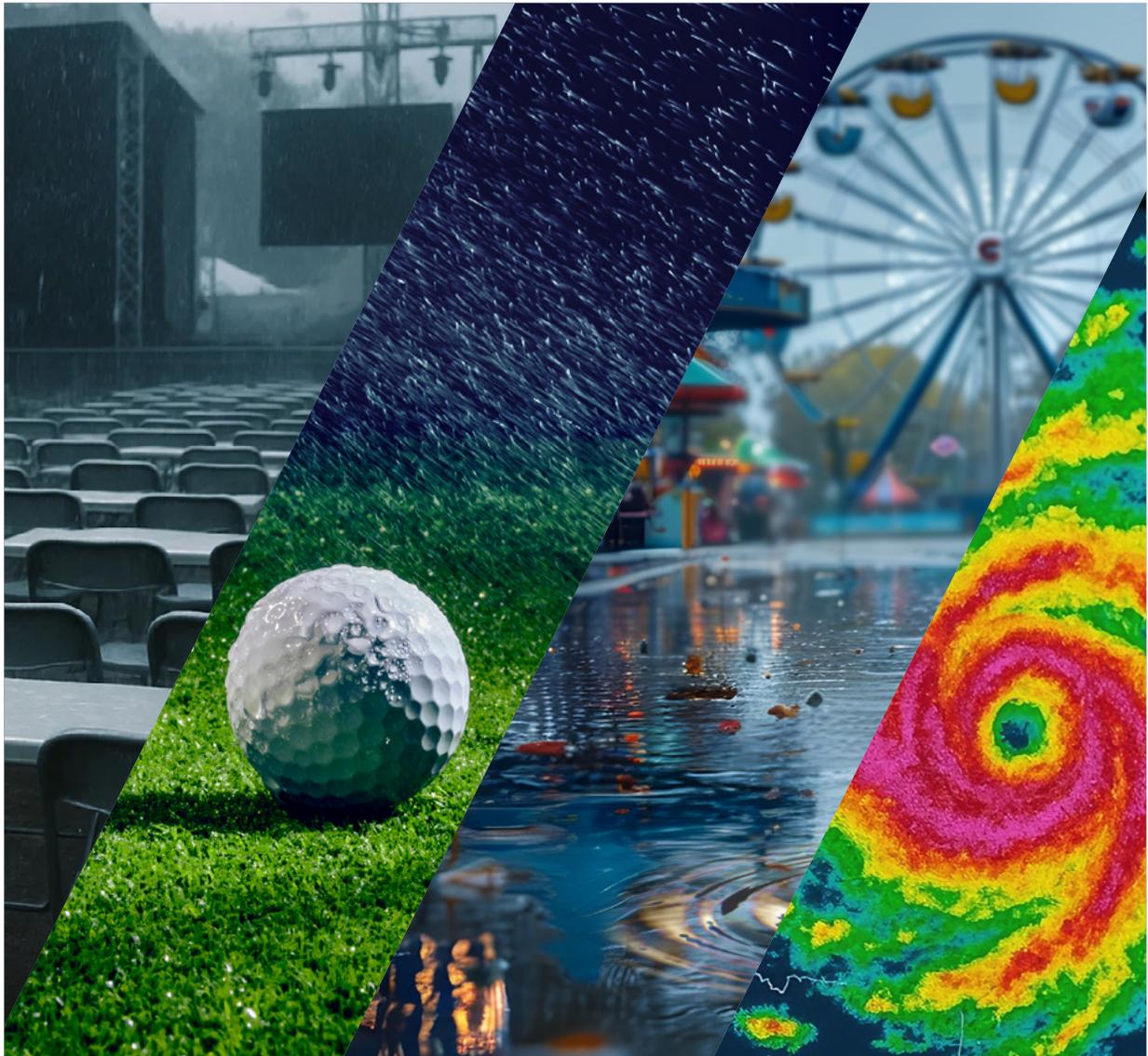




Expanding Risk Management Horizons

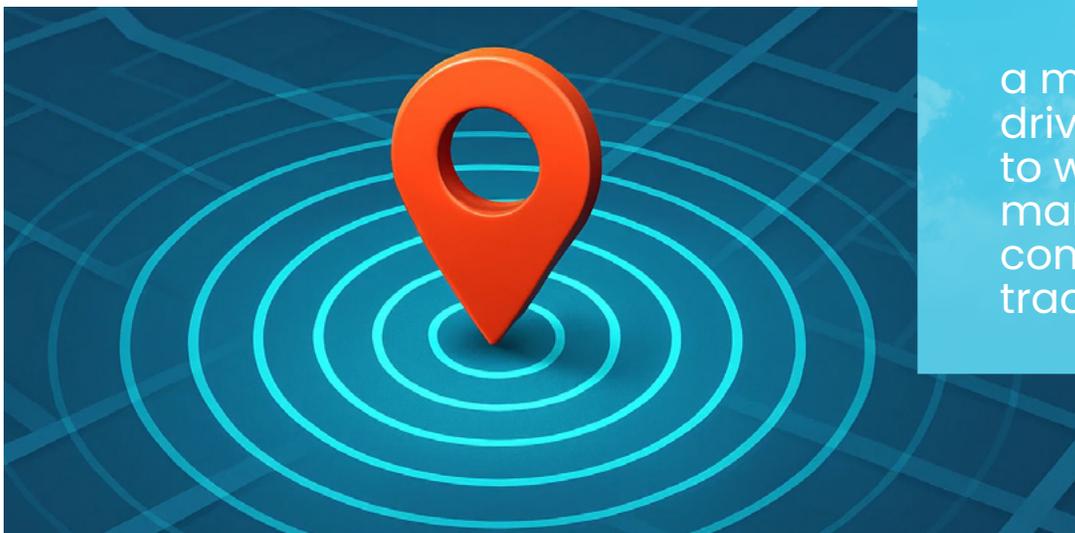
A Guide to Parametric Weather Insurance for Insurance Agents



Introduction

As the frequency and severity of weather-related disruptions increase, so does the need for innovative, responsive insurance solutions. Parametric insurance presents a modern, data-driven approach to weather risk management that complements traditional policies rather than replacing them. This white paper is crafted specifically for insurance agents and brokers seeking to differentiate their offerings, address critical coverage gaps, and explore new market opportunities.

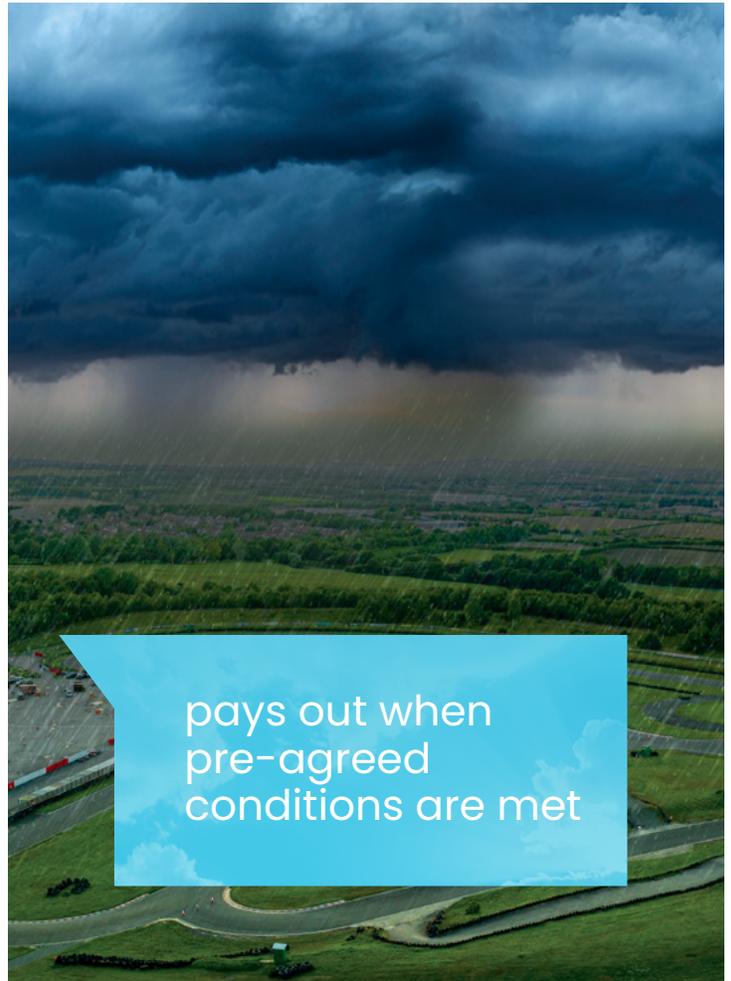
Parametric weather insurance empowers agents to provide swift, transparent, and customized protection to clients across various industries. If you're not already offering these products, you're potentially missing out on helping your clients mitigate significant exposures—and expanding your book of business in the process. This white paper will provide an overview of parametric weather insurance, using two specific product examples: hourly rain and supplemental hurricane insurance.



a modern, data-driven approach to weather risk management that complements traditional policies

What Is Parametric Insurance?

Parametric insurance is index based coverage that pays out when pre-agreed conditions are met—typically based on independent third-party measurements such as rainfall levels or storm proximity—rather than on assessed losses.



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Key Features:



1. PREDEFINED

TRIGGERS: Payouts occur when specific recorded weather thresholds are reached (e.g., 0.25" of recorded rainfall or a Category 3 hurricane tracking within 60 miles).



