



US Flood Catastrophe Model

KEY BENEFITS

- Underwriting - Enhance risk selection, policy structure and pricing
- Portfolio Management - Manage risk accumulation and quantify loss potential
- Risk Transfer - Optimize reinsurance contract structuring and pricing

KEY FEATURES

- Accumulative and detailed model capable of portfolio-, policy- and individual-property level analyses
- Comprehensive hazard function comprised of distinct riverine and storm surge components
- Expansive and fully-probabilistic event set including 500,000 stochastic events covering the entire continental U.S.

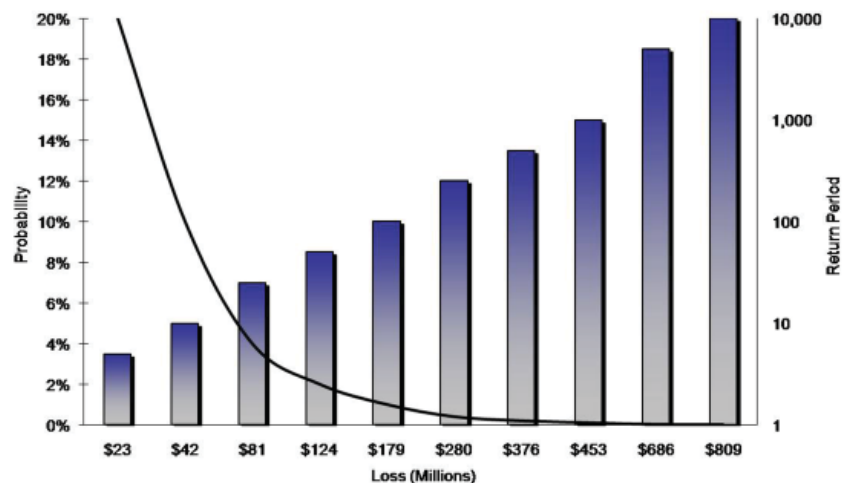
OUTPUT

- Average Annual Loss by Location, Portfolio
- Probability of Loss Exceedence Distribution (PML)
- Key Return Period Losses
- Full Event Loss Table

Manage Your Flood Risk

The most pervasive and destructive of all natural perils, floods threaten communities throughout most of our nation's regions and climates. Yet the significant opportunity to insure the hazard goes largely overlooked due to the mistaken belief that it is not possible to profitably underwrite flood in the United States. Moreover, many insurers and reinsurers assume that the decision to not proactively underwrite flood equates to eliminating their exposure to the peril. Consequently, billions of dollars of underlying flood exposure is unknowingly assumed every year as part of multi-hazard property policies. Not uncommon, such oversights are attributed to the absence of tools sufficient to accurately measure flood risk. However, with the introduction of the First American Flood Catastrophe Model (Flood Model), insurers now have the ability to quantify, price and transfer flood risk to an extent never before available.

Exceedance Probability Curve (PML)



The Flood Catastrophe Model

The First American Flood Catastrophe Model is a fully-probabilistic, geo-scientific and financial model that combines the documented characteristics of actual flood occurrences with an extensive array of theoretical events to provide one of the most robust hazard event sets available. This event set, or hazard function, forecasts the impact of a coastal or inland flood anywhere in the continental U.S.

Flood Catastrophe Model

The results, measured in terms of water depth, can be applied to a portfolio, policy schedule or individual property location. The Flood Model correlates the water depth with a property's structural vulnerability to calculate actual building damage. In addition to structural damage, the Flood Model also estimates content and time element damage such as business interruption or, in the instance of residential coverage, additional living expenses. Finally, insurance conditions stated in the policy, such as deductibles, limits and quota share, are applied to calculate the insurer's exposure. The results have been validated by hundreds of thousands of actual flood damage claims.

Requirements Distinct to Flood Modeling

Accurately modeling flood risk requires localized analysis, a comprehensive and robust hazard function, and detailed data resolution. Accordingly, the Flood Model is comprised of 500,000 stochastic events – the most extensive data set available to model flooding in the United States. These events, and the resulting losses, are spatially correlated to quantify the aggregate exposure. The Flood Model is also detailed, forecasting losses at a single location or over the entire portfolio.

