Storms, Sensors & Strategy:

How Midwest Risk Managers Take Back Control of Property Risk

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Alliant Insurance Services

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The Midwest is No Longer a Stable Property Market

What You'll Walk Away With

- Understand **evolving property risks** across the Midwest.
- Integrate **data, sensors, and strategy** into risk programs.
- Identify **actionable tools** for better insurance outcomes.

Secondary Perils Are Now Driving Your Losses

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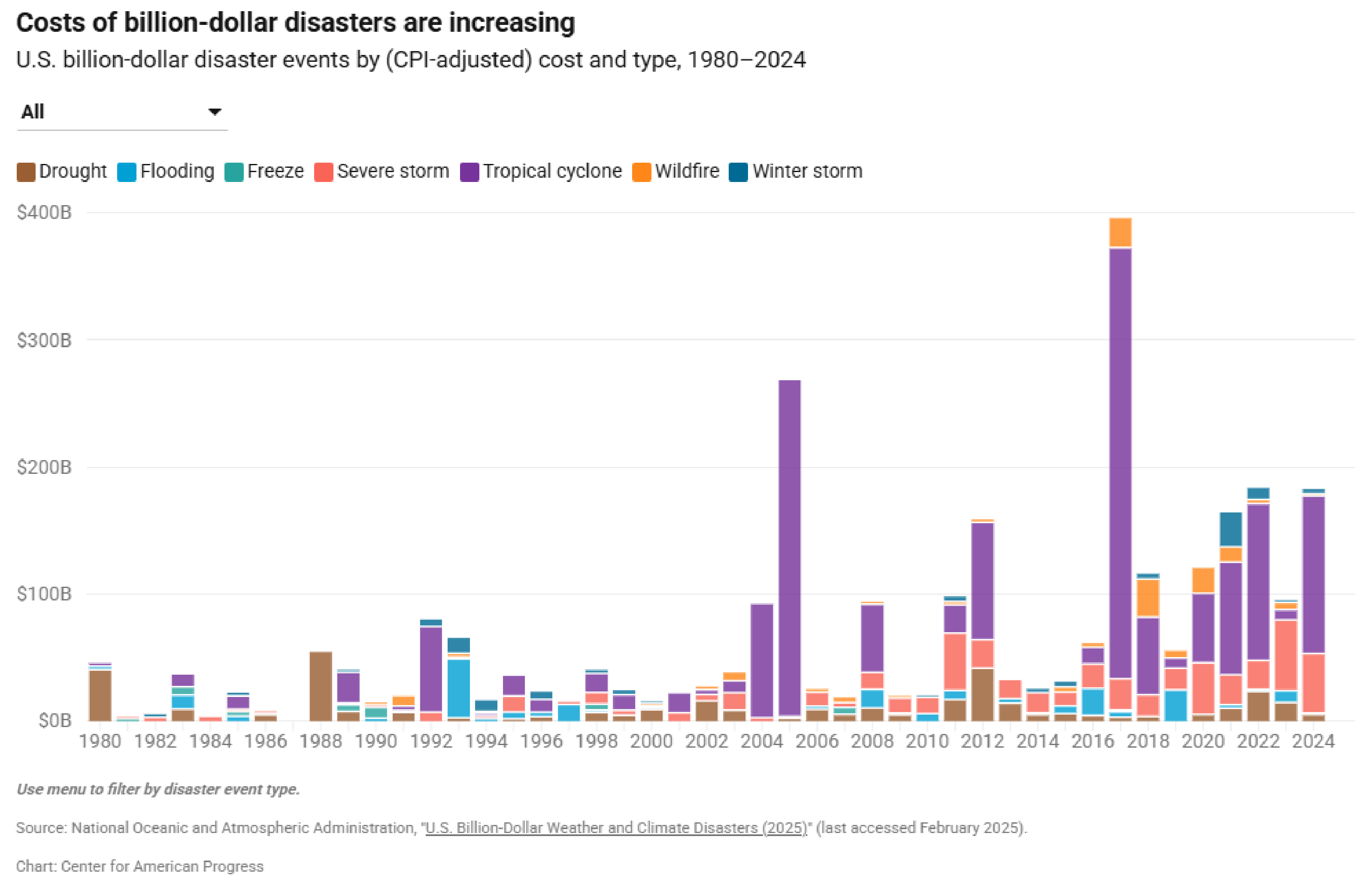
Billion-dollar Natural Disasters are Increasing!

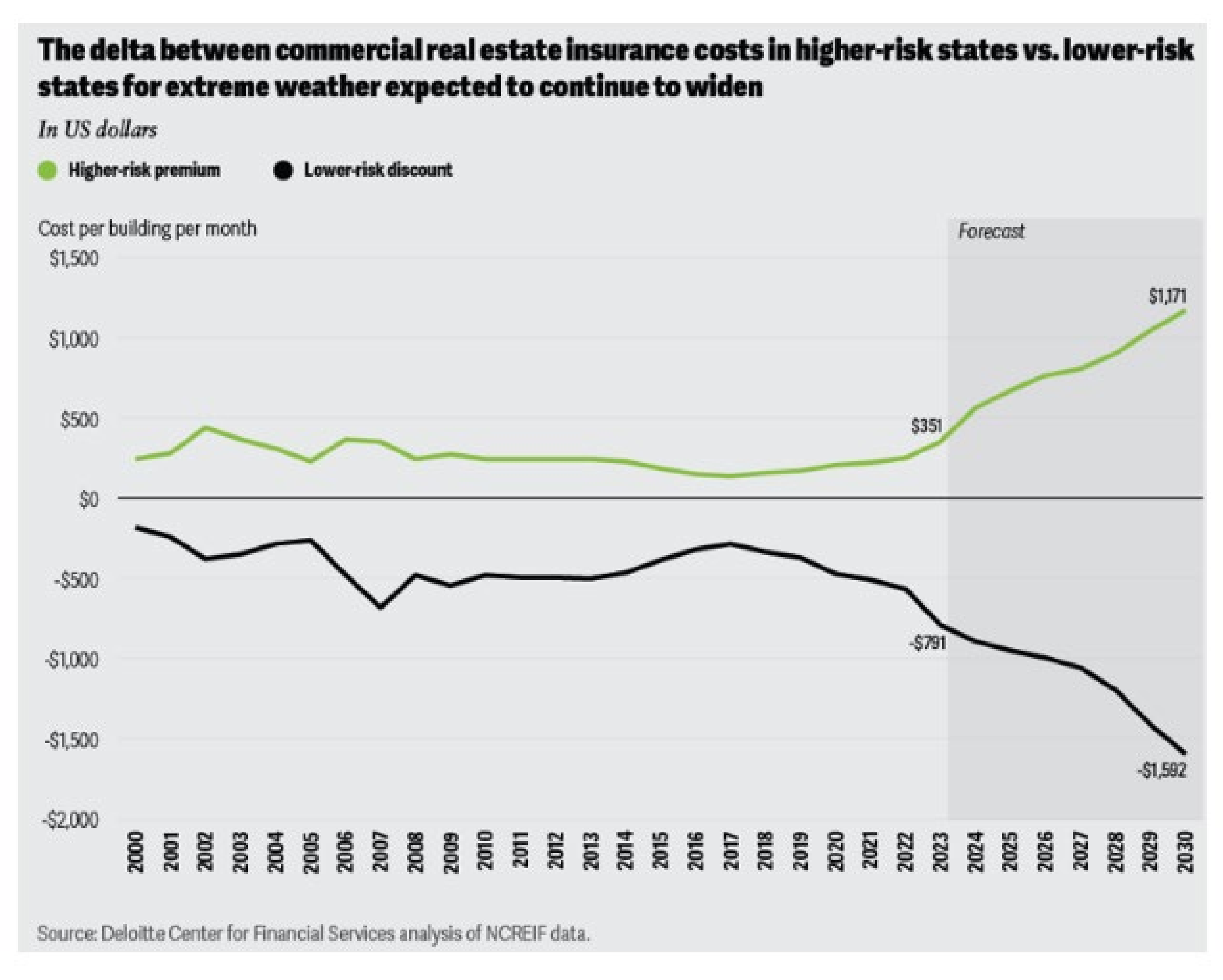
Hail, flood, wildfire, freeze, SCS/wind.

