

# News release

## Partnership with homeowners insurer expands flood insurance protection in US

**NEW YORK, July 30, 2018 – Swiss Re and Security First Insurance have entered into an agreement that enables Florida residents to include water damage, including flood coverage, in their homeowners policy. The joint venture represents a breakthrough in flood protection as ratings are based on Swiss Re’s proprietary flood model and priced according to the individual risk exposure.**

The Swiss Re model generates a premium that is based on the unique characteristics of the exposure such as location of the structure, type of construction and insured value, rather than relying on rating tables which are less accurate. Security First policyholders will be among the first to receive enhanced coverage with a single deductible for wind and flood at a price that accurately reflects the risk.

Keith Wolfe, President US P&C, Swiss Re, said: “The need for this solution was clearly demonstrated by the devastation caused by hurricanes Harvey and Irma last year. Swiss Re’s vision is to make the world more resilient and this innovative partnership is an important step in closing the property protection gap in Florida. This innovative policy is proof that flood is insurable in the private market and we believe it can be replicated throughout the US to help solve a profound underinsurance issue.”

While last year’s numbers were considerably in excess of previous yearly averages, the US experiences economic losses of about USD 15 billion from flooding each year, of which only USD 5 billion is insured, resulting in a protection gap of approximately USD 10 billion.

Wolfe added: “Until now, flooding has been difficult to accurately price because it is sensitive to the specific location. Using the Swiss Re model will help mitigate adverse selection by spreading the risk among more Florida residents, not just among those with the highest risk. Combining flood risk with wind risk and other perils into one policy with one deductible means there is no longer a need for consumers to distinguish between a loss being partially wind or partially flood; the loss is simply covered.”

Security First has just started offering the new, optional flood and water backup coverage to its customers and the company will handle the distribution, administration and claims servicing. Agents are able to generate quotes quickly. Security First’s quoting and policy platform accesses the Swiss Re rating model, which provides the individual coverage premium. In addition to

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pricing, Swiss Re will provide expertise and the claims paying capacity supported by the full financial strength of Swiss Re.

Locke Burt, Chairman and President at Security First, said: “Before this partnership, flood insurance was not an option to add to an existing homeowners insurance policy, but now our customers will not have to worry about coverage for flood damage or having to manage a separate policy from a separate company. We are delighted to offer Floridians comprehensive flood insurance protection at an affordable price.”

#### **Swiss Re**

The Swiss Re Group is one of the world’s leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group’s overall mission.

#### **About Security First Insurance**

Security First Insurance is built on more than 100 years of history and experience in the insurance industry. The company has an acute understanding of Floridians' vulnerability to natural catastrophe. Company founder, Locke Burt, was serving in the Florida Senate in 1992 when Hurricane Andrew made landfall. It was one of the worst natural disasters in U.S. history, leaving behind more than USD 26 billion in insured losses and a crippled insurance industry. Locke wanted better for the state and its residents and created Security First Insurance. The company now serves policyholders living across the state, storm after storm, year after year®.

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