DESCARTES PRODUCT SHEET

PARAMETRIC STORM SURGE COVER FOR COASTAL EXPOSURES

RISK(S) COVERED	INDEX	LIMIT	AVAILABILITY	INSURED PERIOD(S)	COVERAGE TYPE
Storm surge within a few miles of the coast	Maximum water elevation at the insured location	Up to $80 million per contract	Select U.S. states including FL west coast and TX Galveston Bay	1-year cover, multi-year possible	Single- or multi-location

STORM SURGE SOLUTION

Descartes' parametric storm surge cover is designed to **cover hurricane-induced storm surge**, which cause severe flooding in the most exposed regions of the United States.

Leveraging maximum modeled water elevation, the cover pays out according to an index based on historical surge events, which we tailor to the client. **Payouts boost liquidity within days** of a surge event, covering any type of financial loss.

WHAT HAPPENS WHEN STORM SURGE OCCURS?

To compute payouts after a hurricane-induced storm surge event, **we leverage our data provider's storm surge footprints**, which are based on National Hurricane Center official hurricane tracks. These footprints provide us with maximum modeled water elevation data, ensuring **a high degree of consistency, transparency, and comparability**. Events are validated by a third-party certification agent using partner data, NOAA gauges, and other ground-truth data where necessary (e.g. verified post-event high-water-mark imagery).

KEY BENEFITS

- Descartes' storm surge cover offers **rapid liquidity**, provide capital when it's needed most.
- It supports **operational resilience** by enabling resorts to fund emergency repairs post event.
- It **closes coverage gaps**, incl. debris removal, landscaping, and lost revenue (NDBI).
- A pre-agreed payout structure **turns uncertain losses into predefined financial outcomes**.

QUOTE REQUIREMENTS

- **GPS coordinates**, **shapefile**, or **map of area to be insured** (e.g., resort grounds)
- **Policy limit**
- **Loss history** from hurricanes and flooding

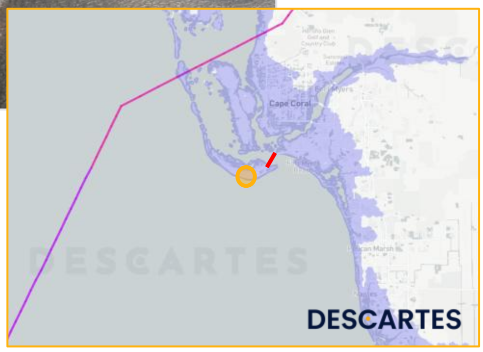
EXAMPLE USE CASE

In September 2022, **Hurricane Ian** made landfall near Fort Meyers, Florida, as a category-4 storm, causing a **15-foot storm surge**.

The **storm surge was so strong that it destroyed portions of a critical roadway** connecting resorts on Sanibel Island to the Florida mainland.

Our storm surge solution with an **$80m limit** would have **covered all financial losses associated with the event incl. NDBI** for a prepared resort that was structural sound but economically effected by Ian.

Joe Raedle/Getty Images



Map of an Illustrative Resort Relative to the Destroyed Roadway

Index Value (in ft.) Based on the NAVD 88 vertical datum	**Payout Factor** (% of the limit)
≤ 6 ft	0%
6 ft – 7 ft	25%
7 ft – 8 ft	50%
8 ft – 9 ft	75%
≥ 9 ft	**100%**

This storm surge event would have **triggered a payout of $80 million for the resort**, which it could use to **cover NDBI losses** associated with the Ian-induced storm surge event.

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FAQs
PARAMETRIC STORM SURGE COVER FOR COASTAL EXPOSURES

1 How is the coverage area determined?

The coverage area is delineated by the layout of the insured location(s), as outlined in the request for quotation provided by the mandated insurance broker.

2 How is the data source able to assess the percentage of loss?

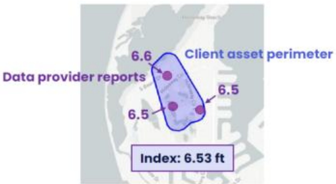
Using leading storm surge modeling technology, our data partner integrates National Hurricane Center official hurricane tracks and official topographical sources to produce a storm surge footprint. This footprint determines the storm surge flood extent and water elevation in the coverage area. A third-party certification agent uses this footprint, in addition to NOAA gauges and other ground-truth data where applicable, to calculate the loss.

3 How is a storm surge policy triggered?

1. Following a hurricane event, the client sends a loss notification.
2. Storm surge footprint data is then assessed by the data provider within days.
3. Payout is promptly executed based on the data provider's event report with the modeled peak water elevation at the insured location(s) listed in the report.

4 How is the index computed?

We average the maximum water elevation of the entire perimeter reported by our data provider.



5 Why did you create a special product for storm surge?

Following major hurricanes such as Hurricane Ian, we aimed to close the protection gap by developing this tailored solution based on robust modeling providing improved accuracy for hurricane-induced flood risk on the coast.

6 How does this compare to a Cat-in-a-Circle (CiC) cover?

CiC offers broad coverage for hurricane-related financial losses caused by both wind and flood, based on a named storm's track and intensity within a pre-agreed coverage area, even many miles inland. In contrast, our storm surge product is designed specifically to protect against flood-related financial exposure for coastal assets near the shore, regardless of the track or intensity. This cover is determined by the modeled maximum water elevation at the asset's location.

7 How does this complement traditional insurance programs?

Our product complements traditional insurance by providing fast liquidity after a triggering event to help cover financial impacts that may not be fully addressed by indemnity policies, such as deductibles, delays in claims settlement, operational disruption, and other uninsured or excluded costs.

8 Where is it available?

It's available for the West Coast of Florida and in the Galveston Bay region of Texas. Other areas along the gulf may be available upon request.

INTERESTED IN GETTING A QUOTE? PLEASE REACH OUT TO OUR COMMERCIAL TEAM!

descartesunderwriting.com/contact