



Parametric Hurricane Insurance

A Strategic Solution for Agents and Brokers



Understanding
the Role of
Parametric
Hurricane
Insurance in Risk
Management

Introduction

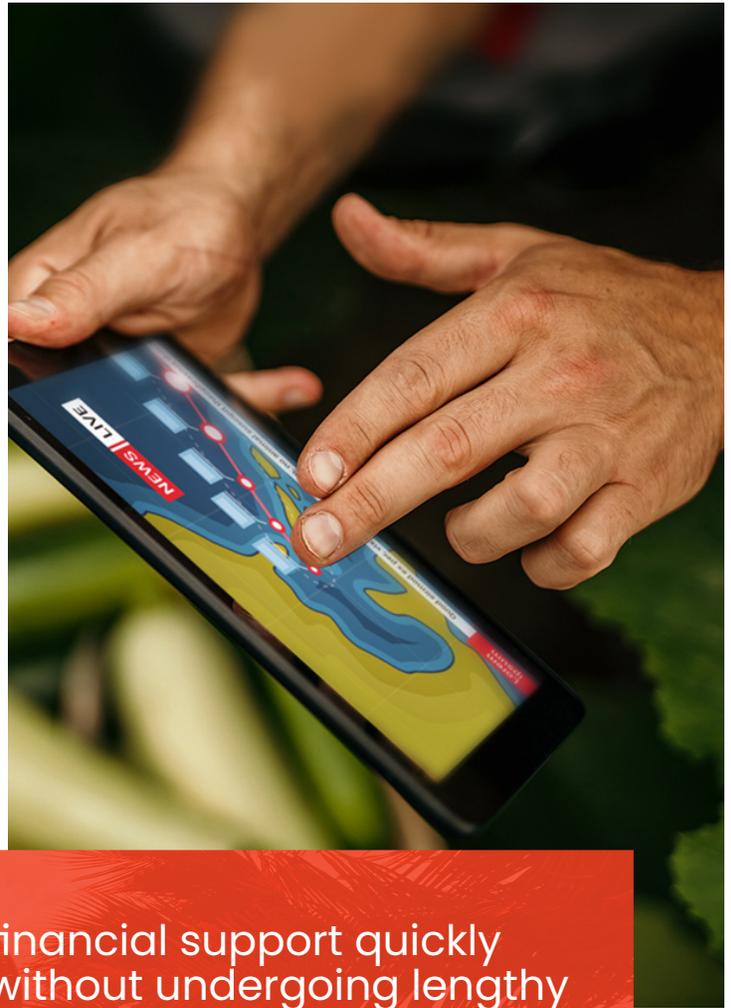
For businesses operating in hurricane-prone regions, financial resilience is essential. Traditional insurance policies often leave gaps due to high deductibles and exclusions, creating a need for supplemental coverage. Parametric hurricane insurance provides pre-determined payouts based on measurable storm parameters, offering an alternative approach to managing hurricane-related financial risks. This whitepaper examines the fundamentals of parametric hurricane insurance, its practical applications, and the role of supplemental coverage in mitigating economic disruptions.



an alternative
approach to
managing
hurricane-related
financial risks

How Parametric Hurricane Insurance Works

Unlike indemnity-based insurance, parametric insurance pays out based on predefined weather conditions rather than assessed damages. This approach allows businesses to receive financial support quickly without undergoing lengthy claims processes.



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1. PREDEFINED TRIGGERS:

Policies are structured around objective storm parameters such as hurricane intensity and proximity to the insured location.



