

National Conference of State Legislatures

2023 Legislative Summit

Don't Let Disasters Break the Bank

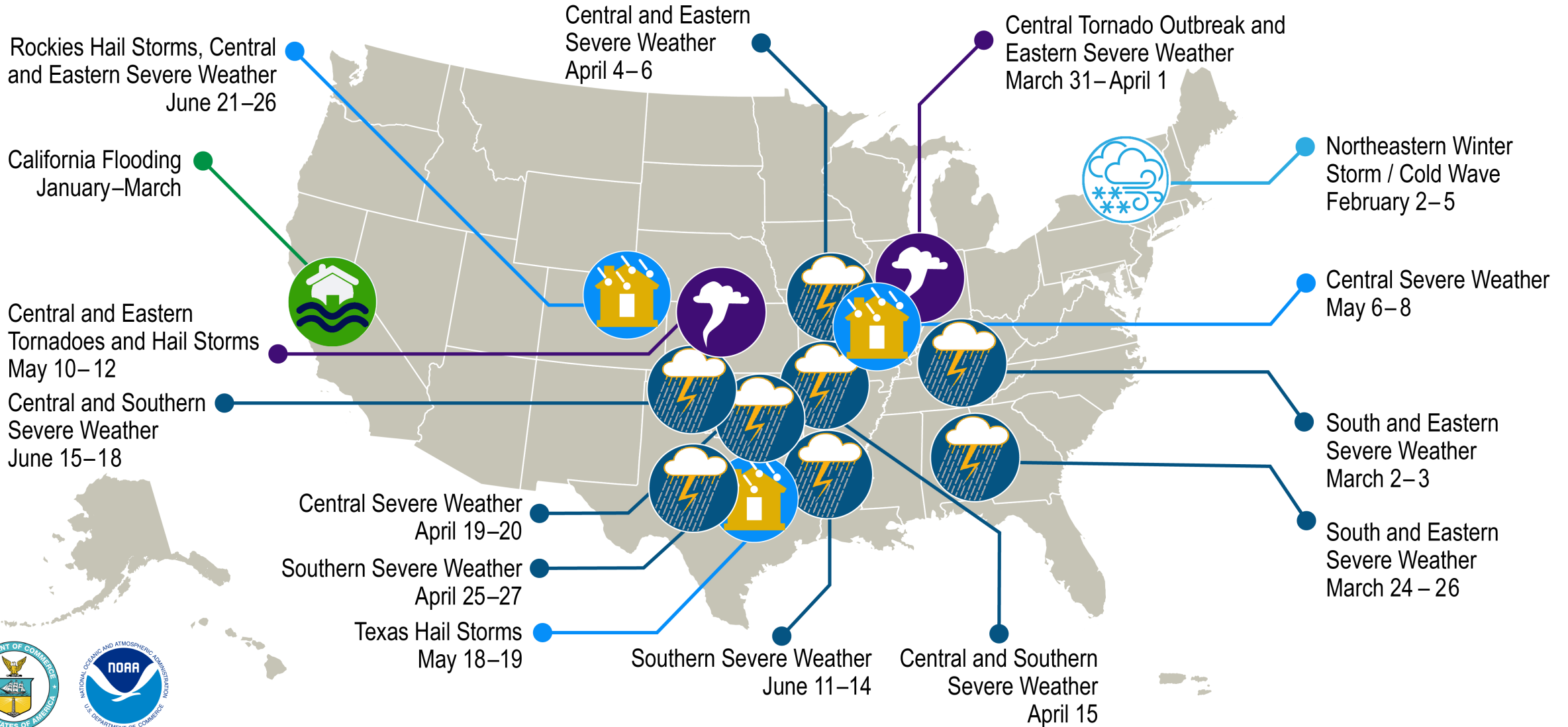
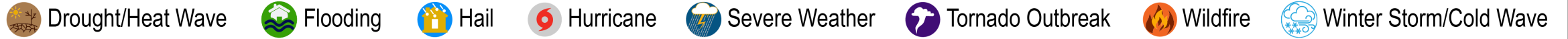
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