Emergence of Secondary Perils as loss drivers.



Carriers Don't Just Raise Rates . . . They've Changed the Rules

Lower Capacity.
Higher Deductibles.
Peril-specific Sublimits.
Exclusionary wording.



Underwriters Are Getting Smarter & Faster Than Ever

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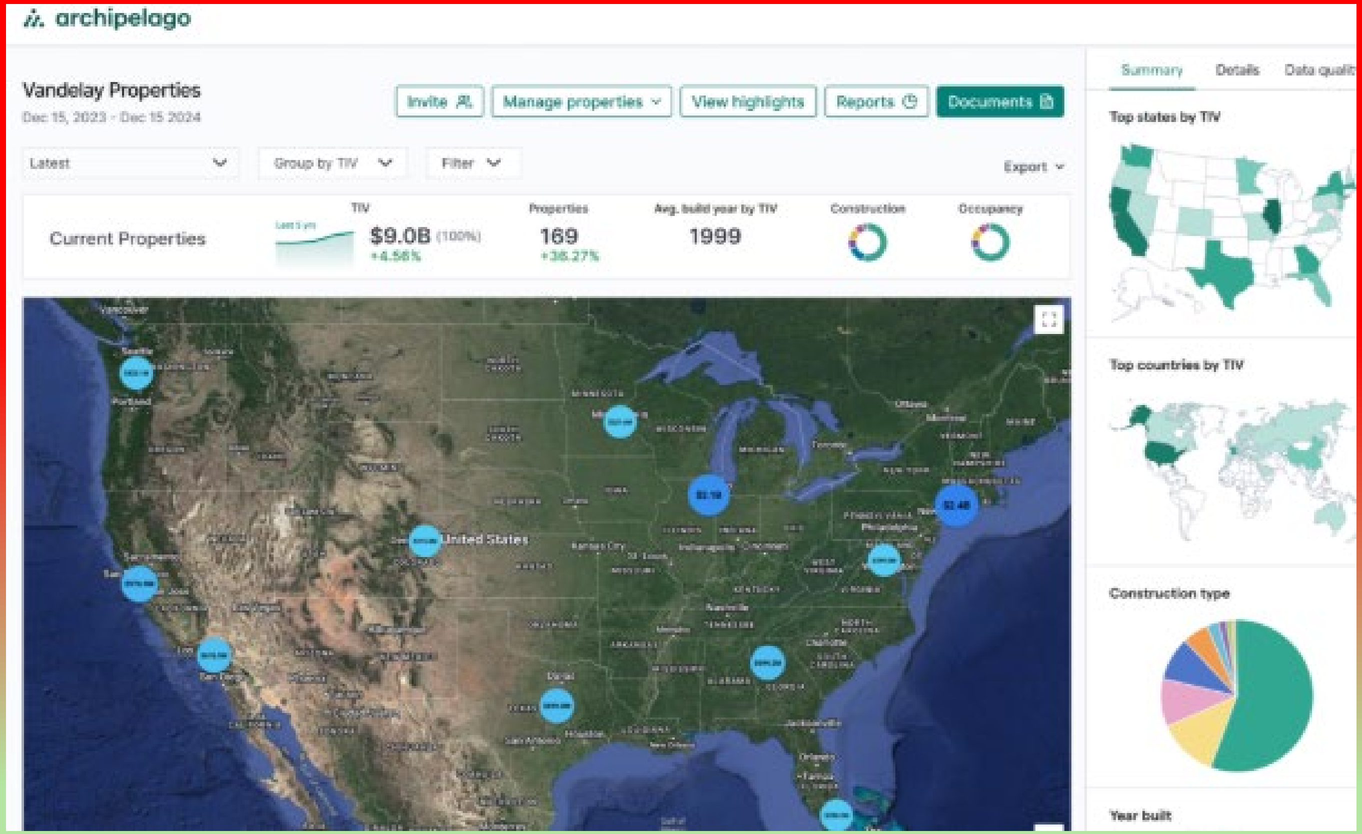
Predictive Analysis.
CAT Modeling.
Satellite Imagery.
Artificial Intelligence.
Real-Time Risk Scoring.