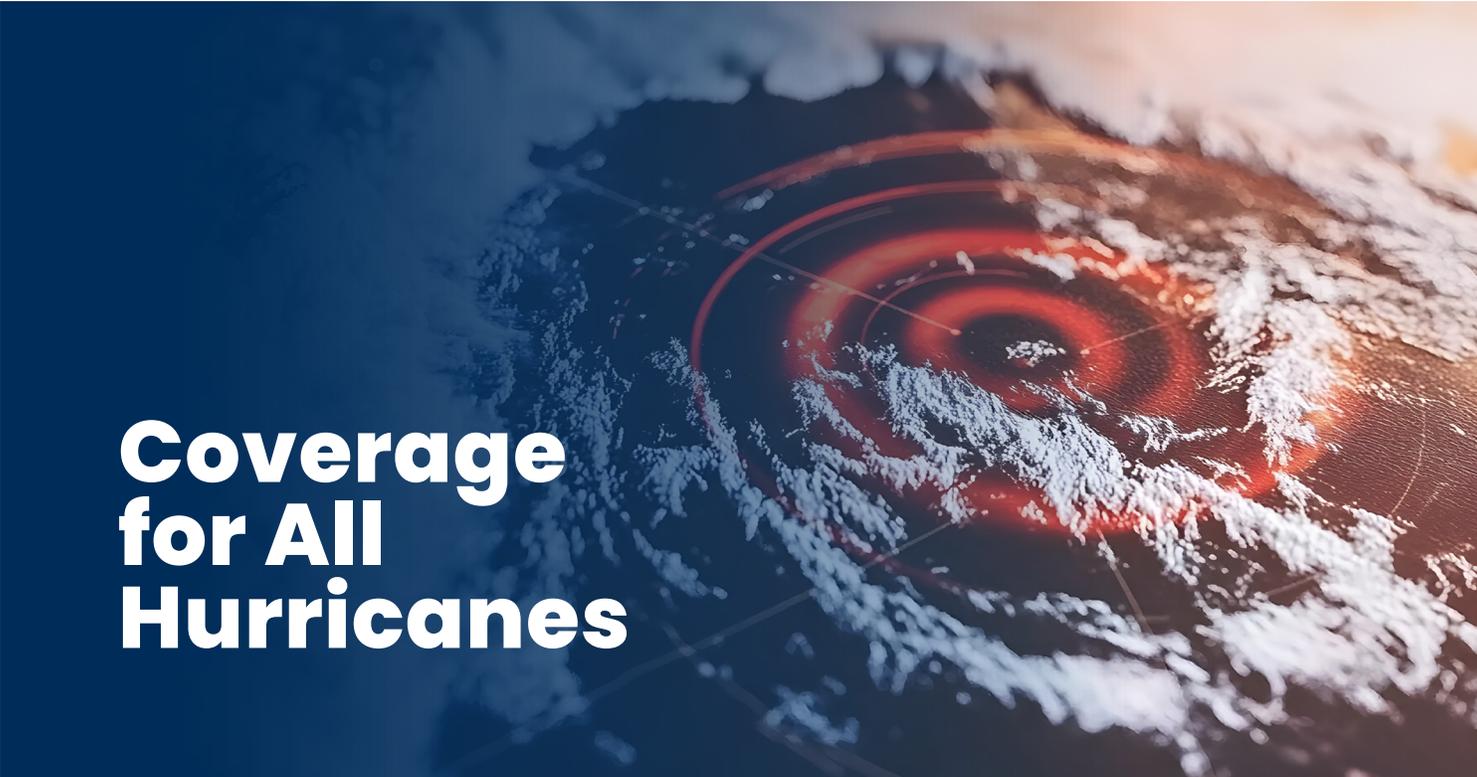
2. DATA-DRIVEN VALIDATION:

Independent agencies, such as NOAA and the National Hurricane Center, provide storm data to determine when payouts are triggered.



3. IMMEDIATE PAYOUTS:

Once the criteria are met, payments are processed automatically, ensuring timely financial assistance.



Coverage for All Hurricanes

COVERAGE AREAS: Businesses may opt for protection within a **30-mile or 60-mile radius** of their location.

TRIGGERING EVENTS: Payouts occur when a hurricane of **any category** tracks within a **30-mile radius** of the insured location, or a **Category 3 or stronger** hurricane tracks within a **60-mile radius** of the insured location.

FLEXIBLE FUND UTILIZATION: Payouts can be used for **storm-related expenses** such as payroll, lost revenue, storm cleanup, and operational continuity.

ANNUAL POLICY TERM: Coverage is effective **30 days after purchase** and remains valid for **one year**.

MULTI-STORM PROTECTION: If multiple hurricanes impact the coverage area within the same policy year, payouts are issued for each event (subject to policy limits).

payroll, lost
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Applications and Benefits of Parametric Hurricane Insurance

1. ADDRESSING COVERAGE GAPS IN TRADITIONAL POLICIES

Many commercial insurance policies exclude flood damage, storm surges, and business interruption unless physical damage occurs. There is also the deductible from an effective traditional P&C policy to consider. Parametric coverage helps address these gaps by providing financial support when predefined conditions are met.

2. ENSURING BUSINESS CONTINUITY

Hurricanes often lead to operational disruptions, employee displacement, and supply chain delays. The ability to access immediate funds helps businesses maintain essential operations and recover more efficiently.

3. EXPEDITED RECOVERY PROCESS

The structured payout model eliminates the need for claims adjustments, allowing businesses to access funds in **less than 30 days** of the triggering event.