2. OBJECTIVE DATA

SOURCES: Verified data from third-party providers like NOAA or radar networks ensures trust, objectivity and accuracy.



3. RAPID PAYOUTS:

Clients typically receive payments within days or weeks, bypassing lengthy claims investigations and delays.

This model ensures businesses can maintain operations or recover faster, without the friction often seen with indemnity-based processes.



Spotlight: Hourly Rain Insurance

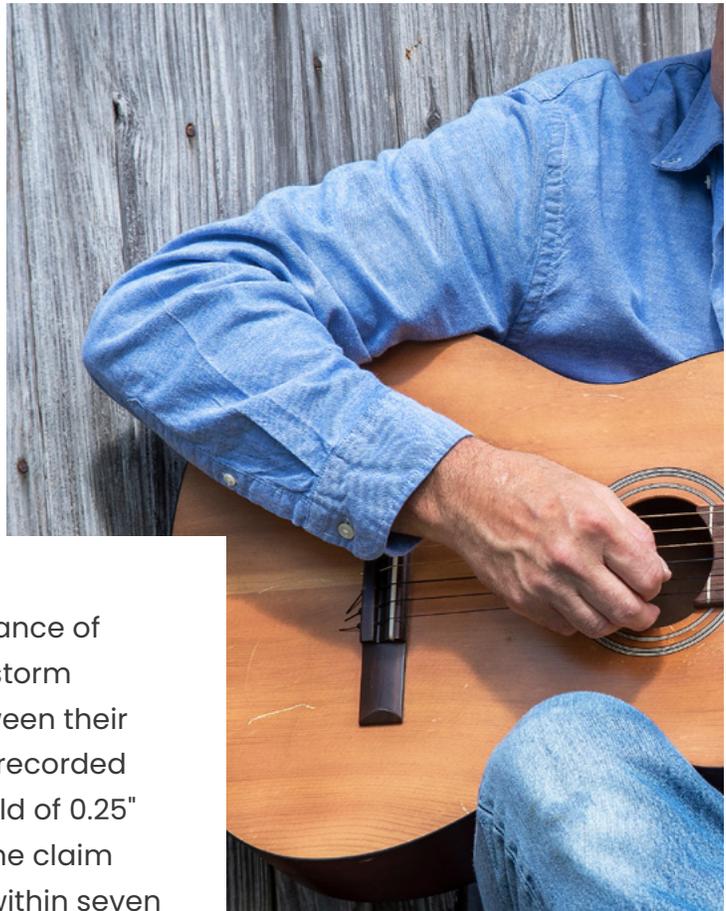
Hourly rain insurance is ideal for businesses where revenue relies on dry weather conditions. It pays out based on radar-measured rainfall at the insured's precise location within a specified timeframe and threshold.

Industries Benefiting From Hourly Rain Insurance:

- **OUTDOOR EVENTS:** Concerts, fundraising events, festivals, and fairs vulnerable to rain diminishing admissions and concessions.
- **SPORTS AND RECREATION:** Youth sports tournaments, golf courses, and camps reliant on playable conditions.
- **CLUB FACILITIES:** Golf, tennis, pickleball, and beach club owners lose revenue when customers stay home.
- **PRODUCTION COMPANIES AND CONSTRUCTION PROJECTS:** Projects delayed by precipitation face labor and equipment costs, and potential late charges.

Case Study: The Coyote Store

Gail, Texas



After a forecast showed only a 20% chance of rain, the venue unexpectedly faced a storm that dropped over an inch of rain between their coverage hours of noon to 11 pm. That recorded rainfall exceeded their insured threshold of 0.25" and triggered an automatic payout. The claim was processed and payment mailed within seven days, covering costs such as staff, performers, and logistics—a seamless, hassle-free experience that saved the event from financial hardship.



AGENT TAKEAWAYS:

- Customize policies based on local rainfall patterns.
- Fill uninsured gaps within traditional insurance policies.
- Offer clients peace of mind, especially those in seasonal or event-based businesses.
- Establish your brand as a weather-risk solutions leader.



Spotlight:

Supplemental Hurricane Insurance

Financial records show the gap between hurricane damage and hurricane coverage continues to widen. Hurricane-related damage often leads to delayed or denied claims due to high deductibles or exclusions. Parametric hurricane insurance helps bridge these gaps with predefined payout schedules based on the recorded storm category and 30-mi or 60-mile proximity.

Coverage Overview:

- **RADIUS OPTIONS:** 30-mile or 60-mile coverage zones.
- **STORM CATEGORIES:** All hurricane categories are included (CAT 1-5). Payouts increase with hurricane strength and proximity.
- **USES FOR FUNDS:** Payroll, cleanup, non-damage business interruption, supply procurement, and more. There are no exclusions.
- **MULTI-STORM COVERAGE:** Policies can cover more than one event per season.

