

CLIMATE RISK MANAGEMENT: INSURANCE SOLUTIONS TO IMPROVE COMMUNITY RESILIENCE

MARYLAND COMMISSION ON CLIMATE CHANGE
ADAPTATION AND RESILIENCY WORKING GROUP (ARWG)
Q2 Meeting – Wednesday, May 31, 2023

May 17, 2023

Presentation Overview



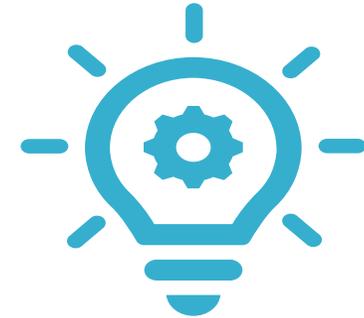
Who

Collaboration for the Greater Good



Why

Insurance Impact on Resilience and
Vice Versa



How

Solutions to Adapt

Insurance Regulation



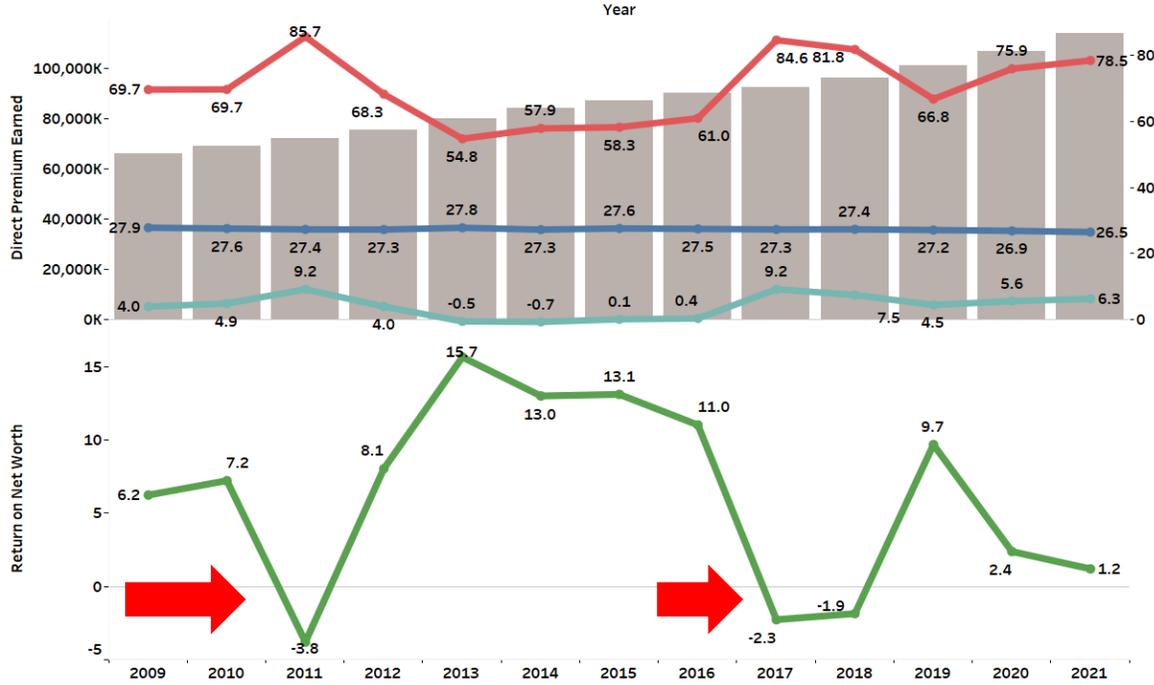
Access to
affordable
coverage



Insurer
financial
stability

Consumer
Protection

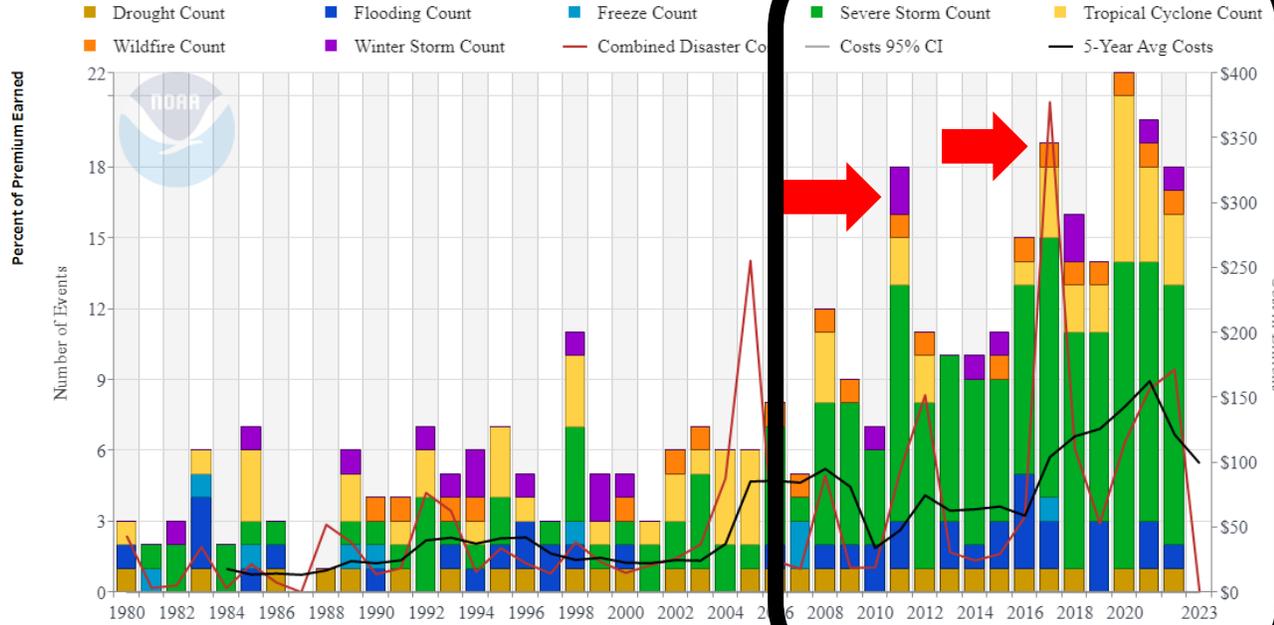
Countrywide Direct Ten-Year Profitability Overview
 Property & Casualty - Countrywide Homeowners
 Source: Profitability Report by Line by State in 2021



Source: NAIC Property Casualty Annual Financial Statement

- Overview Legend
- Combined Expense
 - Loss & LAE
 - Investment Gain
 - Premium Earned
 - Return Net Worth

United States Billion-Dollar Disaster Events 1980-2023 (CPI-Adjusted)



Updated: April 10, 2023

Source: NOAA Billion Dollar Disaster Database



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BUILDING SCIENCES™

Overall Benefit-Cost Ratio

ADOPT
CODE

11:1

ABOVE
CODE

4:1