To determine the exact location of a property, the Flood Model combines First American's PxPoint geocoding technology with our nationwide parcel database – the industry's largest at over 90million parcels – to deliver the most accurate and granular geocoding solution available. Flooding events are modeled at 90 x 90 meters.

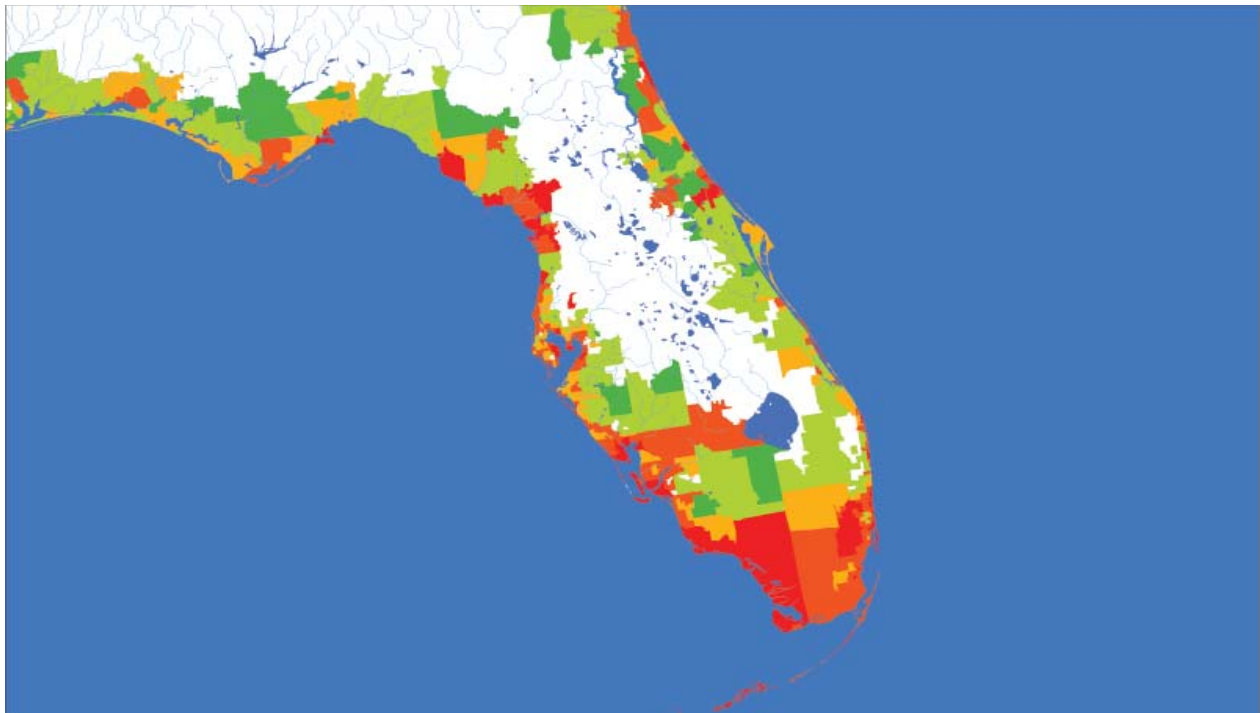
First American's Advanced Flood Risk Solutions

The U.S. Flood Catastrophe Model is just one important part of First American's Advanced Flood Risk Solutions. These solutions address the management of flood risk throughout the entire insurance process, from pre-bind risk identification, through underwriting, portfolio management, risk transfer and claims management. With an integrated offering of scoring, mapping, modeling and near real-time monitoring capabilities, we enable clients to profitably manage flood risk.

First American has managed flood risk for over 20 years. As a leading provider of risk assessment solutions to the insurance, finance and real estate industries, put the comprehensive set of GIS, natural peril, tax management, and property data solutions to work for you.

For more information on how the Flood Model can benefit your business visit www.firstam.com/advancedflood or call 877.888.7808.

Florida Storm Surge Exposure by Zip Code



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