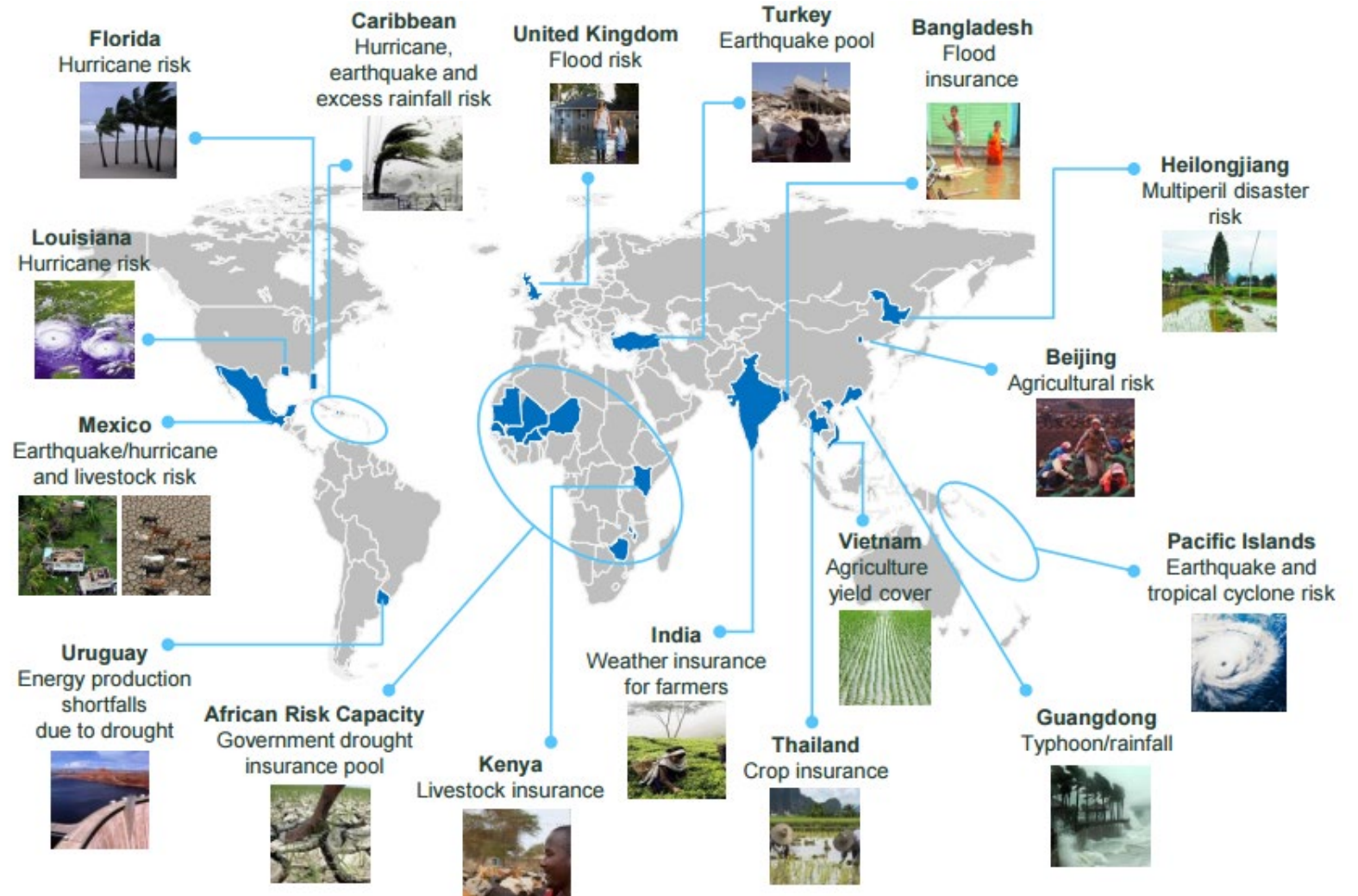
U.S. 2023 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the **15 separate billion-dollar weather and climate disasters that impacted the United States through July 2023.**