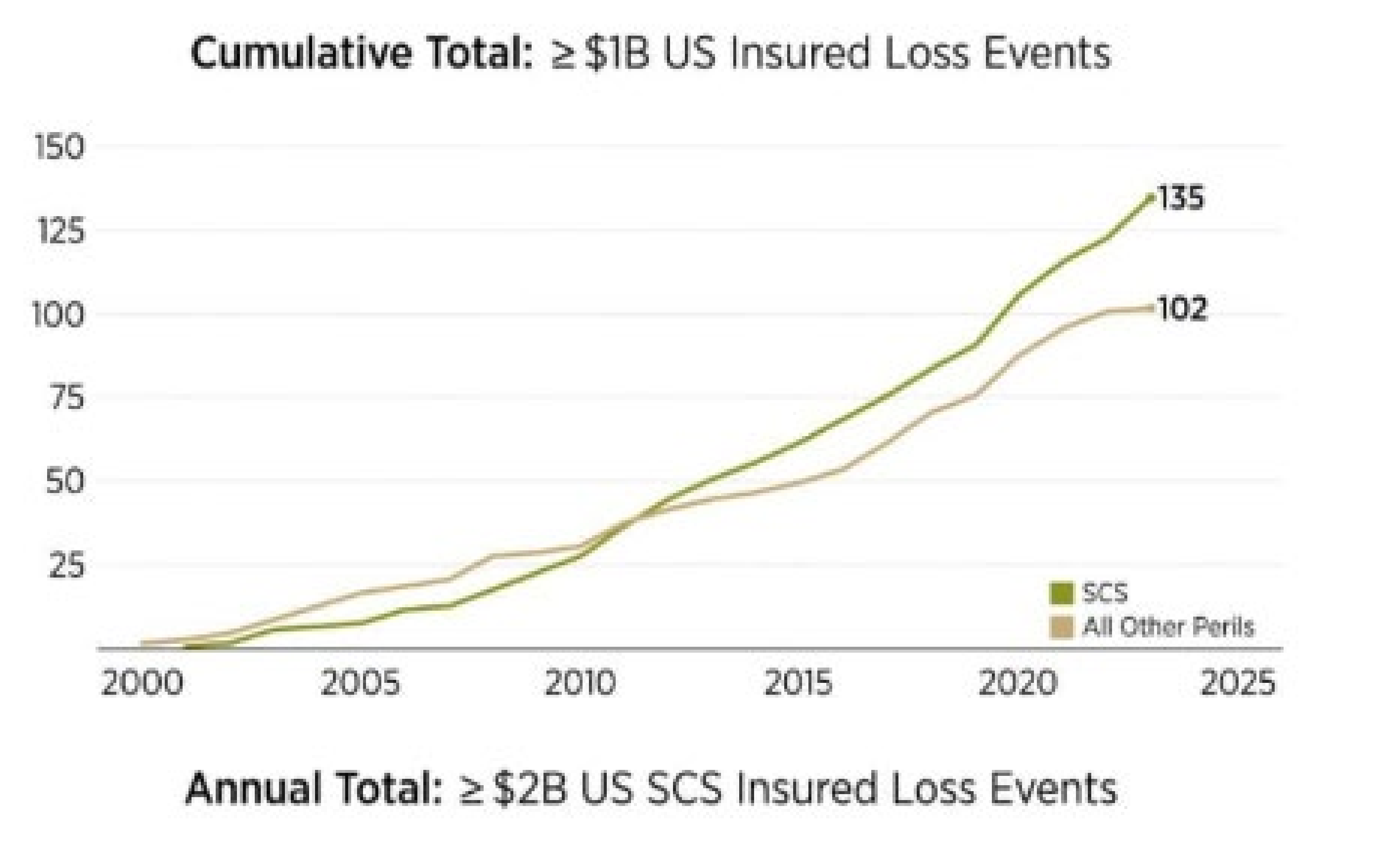
You Can No Longer Transfer Your Way Out of This

How has the Hard Property Market been for you?

- Climate volatility + aging infrastructure = capacity crunch.
- Shift: Insurance as strategy tool, not safety net.