Example Payout: Senior Care Facility,

Tifton, GA



Located within a 30-mile radius of Hurricane Helene (Category 4), the facility received a 70% payout on their \$65,000 policy limit within 30 days. These funds could be used for operations, immediate repairs, and staff support while traditional claims were processed.



Industries Benefiting From Hurricane Coverage:

- Hospitality & Tourism
- Real Estate and Property Management
- Boat Docks and Marinas
- Healthcare, Retail & Shopping Centers
- Any Commercial Property in hurricane prone areas

Why Agents Should Care About Parametric Insurance

1. GAP-FILLING TOOL

Parametric products supplement existing commercial property and business interruption policies.

2. SPEED-SATISFACTION

Fast payouts boost client confidence and loyalty.

3. CUSTOMIZATION CREATES VALUE

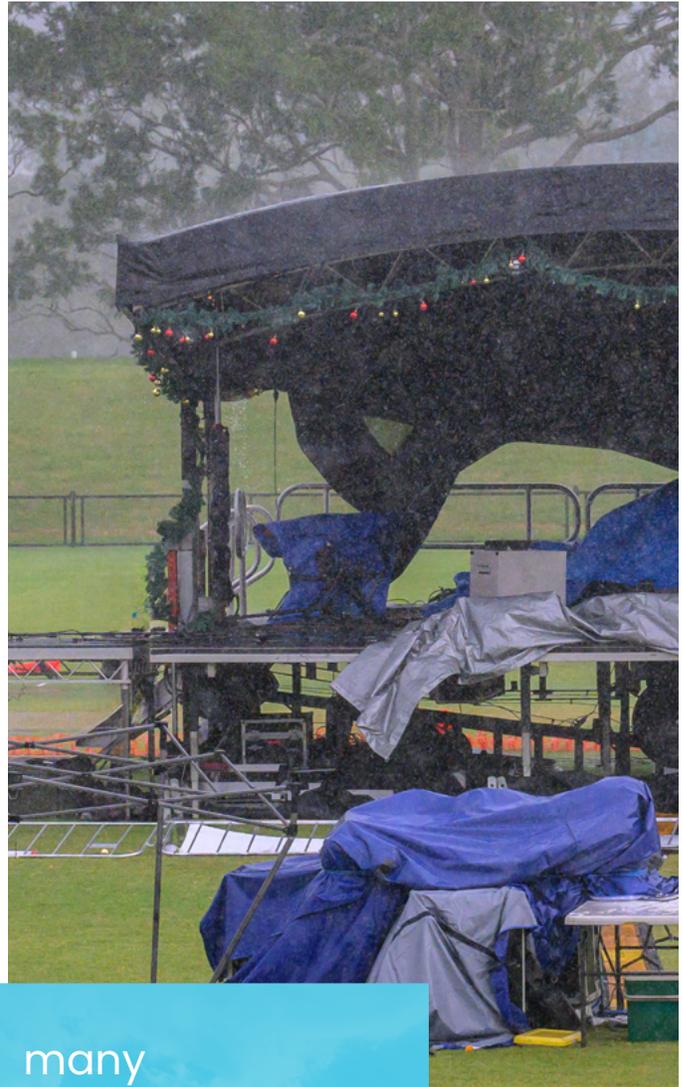
Tailored thresholds based on historical risk elevate your service quality.

4. NEW MARKET POTENTIAL

From music venues to medical clinics, many organizations are underserved in weather risk coverage.

5. DIFFERENTIATION

Stand out by offering cutting-edge solutions that go beyond the basics.



many organizations are underserved in weather risk coverage

How to Get Started

Helping clients adopt parametric insurance involves:

- **EVALUATING RISK PROFILES:** Use historical weather data and business models.
- **CHOOSING THE RIGHT PARTNER:** Work with trusted parametric specialists like Vortex, known for reliability and rapid processing.
- **DETERMINING TRIGGER THRESHOLDS:** Match coverage with the financial tolerance and critical operation points.
- **EDUCATING THE CLIENT:** Communicate how parametric works in concert with traditional insurance.

Conclusion

• Parametric weather insurance offers a timely, transformative tool in the modern insurance agent's toolkit. As extreme weather becomes more common, your clients will need proactive, data-driven options to stay resilient. By introducing parametric weather products like hourly rain insurance and supplemental hurricane insurance, agents can become trusted advisors in weather risk mitigation. Moreover, as premiums continue to rise and coverage limitations expand, business owners are increasingly open to exploring alternative risk structures to help bridge the growing protection gap.

Whether you're safeguarding a concert or supporting a hurricane-prone retailer, these policies deliver flexibility, transparency, and fast relief.

Now is the time to expand your offerings. Your clients' financial stability may depend on it.