



Parametric property insurance products

California Assembly Insurance Committee

Informational Hearing on Parametric Insurance: What is it and the role it could play

October 9, 2024

About United Policyholders (UP)

- A CA-based, national 501(c)3 not-for-profit organization with a national corps of professional and disaster survivor volunteers and a Platinum Guidestar charity rating.
- 33 years of experience assisting in disaster preparedness and recovery, advocating for fair insurance practices and helping solve problems that impede loss victims' ability to be indemnified through insurance products.
- A leader in efforts to reduce disaster risk through mitigation standards, support, incentives and rewards.
- Working in coordination with insurance regulatory agencies, public officials and stakeholders
- A trusted information resource and respected voice for insurance consumers in all 50 states and the District of Columbia
- Funded by donations and grants

Amy Bach, Esq.



- A professional insurance consumer advocate since 1984, Co-founder, United Policyholders
- Contributing author: NOLO Press Guide to Buying Your First Home, Wise UP; The Savvy Consumer's Guide to Buying Insurance: Home, Rental, Auto & Umbrella Edition
- Appointed Member, Federal Advisory Committee on Insurance (US Treasury)
- Official Consumer Representative, Nat'l Ass'n of Insurance Commissioners
- Fire Victims Trust Oversight Committee
- Associate Board Member, Redwood Credit Union Services Group
- Former consultant, CA State Senate Judiciary Subcommittee

Our three programs

- Roadmap to Recovery[®]
 - *Helping individuals and businesses solve insurance coverage and claim problems.*
- Roadmap to Preparedness[®]
 - *Increasing disaster preparedness by promoting savvy shopping, inventorying and insuring property to value, and mitigation*
- Advocacy and Action
 - *Advocating for insurance consumers in courts of law, legislative and other public policy forums, and in the media.*

Bottom line:

Parametric products are already being used internationally (microinsurance/drought induced crop failure) and by commercial and governmental entities

Parametric products can help solve some coverage gaps and home insurance marketplace problems but are not a panacea

Parametric products are not really “insurance” – they only partially indemnify

In development for years

[Home](#) > [Economics of Disasters and Climate Change](#) > Article

Can Parametric Microinsurance Improve the Financial Resilience of Low-Income Households in the United States?

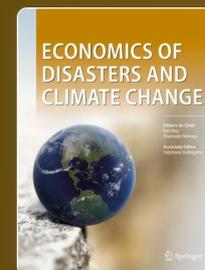
A Proof-of-Concept Examination

Original Paper | [Open access](#) | Published: 30 July 2021

Volume 5, pages 301–327, (2021) [Cite this article](#)

[Download PDF](#) 

 You have full access to this [open access](#) article



[Economics of Disasters and Climate Change](#)

[Aims and scope](#) →

[Submit manuscript](#) →

Examples of triggers

- Wind speed
- Distance between property and earthquake epicenter/peak ground acceleration location
- Water level rise
- Precipitation fall

Potential benefits to consumers

- Faster payouts
- Undisputed payouts/no claim games
- Affordable, simpler than insurance
- Can fill gaps due to high deductibles
- Can fill protection gaps from excluded perils
- Can be the bottom layer of CAT recovery funding layer cakes

Benefits to insurers

- Cost control
- Predictable payouts
- Product design flexibility: (e.g.)
 - CAT 5 payout 100% of limits
 - CAT 4 payout 75% of limits
 - CAT 3 payout 50% of limits

Potential benefits to government

- Base level of layer cake financing for a quasi-public/private program
- Paying premiums for low income households leverages tax dollars better than paying direct aid post-disaster

Downsides

- Not indemnification
- Suitable for low-moderate losses
- Only covers a portion
- One payment – recovery is LONG
- Consumer misconceptions
- Untested start ups

Examples already underway

- Jumpstart Recovery (EQ)
- Raincoat (in development)
- Storm Peace
- First Track (Hurricane)

Jumpstart Recovery

No paperwork. No adjusters.
No strings attached.

Conventional earthquake insurance is designed to cover significant loss, but Jumpstart is different. Our goal is to quickly cover your immediate needs—from childcare to unexpected work expenses, and anything in between—after a quake. We do that by insuring you through a parametric approach.

For a low monthly price, you're covered whenever an earthquake hits your area. Our Jumpstart Promise guarantees an effortless pay-out.

[→ The Jumpstart Promise](#)

\$10K

IMMEDIATE PAYOUT FOR
INDIVIDUALS

[FIND YOUR MONTHLY PRICE](#)

\$20K

IMMEDIATE PAYOUT FOR
SMALL BUSINESSES

[FIND YOUR MONTHLY PRICE](#)



Eliminate Your Hurricane Deductible!

Available statewide! Coverage available for:

- Homes
- Condos
- Mobile Homes

- Zero Deductible
- Fast Payment within 72 Hours
- Average cost only \$300 annually
- No inspections

 Get a Quote



Introducing FirstTrack

by First Insurance Company of Hawaii

FirstTrack is a policy for homeowners, renters, really any Hawaii resident, that pays you quickly in the event of a hurricane or tropical storm. The bigger and closer the storm gets to your residence the more you get paid. How you choose to use that payout is up to you.

FirstTrack vs. Hurricane Insurance



Hurricane Insurance covers property damage incurred from a specific event.



FirstTrack pays out a predetermined amount based on the size and proximity of an oncoming hurricane or tropical storm. This policy offers payouts whether or not property damage is incurred.

How does it work?

A claim payment will be triggered upon the occurrence of a hurricane, as recognized by the National Hurricane Center (NHC). The amount of this payout is determined by two factors: proximity and storm category.

For more information about FirstTrack,
Call us at (808) 527-7213,
contact your independent agent,
or visit fcoh.com/FirstTrack

FirstTrack®

Prices
starting at just
\$45 /yr



**First Insurance
Company of Hawaii®**

A Member of the Tokio Marine Group



We've got your back when insurance matters

United Policyholders (UP) is a non-profit 501(c)(3) whose mission is to be a trustworthy and useful information resource and a respected voice for consumers of all types of insurance in all 50 states. We don't take money from insurance companies. We give you the straight scoop. Guide you on buying insurance and navigating claims. Fight for your rights.

info@uphelp.org | www.uphelp.org