Your #1 Midwest Property Driver

Oh, Hail No! – A Midwest Challenge



Oh, Hail No! – A Midwest Challenge

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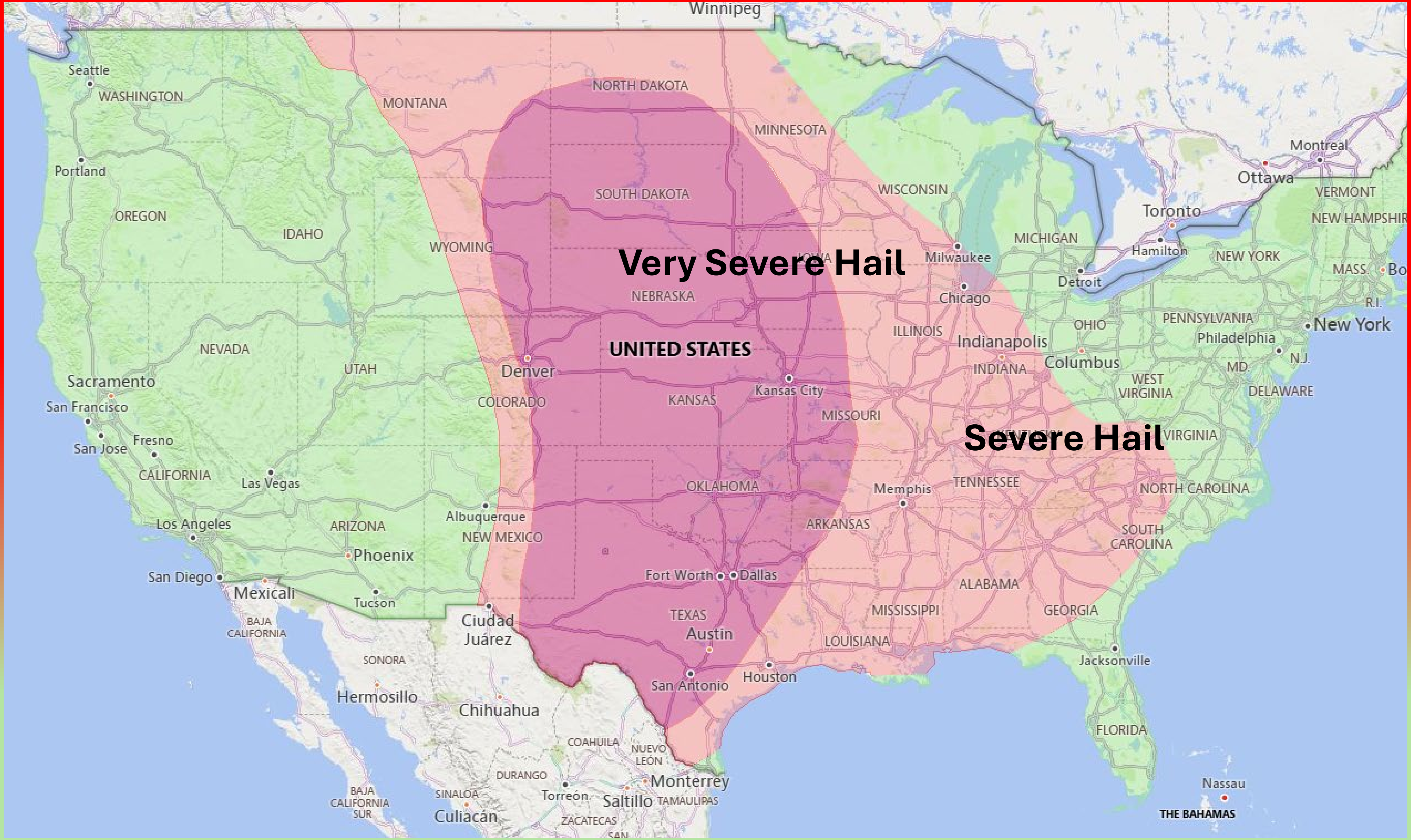
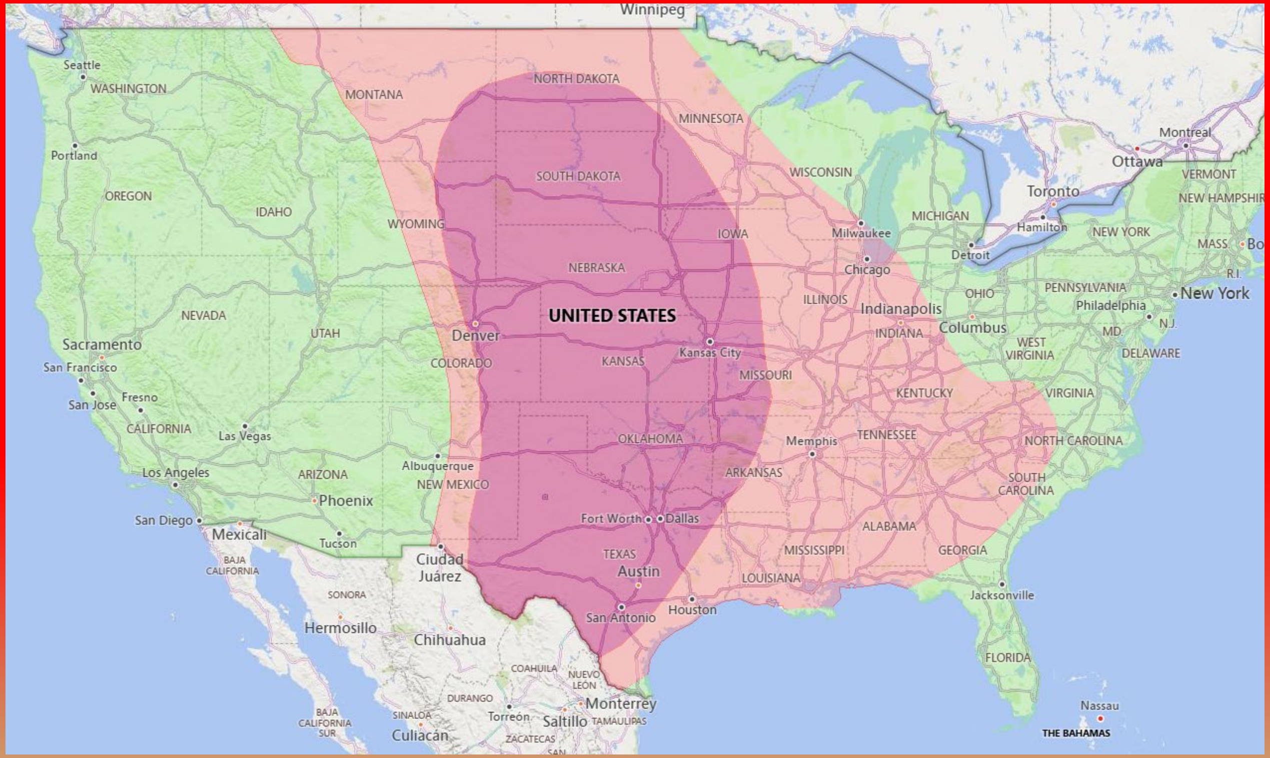
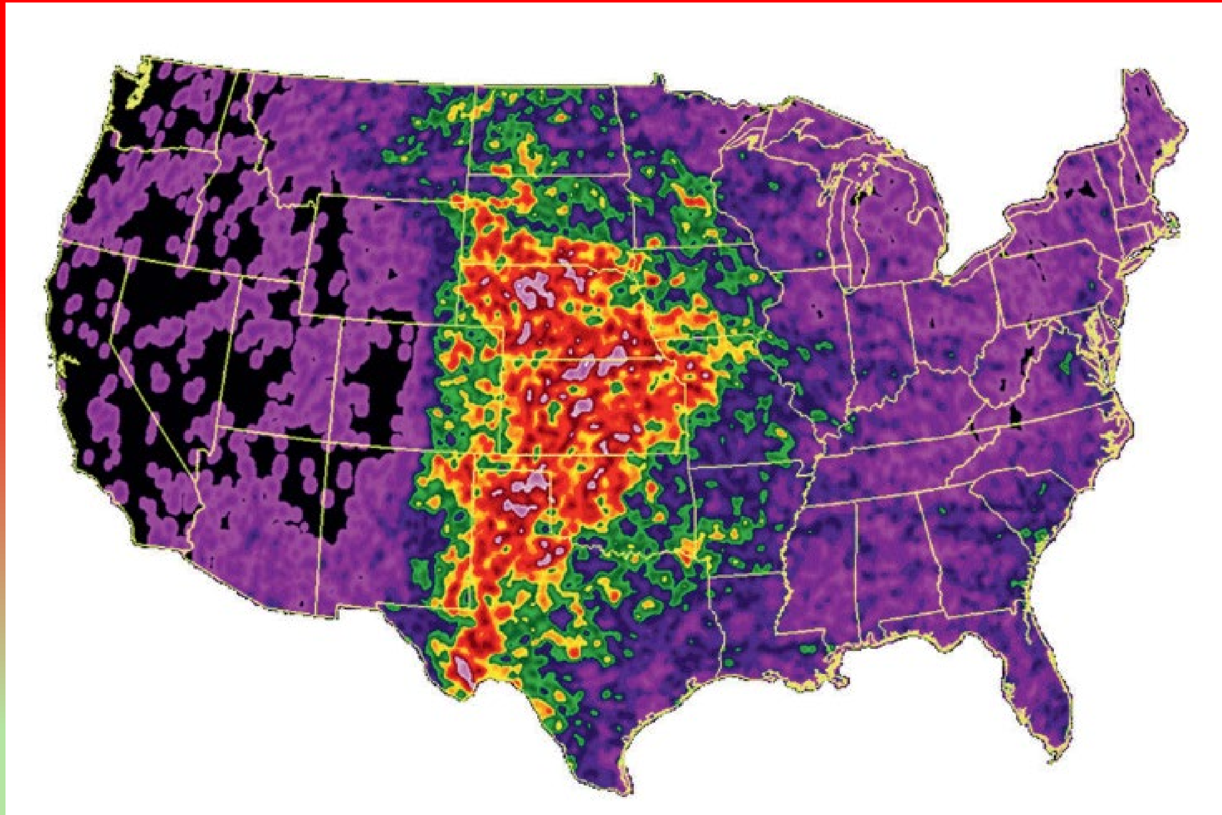


