

DESCARTES PRODUCT SHEET

PARAMETRIC FLOOD SOLUTION RIVER GAUGE



RISK COVERED

Flood

INDEX

Water height reported by public gauge

LIMIT

Up to A\$100 million per contract

AVAILABILITY

Australia

INSURED PERIOD(S)

Customised to client needs

COVERAGE TYPE

Single or multi-location



FLOOD COVER PRODUCT

Descartes' parametric flood product leverages the latest scientific research to assess flood risks and design tailor-made covers for our clients.

Flooding can have a significant impact on property, operations, stock, supplies, and access for both customers and workers. Our parametric flood solution offers robust protection, including coverage against NDBI, allowing clients to mitigate financial losses and maintain adequate liquidity in the event of severe flood events.



Flooded properties in Lismore, Australia



WHAT HAPPENS IN THE EVENT OF A FLOOD?

As the water levels rise, the regional data source captures the water level at the preselected water gauge. The certification agent then verifies the event and informs us. Based on this information, we provide a payout based on the relevant payout structure.



PAYOUT STRUCTURE

To assess a parametric loss in the event of flooding, the payout percentage is derived by the water level index.

Water Level Index – Max Daily Height (m)	Payout (% of the event limit)
≤ 5.0 metres	0%
5.2 metres	10%
6.4 metres	25%
6.6 metres	50%
7.8 metres	75%
≥ 8.0 metres	100%

*the payout percentage is linear between two water level indexes



EXAMPLE OF CALCULATION

If the measured water level was 6.6 metres and the location limit was A\$25 million, the client would receive:

$$50\% \times \text{A\$25M} = \text{A\$12,500,000}$$

COVERED INDUSTRIES



Large retail



Manufacturing



Hospitality



Infrastructure



& more



QUOTE REQUIREMENTS

- Location, address, or GPS coordinates
- Loss History
- Policy Limit



1 How are the index & payout structure determined?

We analyse historical events by using the reported water levels at the recommended reference station and correlate the data with any prior losses the insured may have incurred. If there have not been any prior losses, we estimate projected losses during collaborative discussions with the broker and client to determine the strike and exit points of the payout structure.

2 What is the index based on?

The index is based on the maximum daily water height as measured in metres at the reference station (preselected water gauge). The water level is equal to the maximum water elevation relative to the tidal datum. The tidal datum is the base elevation used as the reference point from which to establish water heights or depths.

3 What types of damages are covered under a flood parametric policy?

A parametric policy covers any economic loss sustained from a triggering event, including but not limited to property damage, business interruption, and extra expenses. There does not have to be direct physical damage to trigger coverage.

4 How does the claims process work?

- 1) The client notifies their broker, Descartes and/or risk carrier of the loss.
- 2) After the event, we collect the final data from the certification agent, ensuring the most accurate level of information to assess if the intensity of the event has triggered the policy and to what payout threshold.
- 3) Using the collected data, we then create an event report stating the maximum monetary amount to be recovered based on the structure outlined in the client's policy.
- 4) After receipt of the event report, the client will issue a Declaration of Loss Statement to Descartes and/or the risk carrier.
- 5) As defined within the policy, after receipt of the Declaration of Loss Statement, the client will receive the payout in agreement with the policy terms, allowing them to accelerate continuity of operations.

5 How is the data source determined?

In most cases we rely on publicly available data published by sources such as the Australian Bureau of Meteorology (BOM), National Oceanic and Atmospheric Administration (NOAA), and the United States Geological Survey (USGS). In Australia, we source most river gauge data from BOM or state government sources, when needed. Following a triggering flood event, we commission an independent third-party agent that will certify the data and water level index to determine if the client is entitled to a payout.

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

descartesunderwriting.com

