

An aerial satellite-style photograph of a large hurricane or tropical storm over the ocean. The storm's eye is visible in the center, surrounded by dense, swirling white clouds. The surrounding ocean is dark blue with white-capped waves.

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DISASTERS ARE ON THE RISE

How catastrophes impact the insurance industry and what to do when disasters strike

It seems like every time we turn on the news, communities around the United States are being impacted by another natural disaster. Three coastal cities within the U.S. experienced record-breaking high-tide flooding from May 2021 to April 2022, **according to the National Oceanic and Atmospheric Administration (NOAA)**.

From January 1 through June 30, 2022, more than 3.9 million acres burned during wildfires across the 50 states, which is almost 2.3 times the average for that time of year, **according to NOAA**. On a global scale, **the 2020 Ecological Threat Register showed a tenfold increase** in the number of natural disasters across the world, from 39 incidents in 1960 to 396 in 2019.



3.9 million acres

**BURNED DURING
THE 2022 WILDFIRES**



2.3 times

**THE AVERAGE FOR
THAT TIME OF YEAR**

What's contributing to the increase in disasters?

There may be a number of factors that have contributed to the increase in the number of natural disasters. The rise is due in part to a combination of population growth and development, along with the impact of human-caused climate change, **research from the NCEI showed**. In places like California that are impacted by wildfires, **experts say** that fire seasons are getting worse because of warmer temperatures in the summer and a loss of snow-pack in nearby mountain ranges.

Climate change isn't the only thing causing more disasters. More Americans than ever are moving to places in the U.S. where wildfires are likely to take place, increasing the likelihood of catastrophes, **according to research by the University of Wisconsin-Madison and the United States Forest Service**. The research showed that more than 16 million homes in the West were located in fire-prone areas as of 2020, compared to around 10 million homes in 1990.

How the increase in disasters impacts the insurance industry

When natural disasters occur, many individuals are impacted: homeowners, renters, local government officials, and the members of the insurance industry who serve those affected by catastrophes, among many others.

Weather and climate-related disasters are, unsurprisingly, expensive. In 2021, there were 20 separate billion-dollar weather and climate disaster events in the U.S., and **research shows** that the total costs for these events over the last five years is more than one-third of the total cost of disasters over the last 43 years. Research from the National Centers for Environmental Information (NCEI) reported that there were already nine billion-dollar weather and climate disaster events. And while inflation may contribute to these rising numbers, the facts are the same: direct and indirect costs to those impacted by a catastrophe are significant.

INDUSTRY-WIDE IMPACTS

We'll start with some of the costs of the increase in natural disasters for the entire insurance industry. In the first half of 2021, **insured losses from natural disasters** totaled a 10-year high of \$42 billion. When natural disasters strike, and cause massive losses in a single community or area, insurance carriers may have to pay out large claims for property and car insurances in a short period of time. And as disasters become more frequent and insurance becomes more expensive, **one commentator on the insurance industry wrote**, insurance policies "might become too expensive for most customers, or make it impractical for companies to provide coverage."

If policies become too expensive for policyholders to purchase, or become impractical for carriers to provide to potential customers, both sides lose: the homeowners who can't afford to insure their homes or property, and the insurance carriers that need to continue running their businesses—and that want to offer their policyholders great service and fair prices.

ADJUSTER-SPECIFIC IMPACTS

As the number of natural disasters increases, adjusters' workloads rise, too. When a catastrophe occurs, policyholders often have to leave their homes. The adjusters who work with these displaced policyholders may be tasked with communicating with individuals and families about their unique needs, finding them a place to stay on a moment's notice, and managing the other day-to-day and month-to-month logistics that come up after a policyholder enters into a temporary housing arrangement.

On top of these logistical challenges, there's the emotional toll that follows a person being displaced from their home. The policyholder can become anxious, upset and distracted, while adjusters focus on helping them accomplish time-sensitive tasks.