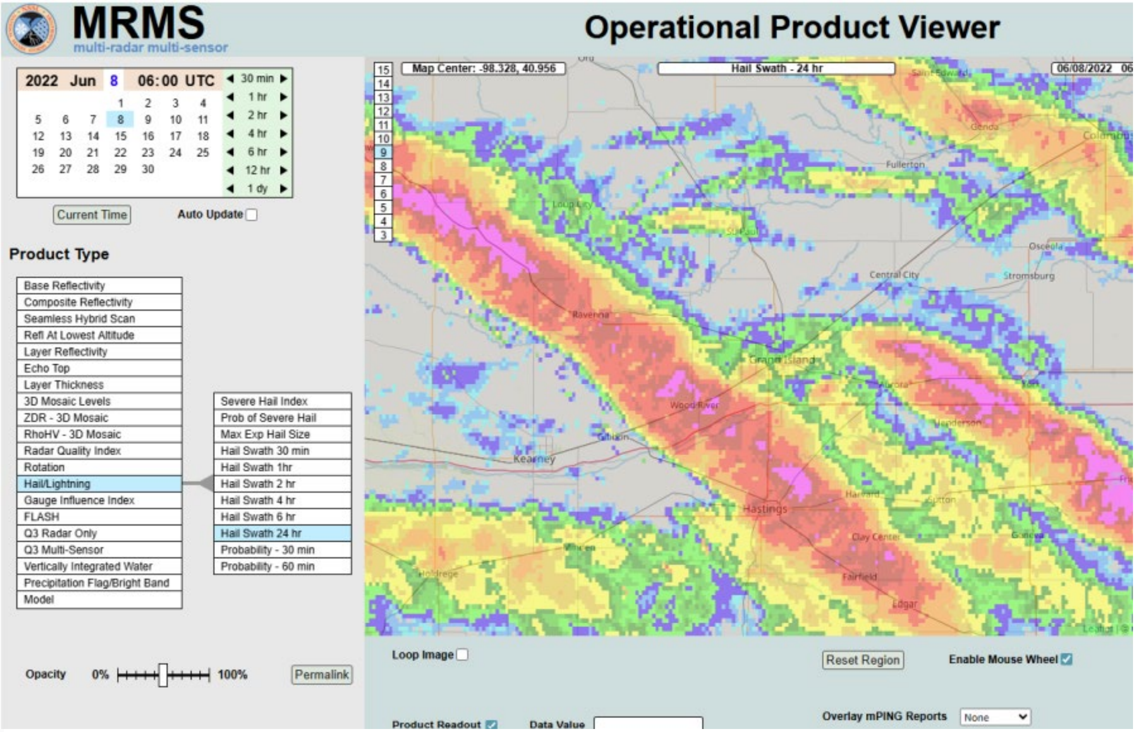
www.fm.com

Oh, Hail No! – A Midwest Challenge





Traditional Insurance is Losing Effectiveness



Traditional Insurance is shifted to percentage deductible structure.

Subject to minimum deductibles and imposed limits.

Parametric Insurance is triggered by the size of the hailstone, measured through radar-sensing or roof mounted sensors.

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Bigger Hail = Exponential Damage

Hail falls from the sky and impacts the roof cover.

Damage can be under the surface or penetrate the cover.

Force = Mass x Acceleration

- The greater the hailstone size, the greater the impact.

There are factors that can exacerbate losses!!!!

- **Age**
- **Type of Roof**
- **Roof Condition**
- **Blisters, tears, cracks?**
- **Roof Inspections?**
- **Ponding**

Most Roof Failures Aren't Storms . . .
They're Maintenance

Things That Drive Loss:

- Condition
- Drainage
- Debris

Flood and Stormwater

No Longer Just a FEMA Map Problem

Urban Flooding is Increasing Fast

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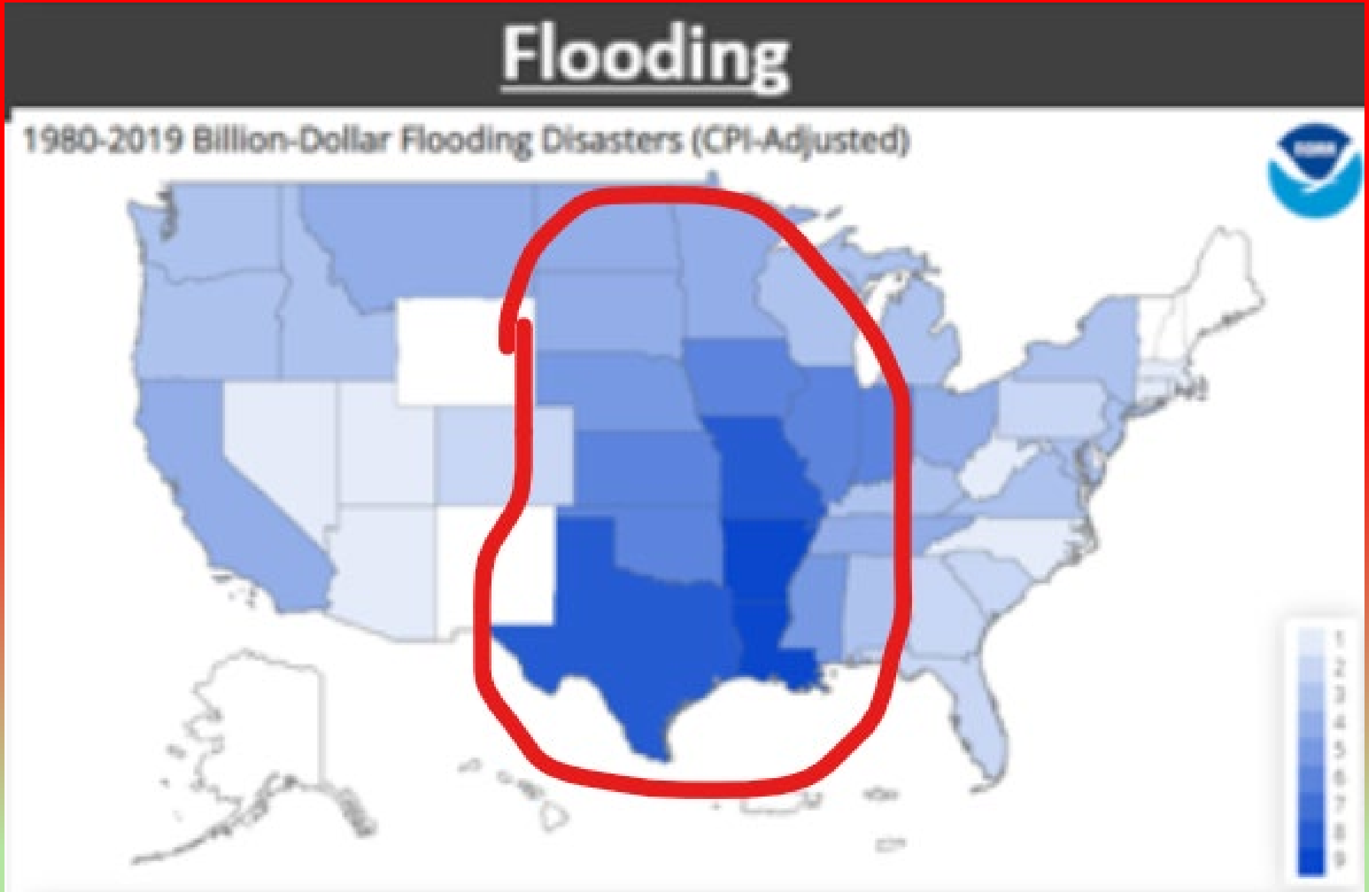


