



# HINDSIGHT IS 2020

# How the Last Decade of Weather and Climate Disasters Could Impact the 2020 Storm Season



## **WRITTEN BY:**

Karen Palmer

COO, Simultaneous Solutions

July 2, 2020





# TABLE OF CONTENTS

Introduction..... 3

Analysis Courtesy of Physical Scientist, Adam Smith, NOAA..... 5

Report Summary Items ..... 6

Insurance Industry Analytics ..... 7

Estimating System/Claim Flow Strategies .....9




# INTRODUCTION

In 1989, Simultaneous Solutions, Inc., now known as Simsol Software, offered the insurance claims industry a full-featured adjusting application. At Simsol, we like to say ‘we were born in a storm’, our first software application was the innovation of a gifted software architect and a seasoned flood adjuster. At the heart of this robust tool, was a property estimating system that introduced the first visual repair selection, known as the Virtual Scope System (VSS). The VSS enabled the production of full-featured estimates which were simpler to write, review, and understand, especially for the insured.

As a co-founder, it has been my pleasure to watch what was essentially a software “garageband” develop into the sophisticated suite of products it is today. Over the years, we have been fortunate enough to welcome many talented employees through our doors. Each member has contributed their unique views to enhance our product. At Simsol, we are firm believers in taking suggestions from our users and have added many features as a result. We constantly strive to provide our customers with a seamless user experience across our suite of platforms - whether it be managing a team, writing estimates, or processing claims. With our products backed by a complimentary knowledgeable support team, claims professionals always receive quick answers to any questions they might have.

In our 30+ years in business, we have witnessed a great deal of innovation. However, the field of insurance is not known for its speed...until very recently. Simsol began working on implementing the newest technologies and discovering synergies that complement and further our mission: Providing the latest technology to aid the professional adjuster in taking the best care of our Insured. In addition, we are adding tools so that the Insured can feel comforted by the fact that they can follow their claim as it makes its way through the system. We will also be adding other helpful goods and services to aid the Insured as we progress.

In researching weather trends, I came across a fascinating report that sums up where we’re heading. The following report was written by Mr. Adam Smith who is a leading expert for U.S. research to quantify weather extremes and climate disaster costs across society, government, and industry sectors. He also has been a 5-year member of the American Meteorological Society Committee (AMS) as well as a former member of the International Society of Catastrophe



Managers (ISCM). It is with his kind permission that I am able to share his report. Really, all of his work is brilliant. I highly recommend checking out [Adam Smith's LinkedIn](#).

---

# ANALYSIS Courtesy of PHYSICAL SCIENTIST, ADAM SMITH, NOAA

'Indeed, the 2020 hurricane season could be a wild one - be ready. Also, we recently redesigned the B\$D web platform (Billion-Dollar Weather and Climate Disasters), with deeper functionality & data granularity: [www.ncdc.noaa.gov/billions](http://www.ncdc.noaa.gov/billions)

In addition, below are many high-level summary statements from our annual latest report:

[2010-2019: A landmark decade of US billion-dollar weather and climate disasters'](#)

What follows is a set of summaries compiled by Adam to illustrate what should be found most significant in the report linked above. We at Simsol recommend that the full report be read if the user desires to better understand the actual subject matter. However, the summaries provide an excellent overview of the subject at large.



# REPORT SUMMARY ITEMS

**1a)** The 40-year (1980-2019), 10-year (2010-2019), and 5-year (2015-2019) annual average number of billion-dollar disasters is 6.5, 11.9, and 13.8 events/year, respectively.

**1b)** 13 of the last 20 years (2000-2019) have experienced an above-average number of billion-dollar disasters (> 6.5 events) based on a 40-year period of record. Only 1 sub-average year during the 2010s decade. [See time-series graphic]

**1c)** The U.S. experienced more than twice the number of billion-dollar weather and climate disasters during the 2010s (119) as compared with the 2000s (59) - even after adjusting for inflation.

**1d)** 2019 is the fifth consecutive year (2015-2019) in which 10 or more billion-dollar weather and climate disaster events have impacted the United States. Over the last 40 years (1980-2019), the years with 10 or more separate billion-dollar disaster events include 1998, 2008, 2011-2012, and 2015-2019.

**1e)** Of note, the U.S. had more billion-dollar, non-hurricane, inland flood disasters (i.e., extreme rainfall; riverine & urban flooding) in the last decade (2010-2019) than it did for the previous 3 decades combined (1980-2009): 18 vs. 14.

**1f)** 2019 experienced a slightly above average year of costs (\$45.0 billion), as the 40-year (1980-2019) annual cost average is \$43.8 billion.

**1g)** The billion-dollar disaster damage costs over the last decade (2010-2019) for the U.S. were also historically large — costs exceeding \$800 billion from 119 separate billion-dollar events.



---

# INSURANCE INDUSTRY ANALYTICS

Considering all the summaries above, it is critical that the Property & Casualty Insurance Industry be able to effectively deal with the data that has been discovered. We must be aware that the findings are not simply an unfortunate set of coincidences. These factors strongly indicate a trend that appears to be growing each year with few exceptions. Climatologists, such as Mr. Smith are gathering and processing an extremely vast amount of data. The alarm bell is ringing.


