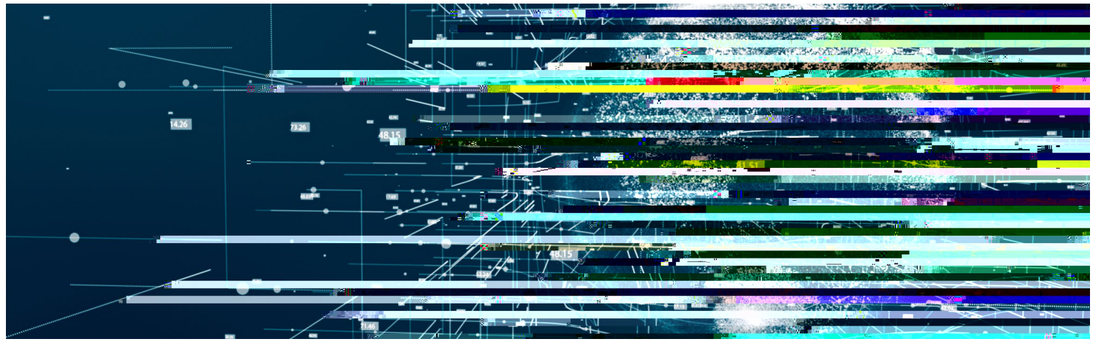
Is there a **best** model?

All models are

AI will Help Solve the Model Problem

Models work from the "Top Down" using broad event footprints



AI works from the "Bottom Up" using detailed information about each location or buildin

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The Protection Gap

The flood protection gap exists for several reasons.

Insurers and reinsurers are concerned about deploying capacity.

Agents are not confident in selling the value of flood insurance.

Insureds lack the awareness that they need coverage.

Mitigation is seldom employed.

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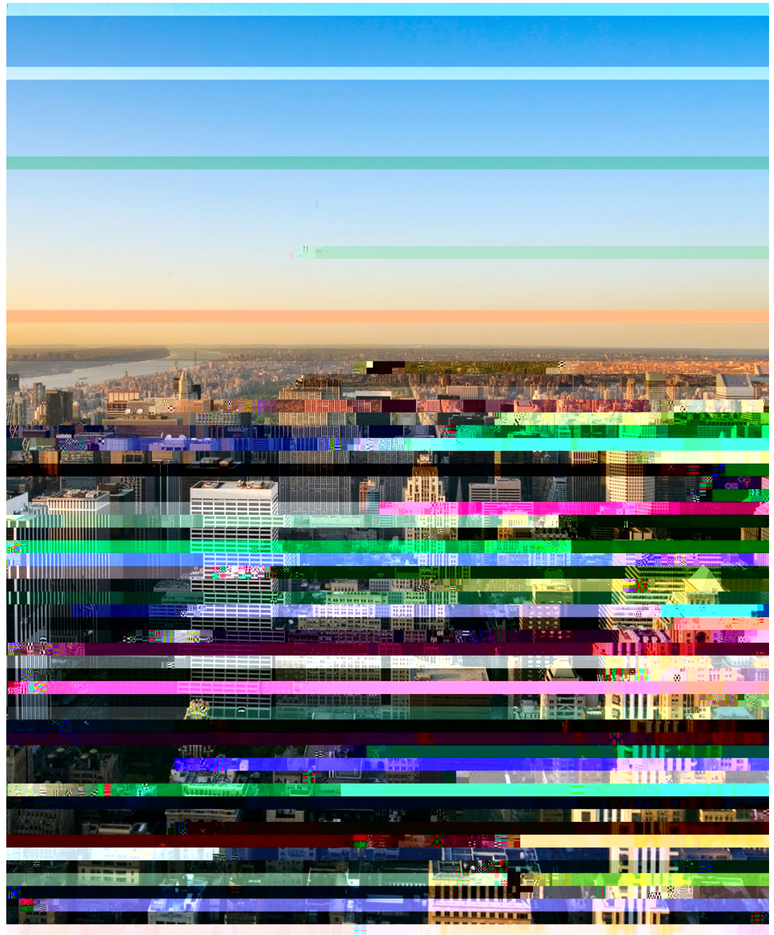
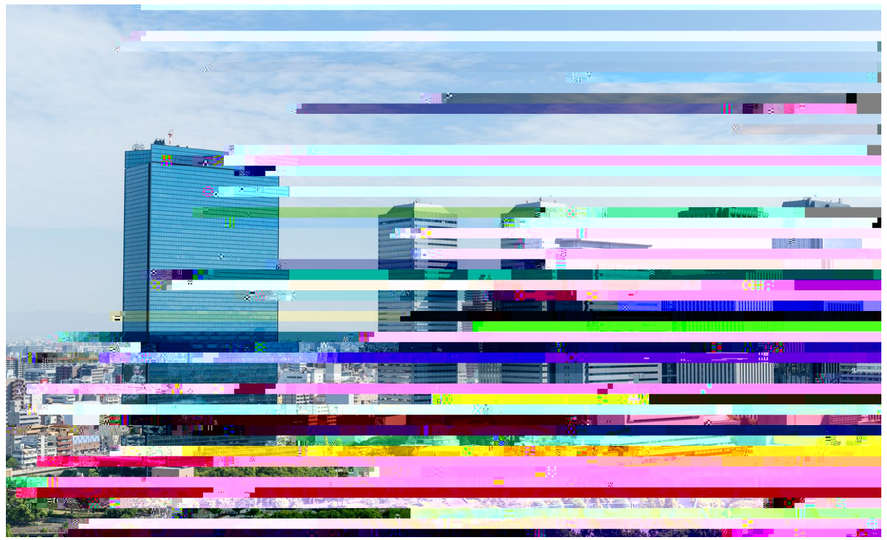
Closing the Gap



Intelligent Outreach



- Materials provided to communities' insurers
- Assessment of good and new flood sales opportunities in existing policyholder base
- Ability to help agents target good and new opportunities as lead line

  2/3 of flood losses are not currently insured
- Help brokers find the right coverage option for insureds

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Thank You

Questions?

Derek Lynch, Chief Underwriting Officer

Derek.Lynch@rethoughtflood.com

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