www.NOAA.com

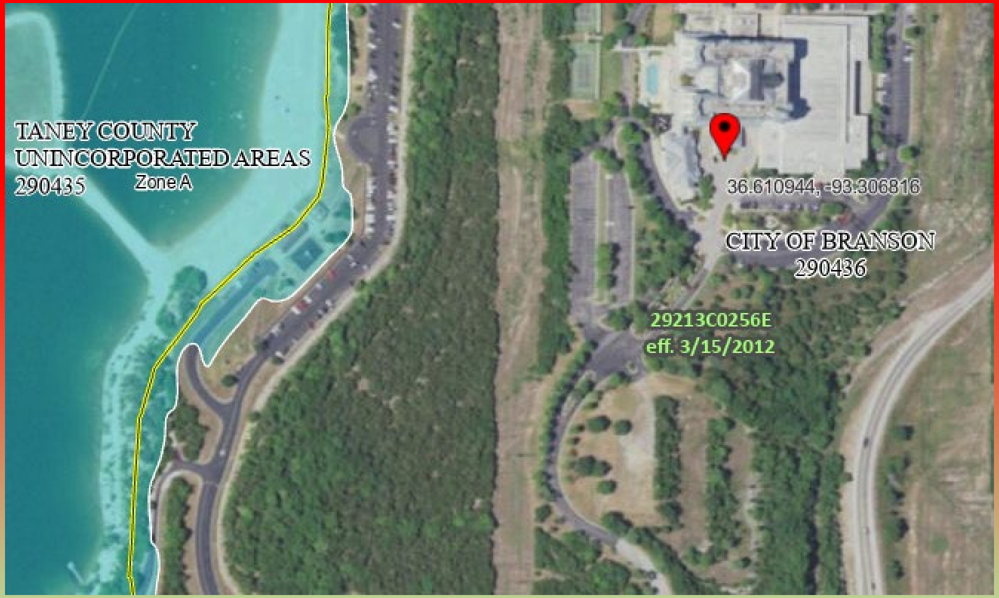
Flash flood frequency increasing in urbanized areas.

Stormwater systems often outdated or under capacity.

New development everywhere.

Most Entities Don't Truly Understand Their Flood Exposure

Are you in a flood zone, high hazard zone, low hazard, stormwater concerns?



www.FEMA.gov

www.riskmeter.corelogic.com

Start With Physical Protection

Barriers

Elevation

Relocation

Transfer the Risk STRATEGICALLY

Traditional Flood Insurance

Work to build your narrative

Sensor-Based Flood Insurance

(Parametric Insurance)

Sensor on-location

<u>OR</u>

Satellite Imagery

Preparation is the Most Overlooked Control

Flood Emergency Response Plan → Pre-event & Post-event

-Training for Pre-flood? Barriers?

- Inspect your flood protection equipment.
- Clear your gutters, ditches, and stormwater drainage equipment.

Talk to your brokers, insurance companies, disaster relief companies.

-Get a plan in place and train for it!!!!

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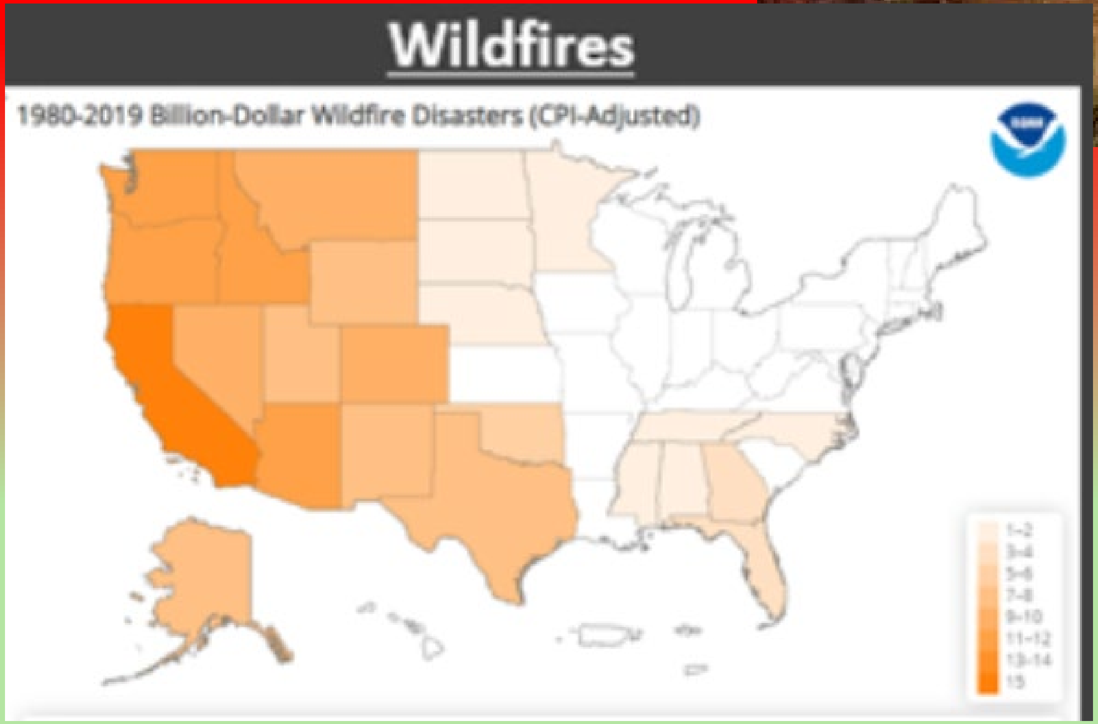
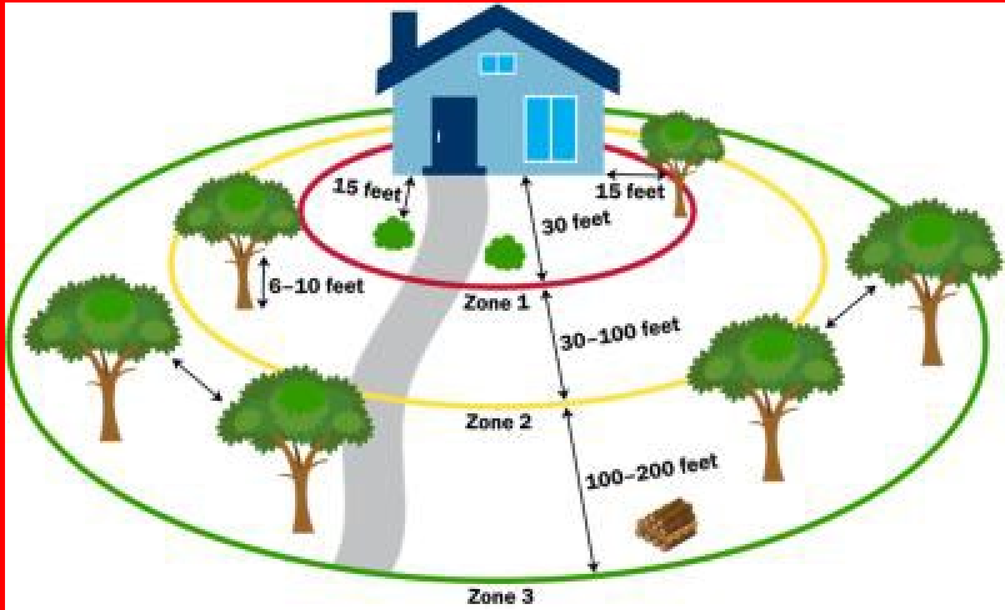
Wildfire isn't Just a Western Problem Anymore

Not as prevalent in the Midwest.

Wildfire hazards still exist and capacity is shrinking.



Wildfire Strategies



Defensible Space.
Plan and Prepare

Transfer the Risk:
Traditional Insurance
– May be limited, esp. for WF Liability

Parametric Insurance
-Using satellite imagery and data.