As disasters increase, stressors can decrease with ALE Solutions

It's not all doom and gloom. Research shows that the number of deaths caused by storms, floods, and droughts has fallen sharply because of improvements to warning systems and better reporting of natural disasters. Additionally, there are specific steps that adjuster carriers can take to eliminate stressors related to temporary housing, the price to manage displaced policyholders, and other logistical challenges that may come up after disasters strike.

1. PARTNER WITH A TEMPORARY HOUSING EXPERT

When a policyholder is displaced, the need of appropriate temporary housing becomes their foremost concern. Understandably, they expect their adjuster's undivided attention until that temporary housing has been secured. As an adjuster though, you may have many concerns to juggle: securing temporary housing, reviewing the extent and damage of the natural disaster, and estimating the cost of repairs and replacements.

Temporary housing providers, like ALE Solutions, act on adjusters' behalf to meet their expectations by quickly providing an appropriate hotel or temporary residence that meets their specific needs. ALE's prompt, personalized service means that insureds can turn their attention to managing through their temporary housing stays.

Immediately after an adjuster contacts ALE with a first notice of loss, ALE contacts the policyholder to learn about their unique needs. We locate housing, negotiate a lease, obtain your approval on the rate, coordinate the showing of the property, and manage all paperwork.



2. SAVE WHILE SUPPORTING POLICYHOLDERS

When emergencies happen, adjusters need to closely manage costs associated with temporary housing, which may be more difficult than ever. As of May 2022, hotel rates in the United States were, **on average, 15% higher than in 2019**. It's difficult to find reasonably priced temporary housing, especially at the last minute.

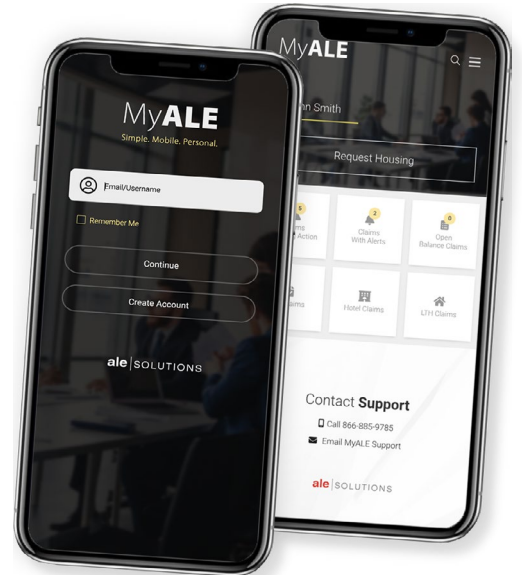
ALE Solutions helps insurance adjusters save money by controlling all housing-related expenses and streamlining the invoice process. We provide the most cost-effective properties by first determining the type of temporary housing that best fits the given situation. We then locate all available properties that meet these criteria to develop the most cost-effective housing solution.

ALE leverages our relationships with property owners, and our pre-negotiated short-term residential locations to place the insured in a residence that makes sense. We also provide significant savings on furniture, housewares, and appliance rental costs by passing along the savings that we have negotiated with most nationwide and regional rental companies.

3. STREAMLINE AND DIGITIZE ANY LOGISTICS MANAGEMENT

As mentioned earlier, there are a lot of aspects of the temporary housing process that adjusters are expected to manage. The **MyALE** online claims management portal, ALE's streamlined portal for adjusters and managers, provides a simple way to manage hotel and long-term claims from any device. **MyALE** integrates with select carriers' claim platforms to streamline temporary housing management.

ALE Solutions also enables 2-way text communication with policyholders to make it easier for policyholders to get the support they need. An ALE representative typically responds to messages within 20 minutes 24/7/365, so policyholders can get the support they need without a long delay.



Since 2001,

ALE Solutions' dedicated CAT Logistics Team has successfully placed displaced policyholders and adjusters during catastrophes.





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ALE Solutions serves policyholders and adjusters during disasters.

ALE Solutions' seasoned CAT Logistics Team moves into action within 24 hours to meet the demands of the affected area with a scalable disaster response model that rapidly expands capacity. Our "Boots on the Ground" approach enables an accurate, first-hand perspective of the event. In chaotic situations, the limited available properties and hotel rooms go to those on-site and ready to act.

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