Beazley Logo

Calm after the storm

This parametric tornado disaster benefit insurance serves as a lifeline for those facing the upheaval caused by tornadoes, embodying the true spirit of resilience and recovery.

Exploring the problem

We are seeing changes in the pattern of tornado activity across the Mid-West and South Eastern United States – with more intense days of activity and tornados happening at unexpected times of the year1.

Faced with this growing threat, homeowners need a new solution that bridges the gap between their immediate, emergency needs in the aftermath of a tornado and the full settlement of their property insurance claim.

Creating a solution

Beazley partnered with Sola Technologies and Spinnaker Insurance Company to address this widening natural disaster coverage gap and provide the first admitted parametric2 tornado disaster benefit insurance for homeowners.

The policy, issued by Spinnaker with full reinsurance backing from Beazley-managed syndicates at Lloyd's, offers limits of up to US$15,000, an amount carefully chosen to cover typical deductibles and immediate expenses that arise in the wake of a tornado.

This rapidly available financial relief is assessed based on a precise and transparent mechanism that measures the path and severity of a tornado on the Enhanced Fujita (EF) scale and is defined by the National Weather Service (NWS). Once the EF scale classification is determined, it activates the policy's payment process.

This parametric approach ensures that there is no ambiguity in the payout process, providing policyholders with certainty and speed - two critical factors during a disaster.

The solution is the first fully scaled tornado parametric product and is available in 15 US states across the Midwest and Southeast - regions that are all too familiar with the destructive power of tornadoes.

Building resilience

Today the product has 3,500 policyholders and proved its value just four months post launch when it paid out a claim in just 60 hours to two families struck by an EF2 tornado. These quick payments kickstarted their recovery process, eased their anxieties and showcased the social necessity of innovative insurance partners.

This is a significant departure from the often protracted timelines associated with traditional insurance policies, where assessments, claims processing, and other procedural steps can delay the much-needed funds for recovery.

The product is a testament to the insurance industry's evolving landscape, where traditional policies are being complemented by more agile and responsive solutions. The intention is to expand availability, bringing this much-needed financial safety net to more states in the near future.

But don’t just take our word for it, these are the thoughts of some of the independent insurance agents that offer this product direct to clients:

“This gives much needed options to those with high deductibles” – TnT Insurance Group

"This is so cool. The way you can see where the damage is. It’s all so clear… You are bringing a sledgehammer to my toolbox.” - Entriken Insurance

Notes

About Sola Sola’s mission is to help people recover faster. Through utilizing technology to immediately detect when you experience a loss, Sola will automatically finance and facilitate the recovery process. Sola offers a supplemental policy designed to assist homeowners and small businesses in covering their deductible and immediate expenses following a natural disaster.

About Spinnaker Spinnaker Insurance Company (Spinnaker) and its subsidiaries, Spinnaker Specialty Insurance Company, and Mainsail Insurance Company are property and casualty insurers rated A- (Excellent) by AM Best. The companies provide strategic insurance solutions to program administrators and managing general agents, access to niche markets, and offer admitted and excess and surplus lines insurance products in all 50 states and the District of Columbia. Spinnaker is a wholly owned subsidiary of Hippo Holdings, Inc. Visit spinnakerins.com to learn more about Spinnaker.

Disclaimer

The product descriptions contained in this communication are for preliminary informational purposes only. The product is available on an admitted basis in some but not all US jurisdictions, through licensed insurance brokers underwritten by Spinnaker Insurance Company, Inc., with full reinsurance backing by Beazley-managed syndicates at Lloyd’s. The exact coverage afforded by the product described herein is subject to and governed by the terms and conditions of each policy issued. The publication and delivery of the information contained herein is not intended as a solicitation for the purchase of insurance on any US risk. Beazley USA Services, Inc. is licensed and regulated by insurance regulatory authorities in the respective states of the US and transacts business in the State of California as Beazley Insurance Services (License#: 0G55497). Marketing ID No

1- https://www.noaa.gov/sites/default/files/2023 10/Tornadoes_Climate_OnePager_July2023.pdf

2- “The term parametric insurance describes a type of insurance contract that insures a policyholder against the occurrence of a specific event by paying a set amount based on the

magnitude of the event, as opposed to the magnitude of the losses in a traditional indemnity policy.” Insurance Topics | Parametric Disaster Insurance | NAIC

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