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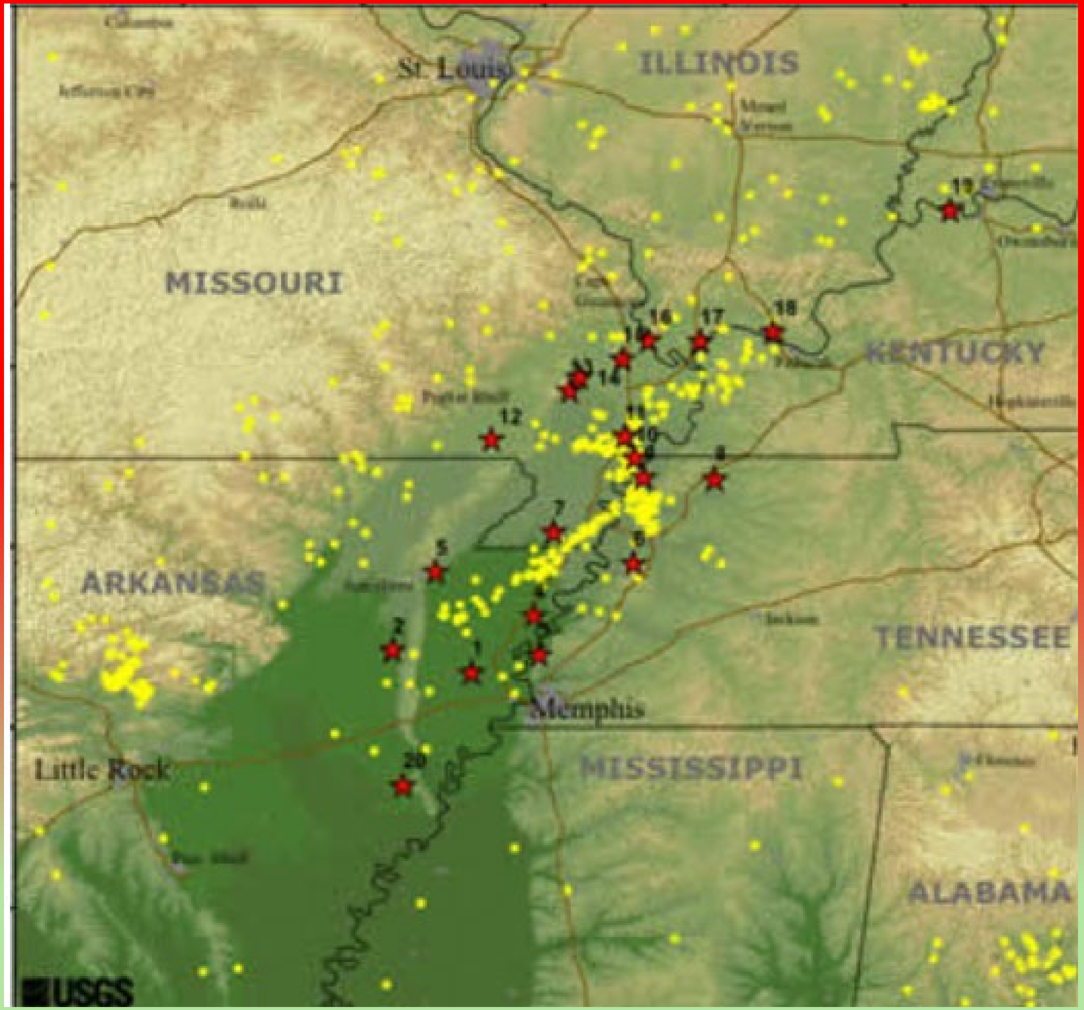
Dormant Doesn't Mean Gone



Historic 1811–1812 earthquakes remain high-impact risks

Low frequency but high severity

Know Your Risk!

Are You Susceptible to Damages?

www.USGS.gov

Earthquake Strategy: Plan & Protect

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Earthquake Emergency Response Planning.

Property Loss Prevention:

-Seismic Shutoff Valves

- Flexible Gas Hoses
- Sprinkler System Bracing

Rethinking Risk Transfer

- Traditional coverage:
  - exclusions, SIRs, sublimits
- Parametric Coverage:
  - Pre-determined triggers, faster payout, sensor technology

