

NOT IF, BUT HOW

Munich RE 



Parametric solutions

Today's climate threats require innovative solutions

Increases in the frequency and severity of natural disasters and extreme weather events have become a new normal. Their impact can leave homeowners in critical need of fast cash to repair critical damages and maintain essential functions. For businesses that must return to operation as quickly as possible, fast access to funds for repairs and meeting operating expenses is crucial.

While traditional insurance often provides valuable protection for these perils, there is frequently a more immediate "liquidity gap." This is the time before claims

41% of Americans need to tap into savings to cover a \$1,000 emergency; 16% would go into debt¹

settlement when homeowners and/or businesses have an urgent need for immediate funds.

An important complement to traditional insurance

Munich Reinsurance America, Inc. (Munich Re) offers innovative parametric solutions that can help fill liquidity gaps, acting as a complement to traditional insurance, which can require physical damage to trigger coverage, does not cover all economic losses, has high out-of-pocket expenses/high deductibles, and payments can be delayed and/or disputed. Insurance with a parametric trigger provides fast, predetermined payouts based on:

- The occurrence of a triggering event as recorded by the National Hurricane Center (wind velocity, etc.) or the USGS (quake magnitude, etc.)
- Completion of a quick proof of loss process — no need for estimates/adjusters
- Transparent and unbiased triggers

Coverage when and where it's needed most

Payments can be used to begin repairs quickly and for covering expenses that are not directly related to property damage or losses — which are typically excluded from a traditional insurance policy. These costs, which must be related to the triggering event, can include:

- Evacuation expenses
- Debris removal and landscaping expenses
- Loss of income due to inability to work (e.g., due to lack of electricity or inability to travel)
- Cost of the deductible on a traditional policy
- Physical damage to property excluded from a traditional policy
- Rebuilding costs, using resilient building practices to help better withstand future events
- Business interruption expenses where there is no physical property damage
- Emergency service overtime

Customized solutions from a trusted partner

Munich Re's industry expertise and over 20 years of experience with parametric products, enables us to provide innovative parametric solutions that offer clear triggers and timely, flexible payouts following a covered triggering event. Our consultative approach leads to tailored parametric solutions that help bridge the liquidity/protection gap and provide the confidence homeowners and businesses want and need.

60% of small businesses would have liquidity problems if a hurricane was to impact their business²

Our turnkey, white-label parametric insurance solutions include full-service implementation:

- Underwriting guidance
- Pricing and claim support
- Necessary training of agents
- Reinsurance support (up to 100%)

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Note: Munich Re parametric insurance coverage pays only for loss and is based on triggers. Triggers are reliant on both 1) the applicable weather index and 2) loss. Payments are made rapidly but are never immediate due to this loss condition.

¹ <https://www.bankrate.com/banking/savings/financial-security-january-2020/>

² Munich Reinsurance America, Inc.: Survey of Texas small business owners

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