

SOLUTIONS FOR INSURANCE & REINSURANCE

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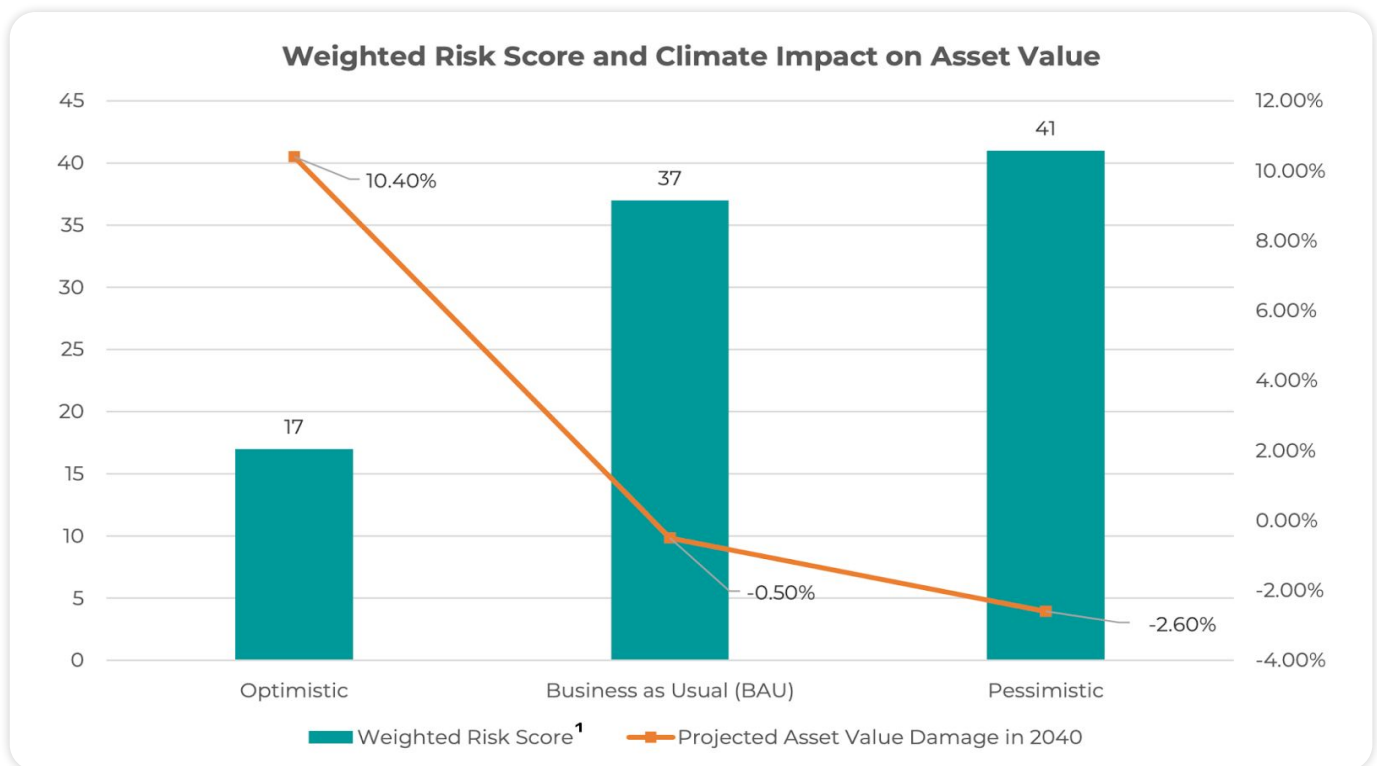


INSURANCE & REINSURANCE

Price risk, finance opportunity

Underwriting & Investment

- Use Climate Price™ valuations as an independent input for **loan-to-value ratio and PMI / MIP calculations**
- **Calibrate insurance premiums** according to the Resilience Index™ **risk, vulnerability and readiness scores** under multiple climate scenarios
- **Strategize capital allocation** to asset management arms leverage data and analytics
- **Incorporate your data and models** with Climate Alpha's wide data lake for enhanced risk forecasts
- Segment policies by time horizon, property type, RCP scenarios and **geographies of highest risk accumulation**
- **Minimize exposure to 'climate sub-prime' lenders** while steering clients into resilient geographies
- **Hedge against asset / liability mismatch** through climate resilient portfolio construction
- **Stress-test asset portfolios against extreme climate thresholds** using our patent pending Scenario Forecaster™



Climate Alpha scenarios generate weighted risk scores and price forecasts. Calibrating premiums in line with our Climate Price models can result in ~100% additional revenue.

About the Provider: Climate Alpha is a location analysis platform for our complex future. It employs advanced machine-learning techniques combining socioeconomic, demographic, and market indicators with multiple climate scenarios to generate property valuations for every year to 2040.

HOW IS CLIMATE ALPHA DIFFERENT?

Market Products	Gaps	Climate Alpha Solution
<p>Climate Risk Models and Scores</p>	<p>Climate risk models capture only first-order impact, and rarely the second-order effects of climate change in real-world contexts. This is because they incorporate only physical risk inputs, without properly integrating forecasted impacts with socio-economic data.</p>	<p>With >1,500 datasets covering climate, socio-economic, and market variables our “wide data” approach combining climate and non-climate variables models the first and second-order effects of physical climate hazards.</p> <p>Furthermore, our patent-pending Scenario Forecaster™ allows clients to customize scenarios and move forward climate risk timelines to more dynamically model the complex interplay of climate, socioeconomic, and macroeconomic variables.</p>
	<p>Risk is usually scored at the asset-level, thus neglecting macro-level factors. In reality, real estate values and default rates are equally affected by macro-level locational characteristics (e.g. local fiscal capacity to withstand climate disruptions).</p>	<p>Our location-level analytics complement existing asset-level products. We can incorporate property-specific data provided by clients into our models to further calibrate our valuation forecasts.</p>
<p>Climate Risk Metrics</p> <p>(e.g. VaR, Probability of Default)</p>	<p>Climate VaR products have not reached the sophistication of traditional VaR models, providing absolute dollar loss values without accounting for distributive probabilities or volatility. This results in climate being insufficiently quantified and attributed in pricing models.</p>	<p>Instead of using VaR, our Climate Price™ module generates risk-adjusted valuations based on a distribution of expected outcomes, as opposed to an absolute dollar value. We provide an industry-first valuation model that blends climate and non-climate factors.</p>
	<p>Loss metrics (e.g. probability of default, loss given default) are usually based on physical climate risk alone, ignoring the second-order interplay between physical risk and the broader market environment.</p>	<p>Climate Price™ valuations draw on Resilience Index™ scores that combine physical climate risk factors with the adaptive capacity of a location.</p>



Climate Alpha

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