

# EQ PARAMETRIC

## Frequently Asked Questions

SPG Canada



### WHAT IS SPG CANADA EQ PARAMETRIC

**SPG Canada EQ Parametric** is a parametric (re)insurance product designed to provide swift financial relief following an earthquake. It uses pre-defined triggers, such as Peak Ground Acceleration (PGA), to determine payouts, bypassing traditional claims processes.

### HOW DOES SPG CANADA EQ PARAMETRIC WORK?

**Step 1:** A Magnitude 6.0 Earthquake occurs anywhere in the region and affects the covered territory (Covered Event). The event start date and event end date (12:00 am PST on the 31st day after the event start date) are established.

**Step 2:** The USGS (U.S Geological Survey) and Earthquake Canada operated by Natural Resource Canada (NRCAN) a federal government department, jointly publishes a ShakeMap, which can be found at:  
<https://earthquake.usgs.gov/data/shakemap/>

**Step 3:** RMS (calculation agent) creates an event report that certifies the maximum PGA by the covered territory, as released by the USGS ShakeMap.

**Step 4:** Based on the RMS event report, the loss payment amount available for claims payments is determined as the percentage of the limit related to the maximum PGA.

**Step 5:** The insured will prepare a proof of loss attesting to the economic loss from the covered event and submit it online through the claims page on our website: <https://normanmaxinsurancesolutions.com/file-a-claim/>, or via the designated claims phone number and email provided in the policy.

**Step 6:** The claims processor will verify the loss payment amount available based on the event report and the proof of loss attestation. The claims processor will then submit for claims payment to the insured, up to the maximum loss payment amount.

## Frequently Asked Questions

### **DOES THE EPICENTER OF THE EARTHQUAKE NEED TO OCCUR IN MY COUNTY TO TRIGGER MY POLICY?**

A Magnitude 6.0 or greater earthquake can happen anywhere in your state or extended region. After the earthquake occurs, the policy loss payout amount is determined based on the Maximum Peak Ground Acceleration (PGA) as measured by the USGS ShakeMap in your county.

---

### **WHAT IS PEAK GROUND ACCELERATION (PGA)?**

Peak Ground Acceleration (PGA) is an intensity measurement of actual ground shaking that occurs during an earthquake. PGA can be measured many km from the epicenter of the earthquake and can be a better predictor of economic loss as experienced by the insured since it is being measured locally in your FSA (forward sortation area) postal code.

---

### **WHY IS PGA THE DETERMINANT OF THE MAXIMUM PAYOUT INSTEAD OF THE MAGNITUDE OF THE EARTHQUAKE AT THE EPICENTER?**

The epicenter of the earthquake can be several hundred km from your location; even in a neighboring state or province. As a policyholder, the PGA intensity as measured in your county and the level of damages you experience are what is most important. As an example, if you live near a fault line and a high magnitude earthquake occurs 300 km from your location, the ground shaking that you experience could still be severe in your state or province.

---

### **AVAILABLE LIMITS AND TERRITORIES:**

Quoting and binding for limits between \$50,000 and \$10,000,000 within a single coverage region. Risks that include more than a single coverage region or that require higher limits will be referred to underwriting.

## Frequently Asked Questions

### **IS THE LIMIT OF INSURANCE CONNECTED TO THE TOTAL VALUE OF MY EXPOSURE?**

Unlike traditional insurance that attaches in excess of likely losses and is underwritten based upon the total exposure, SPG Canada EQ Parametric limits are determined based upon first dollar losses as well as projected needs and budget.

### **DO I HAVE TO HAVE TRADITIONAL INSURANCE TO PURCHASE SPG CANADA EQ PARAMETRIC?**

This is not a requirement for purchase of the product.

### **WHAT IS SHAKEMAP?**

ShakeMap is a product of the USGS Earthquake Hazards Program that provides near-real-time maps of ground motion and shaking intensity following significant earthquakes, which can be found here: <https://earthquake.usgs.gov/data/shakemap>.

### **WHO IS MOODY'S RMS?**

Moody's Risk Management Solutions (RMS) is a leading catastrophe risk modeling company founded in 1989 to "create a more resilient and sustainable global society through a better understanding of catastrophic events."