MAP 2

PROJECT LANDSCAPE: UK flood-wind correlation

• Time! – All parties

(Re)Insurer:
Not required for project

Regulator PRA

- 'General Insurance Stress Test' – Modify this 'tool' to include correlation.
- Understand evolving risk
- Assess solvency against this
- Avoid perceived or real preference for one broker or model vendor
- Co-written, to raise market awareness
- Data of regulated firm

- Solvency modelling in R
- Scoping and defining project

Broker Aon

- Blog & press releases
- Critical discussion with other parties
- Change in risk modelling practice (i.e. include correlation between peril-regions)
- A focus for wider client conversations about co-occurring risks
- Ramification of work on clients ./ the market

- Risk modelling
- Statistical modelling to combine peril-regions

Model vendor AIR

- Adapt model scope to include correlation, by modifying how modelled years are connected between perils
- An industry publication to disseminate (e.g. LinkedIn)
- Solvency implications calculated
  - Reputational benefit
  - Fuller understanding of risk
- Full commercial model
- How well uncertainties accounted for

- Event set
- Industry exposure database
- Guide project
- Feedback

Project
UK flood-wind correlation
(is it potentially material?)

University
Loughborough

- Reputational damage if science overstated or oversimplified
- Curiosity – opportunity for research
- Potential basis for future, funded project
- Utility – being of 'real world' use
- Journal publication
- Evidence use of their science

- Meteorology
- SEAS5 R^2
- Impartial position
- Literature R^2

Consultant
CatInsight

- 80% curiosity, 20% commercial reputation (i.e. lead to jobs/contracts in similar applied topics)
- Learn from specialist in journal publication
- Journal publication
- LinkedIn/blog posts

- Meteorology
- SEAS5 R^2
- Interesting initial result

Key

- 'Insertion point' of science into policy/decision making
- Contribution e.g. skill/data
- Barrier/ constraint
- Concern
- Useful output/ outcome
- Motivation