4. CUSTOMIZABLE COVERAGE OPTIONS

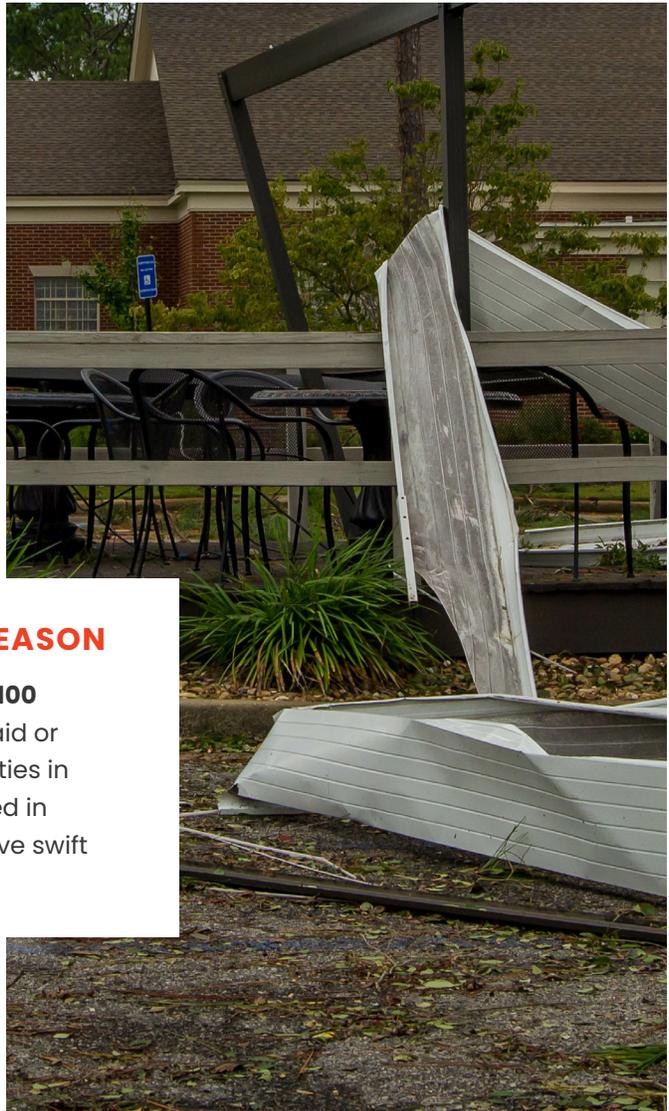
Businesses can select coverage parameters based on historical hurricane patterns and their individual risk exposure.

helps businesses maintain essential operations and recover



Case Study: Hurricanes Helene and Milton

A Data-Driven Response



IMPACT OF THE 2024 HURRICANE SEASON

Hurricanes **Helene and Milton** resulted in over **\$100 billion in damages**, many of which remain unpaid or are subject to adjustments, exposing vulnerabilities in traditional insurance policies. Businesses enrolled in **Vortex's parametric hurricane insurance** receive swift payouts, helping them mitigate financial strain.

EXAMPLE: Senior Care Facility in Tifton, GA*

Location: Within the 30-mile radius coverage area of Hurricane Helene

Policy Limit \$65,000

Payout Rate: 70%

Total Payout: \$45,500

The facility could use the payout to cover operational costs, staff wages, and emergency supplies while awaiting traditional insurance claims.

**Example payout only. There was no claim or payout for this Senior Care Facility in Tifton, GA. This example is provided for educational purposes only.*

Hurricane Category	Payout (30-mile radius)	Payout (60-mile radius)
1	5%	0%
2	15%	0%
3	35%	10%
4	70%	25%
5	100%	50%

WHY A 70% PAYOUT?

Helene's storm track crossed within the 30-mile radius circle around the Senior Care Facility* as a Category 4 storm. That triggered the 70% payout per the payout schedule above.

Industries

That Benefit from Parametric Hurricane Insurance

1. HOSPITALITY & TOURISM

Hotels, resorts, and event venues face revenue losses when hurricanes disrupt operations. Parametric insurance provides funds to manage temporary closures and maintain payroll.

2. HEALTHCARE FACILITIES

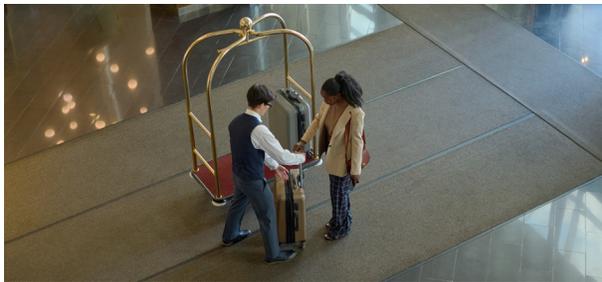
Hospitals and senior care centers require immediate financial support to maintain patient care, repair facilities, and manage supply shortages.