BUILDING
RETROFIT

4:1

LIFELINE
RETROFIT

4:1

FEDERAL
GRANTS

6:1

Cost (\$ billion)

\$1/year

\$4/year

\$520

\$0.6

\$27

Benefit (\$ billion)

\$13/year

\$16/year

\$2200

\$2.5

\$160



Riverine Flood

6:1

5:1

6:1

8:1

7:1



Hurricane Surge

not
applicable

7:1

not
applicable

not
applicable

not
applicable



Wind

10:1

5:1

6:1

7:1

5:1



Earthquake

12:1

4:1

13:1

3:1

3:1



Wildland-Urban Interface Fire

not
applicable

4:1

2:1

not
applicable

3:1

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Adapting to Reduce Property Loss

NAIC Climate and Resiliency (EX) Task Force

The mission of the NAIC's Climate and Resiliency (EX) Task Force is to serve as the coordinating NAIC body for discussion and engagement on climate-related risk and resiliency issues, including dialogue among state insurance regulators, industry, and other stakeholders.

Pre-Disaster Mitigation Workstream

Solvency Workstream

Climate Risk Disclosure Workstream

Innovation and Technology Workstream

Consider innovative insurer solutions to climate risk and resiliency, including:

Identify adaptation, resilience, and mitigation issues and solutions related to the insurance industry.