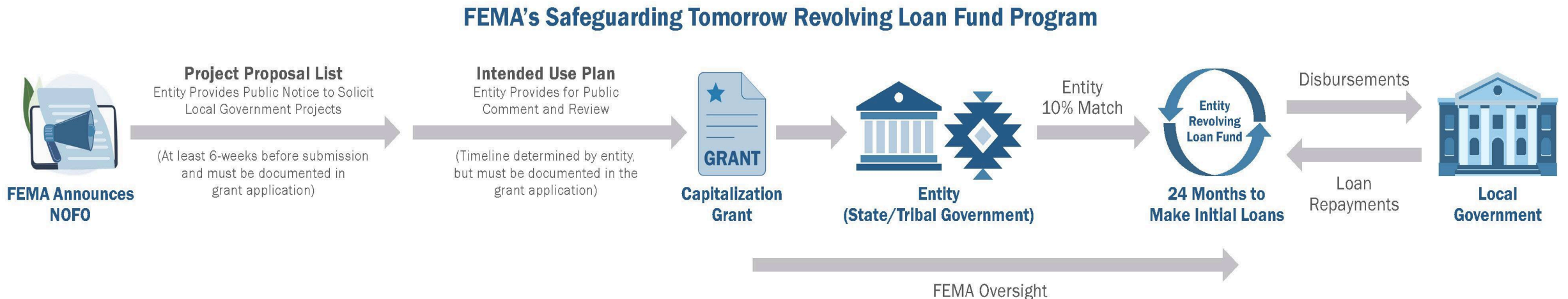
Innovative Finance for Resilience

- Infrastructure Banks
- Revolving Loan Programs
- Catastrophe Bonds
- Resource Resilience Bonds
- Insurance Innovations



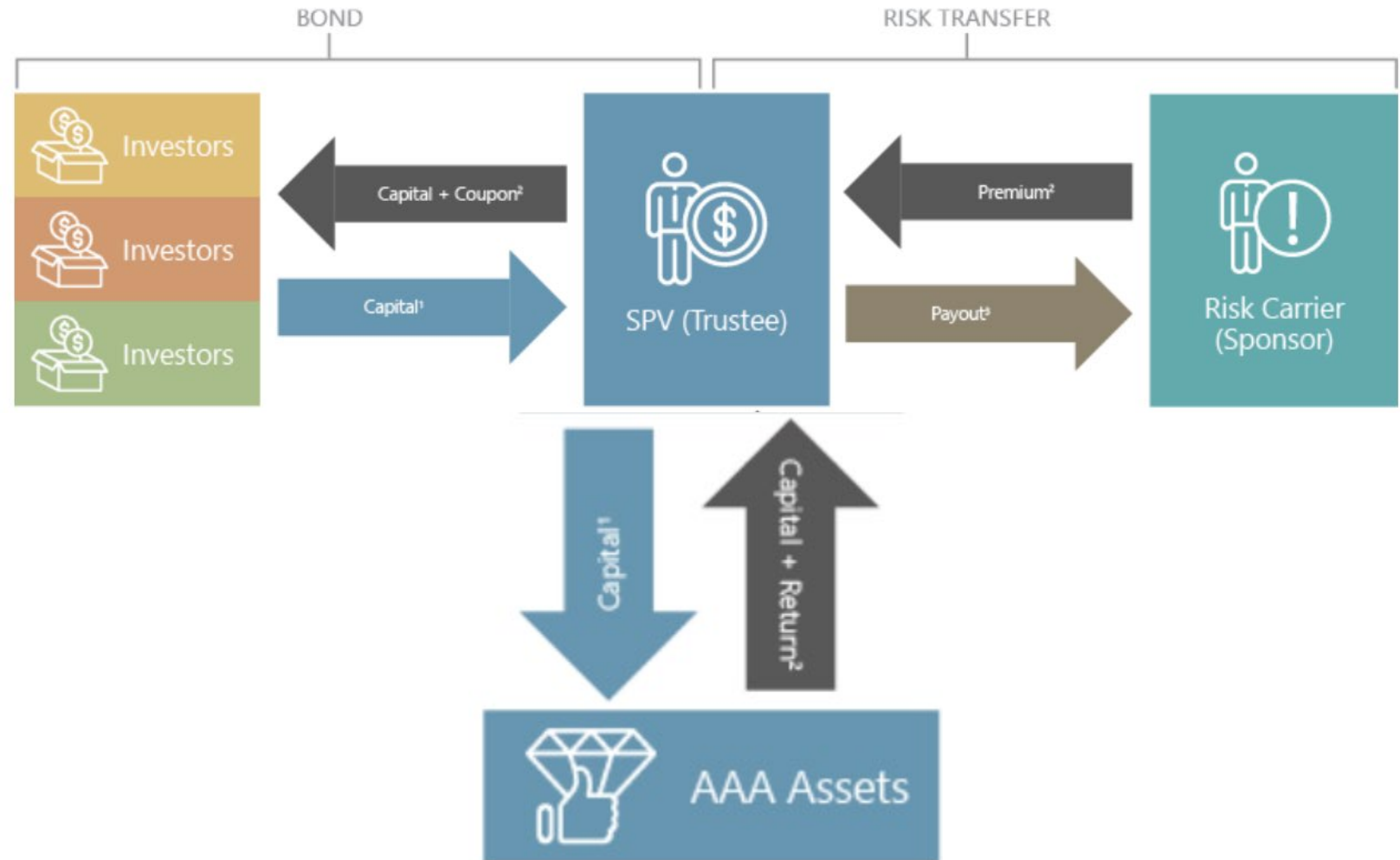
Infrastructure Banks & Revolving Loan Programs