3. RETAIL & COMMERCIAL BUSINESSES

Retailers, grocery stores, and shopping centers can use payouts to cover lost sales, restocking expenses, and store repairs.

4. COMMERCIAL & COMMUNITY PROPERTY MANAGEMENT & REAL ESTATE DEVELOPMENT

Landlords and developers benefit from financial support when rental properties experience disruptions or storm-related losses.





Evaluating Policy Options for Clients

When advising clients on parametric hurricane insurance, brokers should assess:

1. REGIONAL HURRICANE RISK PROFILES

- Analyzing historical storm data to determine optimal coverage options.

2. BUSINESS-SPECIFIC VULNERABILITIES

- Identifying potential revenue losses, operational disruptions, and uninsured risks.

3. POLICY LIMITATIONS AND STRUCTURE

- Clarifying payout structures and understanding how policies interact with existing coverage.

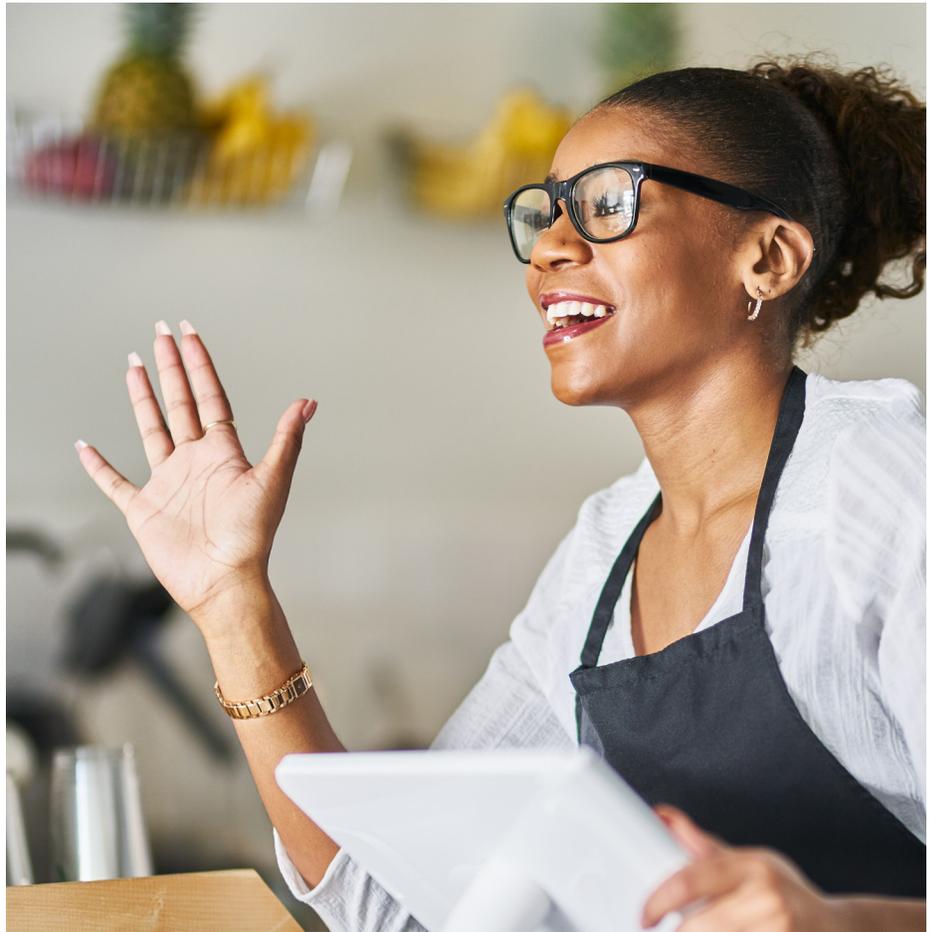
4. PROVIDER RELIABILITY

- Selecting a provider with a proven track record in parametric insurance underwriting.



Conclusion:

Hurricane-related financial risks pose significant challenges for businesses.



Parametric hurricane insurance offers a proactive risk management approach

by ensuring swift, transparent payouts based on measurable storm conditions. The expansion of **Vortex's Supplemental Hurricane Insurance** to cover **all hurricane categories** further enhances its applicability across industries. As businesses seek more reliable financial protection, parametric solutions provide a structured, data-driven approach to managing storm-related disruptions.

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