Consider pre-disaster mitigation and resiliency and the role of state insurance regulators in resiliency.

How to apply technology and innovation to the mitigation of storm, wildfire, other climate risks, and earthquake.

Insurance product innovation directed at reducing, managing, and mitigating climate risk, as well as closing protection gaps.

https://content.naic.org/cmt_e_ex_climate_resiliency_tf.htm



Building Code Effectiveness
Grading Schedule

Risk Assessment
and Adaptive
Design

The National Risk Index Map



CENTER FOR INSURANCE POLICY AND RESEARCH
CATASTROPHE MODELING
CENTER OF EXCELLENCE

STRENGTHEN
ALABAMA HOMES

EARTHQUAKE
BRACE+BOLT®



Community Rating System

Resilience
Funding and
Incentives



R4C

SC Safe Home Mitigation
Grant Program



SMART HOME
AMERICA



Stronger Homes. Safer Florida.



FEMA



FLASH®
FEDERAL ALLIANCE FOR SAFE HOMES



Empowering the Insured



Consumer
Outreach and
Education

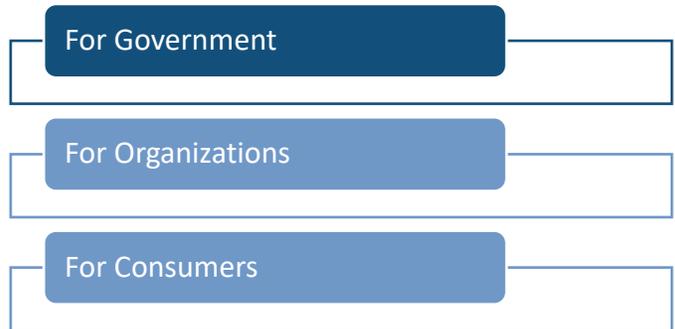
Public – Private Partnerships

Innovative Insurance Products



Parametric Insurance

<https://content.naic.org/cipr-topics/parametric-disaster-insurance>



Catastrophe Bonds

<https://www.artemis.bm/artemis-ils-market-reports/>

**Chasing Storms for
Uncorrelated Returns**

Inclusive Insurance/Community-Based Coverage

<https://www.edf.org/inclusive-insurance>

Project components

- Deploy innovative insurance pilots
- Build a community of practice
- Link research to actionable change
- Increase literacy and capacity

Supporting Research

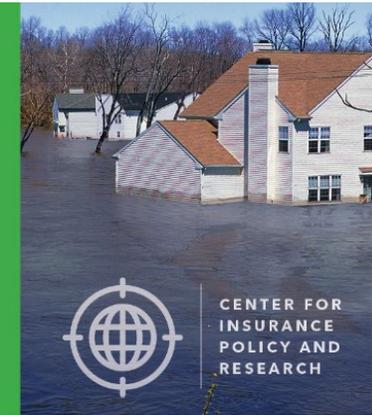
[Flood Insurance Redesigned: Regulatory Considerations for a Viable and Sustainable Private Market](#)

Application of Wildfire Mitigation to Insured Property Exposure

Addressing the New Madrid Seismic Zone Earthquake Protection Gap

Understanding and Assessing Indirect Impacts from Natural Disasters – A Focus on Health

NAIC 2023
SPRING NATIONAL MEETING
THURSDAY, MARCH 23RD
12:00 PM – 1:30 PM (ET)



An Industry and Regulator Initial Dialogue

Gauging the Potential for Insurance Industry Investments in Social Infrastructure and Community Development Initiatives

NAIC 2022
SUMMER NATIONAL MEETING
WEDNESDAY, AUGUST 10TH
12:00 PM (PST)

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In conclusion, the primary goal is helping people.

Actionable steps to achieve the goal:

- Improve risk assessments to provide more insight for better planning and preparation before disasters occur.
- Coordinate across federal and state agencies, for-profit and not-for-profit organizations.
- Design and fund innovative solutions.
- Educate consumers to make more informed decisions.



CONTACT INFORMATION

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National Association of Insurance Commissioners

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