Risk managers must lead insurance strategy design

Talk to Your Brokers

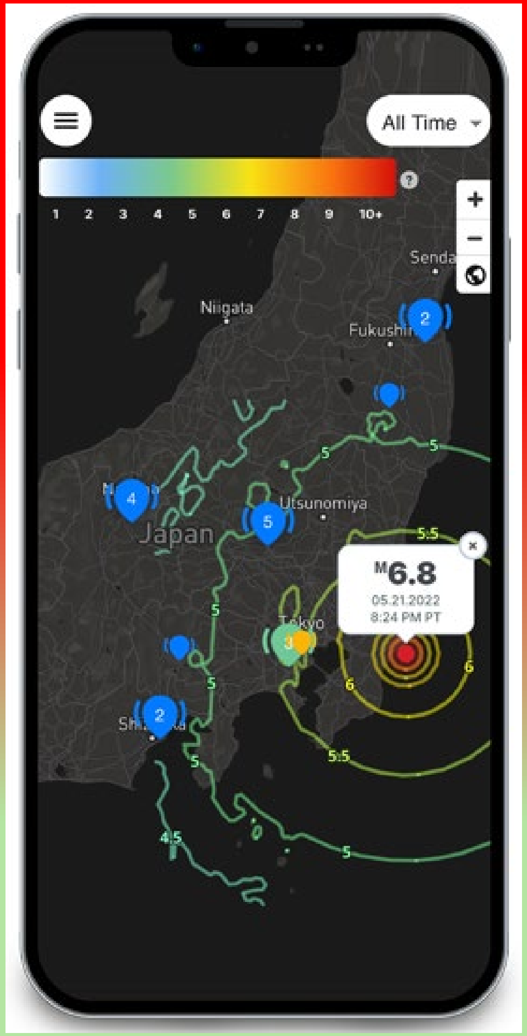
Sensors Change the Game

Sensor-Based Earthquake Insurance

SafeHub – Installs On-Site Seismic Sensors

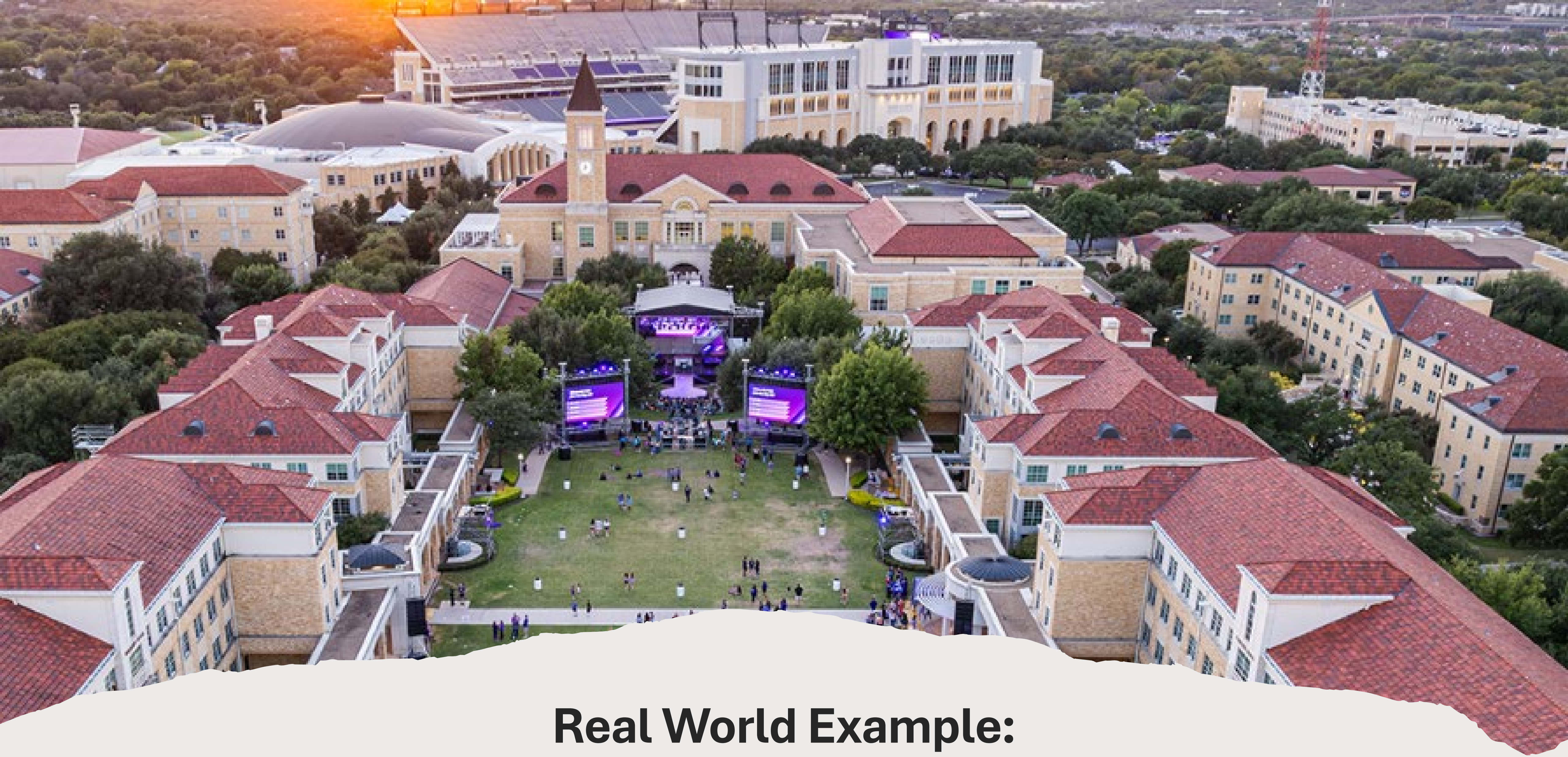
Payouts triggered by sensing the Ground Motion

Alerts through App detailing the epicenter, buildings nearest the quake.



Speed Equals Recovery

- Pre-event: drills, continuity planning, equipment integrity checks, asset data and inventory
- Post-event: sensor verification, drone damage scans
- Use data for rapid claims and restoration response with prioritization.



Real World Example:
University Campus in VSH zone

The Good, The Bad, and The Ugly

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2016 & Prior:
Hail Deductible = $250,000
Policy Limit on Hail

Carrier Implemented a 3% Hail Deducible
TIV = $1 Billion
New Deductible = $30 Million
Limited to $20 Million

The Fix: Strategies & Risk Transfer

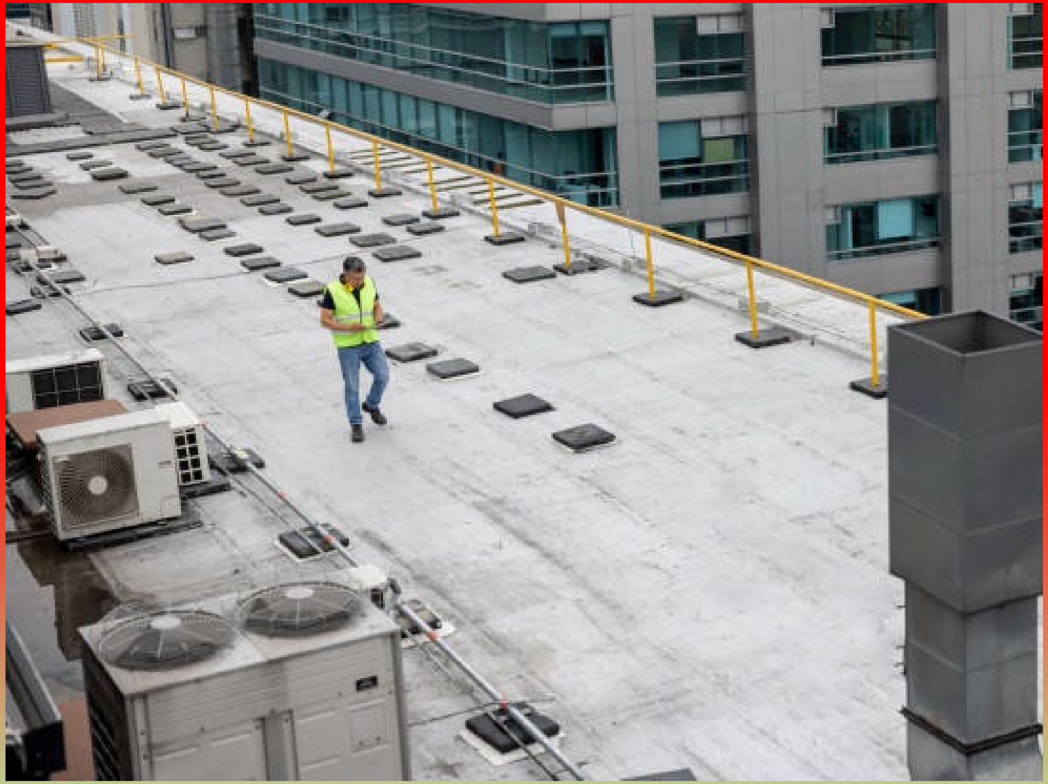
- <u>Strategies Employed:</u>

- Pre& Post Hail-Event Inspections
- Developed and Trained Response Procedures
- Roof Checklist and Database
- Procured Additional Clay Tiles
- Contracts with Disaster Relief Company
- Purchased a Parametric Hail Policy

Your Midwest Risk Toolkit

- Roof audit checklists.
- Parametric trigger guides.
- Sensor integration.
- Physical Risk Mitigation Strategies.

Engage Your Broker and Carrier Early!



Take Back Control

Storms are stronger.
Markets are tighter.

Strategy is Your Lever

Questions?

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Let's discuss your storm risks and strategy gaps.

What's one risk you've seen change the most in 5 years?

Stay Connected!

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Thank you!