PROJECT LANDSCAPE: UK flood-wind correlation

Broker Aon
- Blog & press releases
- Critical discussion with other parties
  - Risk modelling
  - Statistical modelling to combine peril-regions
- 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

Model vendor AIR
- Event set
- Industry exposure database
- Guide project
- Feedback
  - Event set
- Industry exposure database
- Guide project
- Feedback
- Full commercial model
- How well uncertainties accounted for

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

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
  - Data of regulated firm
  - Co-written, to raise market awareness

University Loughborough
- Meteorology
  - SEAS5 R²
- Impartial position
- Literature R²
- 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

Consultant CatInsight
- Meteorology
  - SEAS5 R²
- Interesting initial result
- 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

(Re)Insurer: Not required for project

Key
- ‘Insertion point’ of science into policy/decision making
- Barrier/constraint
- Concern
- Useful output/outcome
- Motivation

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• Time! – All parties