- Modeled after EPA State Revolving Funds enabled and capitalized through state law
- Ex: FAST Act TIFIA loans to capitalize Rural Project Funds
- Ex: STORM Act authorized \$500 million over five years through FY 2026



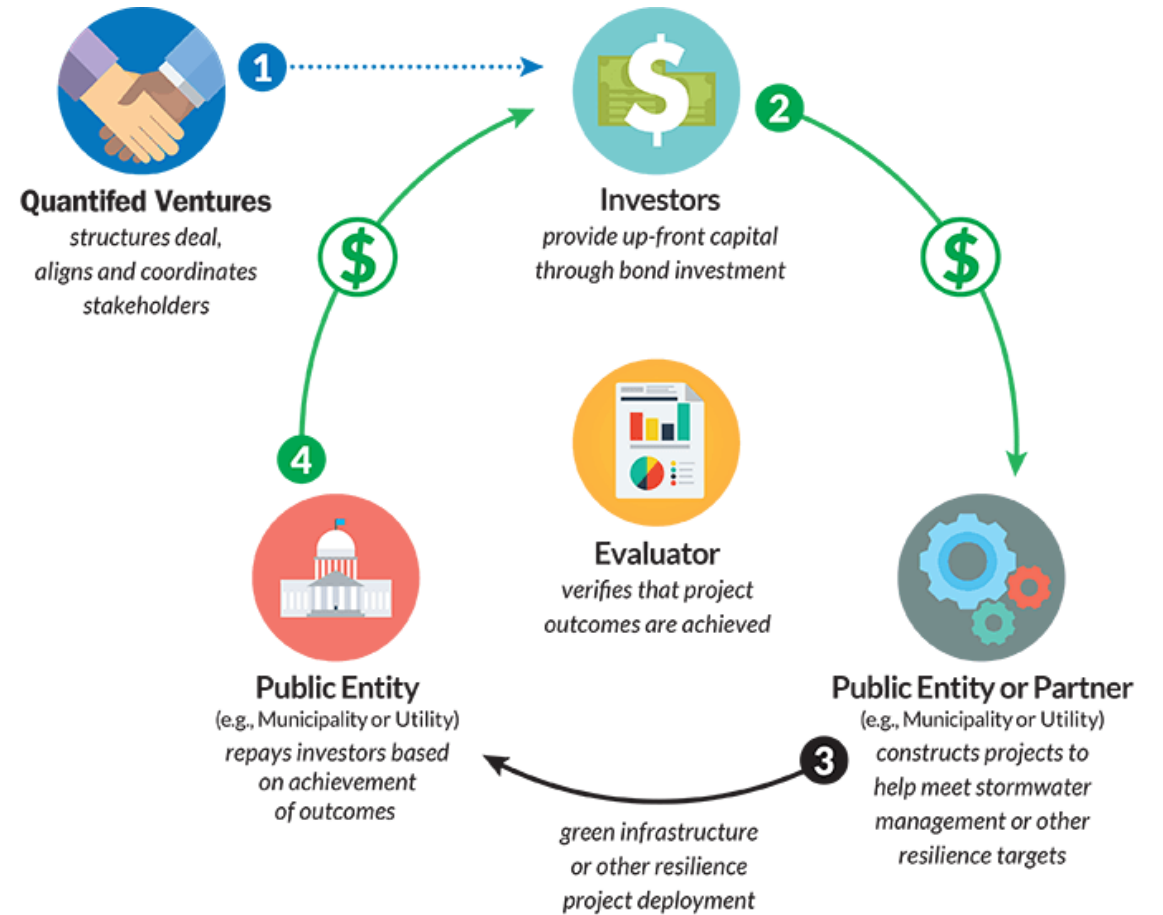
Catastrophe Bonds

- If no covered event (disaster) occurs, investors recover their capital plus a coupon composed by AAA-rated assets return and the premium paid by the sponsor.
- If a covered event occurs, the sponsor receives a payout and the investors lose their capital (all or part).



Environmental Impact Bonds

- \$25 million Environmental Impact Bond to finance DC Water construction of green infrastructure to manage stormwater runoff
- “Pay for Success” strategy financially rewards DC Water and investors if the performance exceeds expectations



Parametric Insurance

Pays when conditions are triggered:

- Rainfall rate
- Flow (velocity, CFS)
- Windspeed
- Barometric Pressure, Named Storm
- Seismic Intensity
- Acres Burned