The Insurance Industry needs to prepare for these circumstances to continue and quite possibly worsen as the years progress. The COVID-19 shutdown has shown us that all small, neighborhood businesses are an important part of the American economy which will wither and die quickly if they are not better protected for catastrophic events. In fact, there are virtually no corporations that could withstand several months of shutting down completely.

Embroided in these unprecedented times, there are several remedies that were employed including the PPP and EIDL which intended to help small “Mom and Pop” businesses survive during the height of the crisis. Partially due to the fact that these loans were never given out before, there were situations of certain businesses being favored with an SBA loan. While attempts were made to relieve the financial struggles that were faced in COVID-19, it became clear that the data unearthed by NOAA should demand protocol that can protect businesses that will be in the greatest need.

The depth of these weather forensics cannot be overstated. We must turn our attention to the anticipation of our rapidly deteriorating climate. Several solutions have already been implemented such as mitigation, additional private flood insurance, business interruption, and most importantly, coverage for long term loss of income. While the COVID-19 was the result of a pandemic and not a weather event, there are still very many lessons we have learned that can apply in any catastrophic situation.

It is clear that we as members of the Insurtech community must step to the forefront of striving for stability. It is up to the carriers who collect premiums to protect the Insured. The last thing we want is for a victim of circumstance to fall victim a second time to the very institute they trust. And the level of trust cannot be overstated. It is our duty to ease the burdens of folks that are going through possibly one of the most devastating times of their lives.





Our business is very different from that of a restaurant, for example. If a patron goes into a restaurant, they would expect a nice meal and not much else. An insurance carrier would be responsible for restoring the Insured's very lifestyle. We at Simsol take this very seriously. We are in the process of changing the claims paradigm so that the Insured will be able to have a much larger part in settling their claim if they so choose.

In reconfiguring a more compassionate model, many things have had to be taken into consideration. One method would allow the government to subsidize the cost much as they do for basic flood insurance for those that cannot afford it on their own. Once again, as we turn to Adam Smith of NOAA's thorough research, we must be certain to give it the weight it deserves in coming up with new ways to protect the Insured. One step in the right direction is the virtual town hall meetings, hosted by NFIP and FEMA. Advertising these virtual meetings are imperative as the different types of insurance tend to stay within their specialties. It is my belief that the conventions (when they recommence) should be combined at least once a year. This can also be done virtually and real-time would obviously be the most efficient method. If this time in our lives has shown us anything it is that we must stand together. Unity is of the utmost importance.

Another admirable action being taken on by the government is its Risk MAP program. Beginning in 2020, FEMA has been providing monthly updates in order to inform Members of Congress when constituents in their District are and will be affected by a flood mapping update. As we have seen, the "floodplains" are constantly changing so it is of vital importance that this topic does not get lost in the shuffle of all the current events that affect our citizens.

---

# ESTIMATING SYSTEM/CLAIM FLOW STRATEGIES

Keeping all of these circumstances in mind, we at Simsol believe that the time has come for a sea change in the insurance claims paradigm. Although our company is almost 30 years old and has settled millions of claims, it is time for us to dig deep and come up with new concepts that will more efficiently settle a claim. We are in talks with several other Insurtech companies that are enabling us to perfect claims adjusting, middleware, analytics, and AI. Our new products will reach all companies and cover every category of claim, not just one type. Our system will handle PA's, RIA's, Carriers, and of course our current market of primarily Independent Adjusters and Adjusting Firms.


What we have decided to do is to become estimating system "Agnostic". In other words, although the use of our estimating system (Simsol Software) will have many advantages since it was built as a complete system, an adjuster may use whatever they desire.

If the adjuster is required to (or simply prefers to) use one of the competing estimating systems, our Agnostic toolset will work with them for one simple reason. We believe that the source of the claim (Carrier, etc.) should always have access to a version of the estimate that gives them the same information regardless of the system used to produce the estimate itself.

Another benefit that comes from such an approach is the ability to perform basic claim and claim flow analytics, regardless of the system used to process the estimate. Simsol already has the full analytics suite that will allow the comparison of the IA Firms for the Carriers/TPAs to not only see adjuster performance and certification but to run "what if" scenarios on all of their closed claims.

The solution we used to create a standardized data flow is called Claimswire. Claimswire can function as a full-featured Claims Management System for any company. It can also operate in a "ghost" mode, acting as middleware between Carriers/TPAs and IA Firms to standardize the flow of claim data, allowing analytics in real-time.

Currently, Claimswire is being mandated for all NFIP DSA Claims. In order to allow the Third Party to take over, our development team took what was between 10 to 20 different portals into the system and replaced them with a single URL for distributing claims. In addition we added one



other portal to get back the data that the given estimating system has to offer. Manual data entry screens were also implemented in Claimswire to allow for input of non-Simsol estimates into the system.

In closing, we would like to thank Adam Smith of NOAA for allowing us to reference his in-depth research. It served to reinforce the importance of redesigning our system and drove home the urgency to do so as soon as possible. Although this has been an extremely difficult year for all of us, we are so proud of our team here at Simsol. We are not a large company but more of a family. The way our employees adapted to the COVID-19 situation was nothing short of amazing. We can't wait to show Simsol's new SaaS-based solutions! As we are able to reveal our system, piece by piece, we continue to strive for stability, learn from our losses, and celebrate our successes! Be safe, everyone!