



# PARAMETRIC INSURANCE

## LOCAL CLIMATE CHANGE EDUCATION

Parametric insurance is a non-traditional product that provides swift, pre-agreed payouts when specific triggers, such as weather conditions, are met. Unlike traditional insurance, it is not tied to physical damage assessments, allowing funds to be used for a wide range of needs such as, emergency preparedness, disaster response, infrastructure repairs, or nature-based solutions.



### WHY EXPLORE PARAMETRIC INSURANCE?

Parametric insurance helps address economic equity gaps by providing timely recovery resources for communities that cannot afford traditional coverage or wait for delayed federal aid. A well-designed parametric product allows local governments to focus on core functions, prioritize resources, and avoid being overwhelmed by unexpected costs and losses, ultimately stabilizing budgets and strengthening fiscal resilience.



### WHAT ARE THE BENEFITS OF PARAMETRIC INSURANCE?

Parametric insurance provides numerous benefits, including improving ecosystem health, protecting communities, and lowering long-term disaster recovery costs. While payouts may not always align with actual losses, parametric insurance effectively supplements traditional coverage and addresses frequent weather-related events.



### HOW COULD PARAMETRIC INSURANCE BE UTILIZED?

- **Disaster Response:** Parametric policies can provide quick funding for emergency preparedness and recovery efforts.
- **Infrastructure Protection:** Parametric payouts can be used to repair critical infrastructure like roads, bridges, and utilities, minimizing post-disaster disruptions.
- **Nature-Based Solutions:** Parametric policies for natural assets such as coral reefs, mangroves, and wetlands enable rapid funding for ecosystem restoration.



### ISLETON PARAMETRIC FLOOD INSURANCE PILOT PROJECT

The City of Isleton, located in the Sacramento-San Joaquin Delta and within a 100-year floodplain, launched a pilot program for a community-based insurance based on pre-determined floodwater levels. The project aims to enhance financial resilience during significant floods and supplements existing NFIP coverage. It will provide flexible payouts to help residents address structural damage, evacuation costs, or business interruptions, offering critical support in the aftermath of a major flood.



Commissioner Ricardo Lara

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