



## UNDERSTORY'S GROUND-TRUTH SENSOR INSURES THE UNINSURABLE

*Solving hail coverage crisis with sensors that enable quick claim payouts to auto dealers and produce the most extensive ground-truth weather database to date*

For Immediate Release:

**MADISON, WISCONSIN (November 12, 2019)** — This week, Understory released *Auto – Hail Safe*, the first-ever data-driven hail insurance product for auto dealers to address billions of dollars in hail damage across the country. Understory's innovative *Dot* sensors have revolutionized capturing ground-truth weather data. Using proprietary technology to provide cost-effective coverage, eliminate lengthy processing times, and process quick payouts Understory partnered with MSI GuaranteedWeather to bring *Auto – Hail Safe* to market.

Understory simplifies typical insurance complexities with one hassle-free platform that empowers both the insurer and the insured. In the case of a hailstorm, the on-location *Dot* sensor automatically sends precise information about hail size to the insurance company. When a claim is triggered, an auto dealer receives their check within one to two weeks.

"Understory is introducing a paradigm shift to the insurance industry," said Alex Kubicek, Founder and CEO of Understory. "Our precision sensors are the gold-standard of ground-truth weather detection. They enable innovative products and fulfill the promise of insurance digitization. We're not talking about another weather app. We are talking about parametric insurance: a data-driven approach to financial risk, backed by long-time weather risk stakeholders like MSI GuaranteedWeather, along with a first-tier reinsurer, and many others. Customers finally have access to simple and cost-effective hail coverage—this is a truly disruptive way of doing business in a very traditional industry."

Hail is one of many weather perils that has turned into a costly hazard. A single hailstorm can cause millions of dollars in damages to an auto dealer's inventory, due to open-lot vehicle exposure. According to the National Oceanic and Atmospheric Administration, more than 4,600 destructive hailstorms hit the United States in 2018 alone, resulting in more than \$8 billion of damage.

Until now, the insurance industry has lacked the technology and data required to accurately price hail-related policies with the uncertainty and volatility introduced by climate change. This absence left the auto industry vulnerable. Many insurance carriers in high-risk "hail belt" states – including Texas, Colorado, Kansas, and more – have either refused to underwrite open-lot policies or skyrocketed prices. In order to afford open-lot insurance, auto dealers have been left purchasing policies that lack critical coverage and are unable to fix or replace their damaged inventory. In some areas, deductibles now exceed the value lost, resulting in high premiums misaligned to the damage caused.

With the support of the international weather risk manager, MSI GuaranteedWeather, and a global reinsurer, *Auto – Hail Safe* solves the hail coverage crisis by providing parametric insurance that can be used to cover any economic damage from vehicles, roofs, property loss, revenue loss, advertising, and other expenses. Building on Understory's comprehensive weather database and risk model, MSI

GuaranteedWeather's experience in developing global weather risk solutions and unique analytic capabilities allow *Auto – Hail Safe* to offer quick payouts and no adjustment following hailstorms.

“Working with Understory's platform will allow MSI to stay at the cutting edge of the parametric weather risk management industry,” said Brad Davis, CEO of MSI GuaranteedWeather. “Combining cutting-edge risk models that allow for accurate pricing with precise detection ensures our customers get a reliable product that will help protect them against the worst that Mother Nature has to offer.”

*Auto – Hail Safe* is the first in a series of quick-payout products. Understory is already working on other perils (e.g., Rain, Frost, Heat, Wind) across industries (e.g., Agriculture, Urban Infrastructure, Air Quality) around the world.

Tony Fadell, Principal at Future Shape, one of the first investors in Understory: “We invested in Understory five years ago (2014), because we knew that a weather satellite 22,000 miles above the earth can't tell you exactly what is happening on your dealership lot, your vineyard, or your farm. The Dot sensor is the holy grail of data-powered insurance: solid-state, low cost, self-sufficient, networkable, stormproof, always-on. Combining Dot with Understory's software network now allows the first of many ground-breaking parametric insurance products powered by Understory.”

When it comes to hail data, precision is critical. Understory has developed the most extensive and accurate ground-truth severe weather database to date, with new and innovative insights beyond what has traditionally been available from any academic, private, or government institution. Their proprietary state-of-the-art *Dot* sensors make this first of its kind weather database possible and enables Understory to continue to build comprehensive weather-specific databases.

**Dot sensor:** Each Dot sensor collects 125,000 measurements per second, including - but certainly not limited to - Hail, Wind, Rain, Temperature, Air Pressure, Humidity, and Solar Radiation. This data is uploaded wirelessly from each solar-powered, easy-to-install sensor.

**Dot living network:** When grouped over larger areas, the Dot sensors create a *Dot living network* that tracks conditions, gathers data, and understands the DNA of each storm that passes over the dealership lot or farm.

Using these ground-truth insights combined with its *Atmospheric Intelligence AI*, Understory has created one of the most sophisticated weather risk models in the world that forms the basis of accurately understanding the risk and sets triggers that are meaningful to its customers.

David Ditgen, Managing Partner of AutoRisk Dealer Services, sees *Auto – Hail Safe* as a critical pivot point for dealership insurance: “In the aftermath of several destructive hail years, many specialty automotive insurance companies were forced to respond to economic losses by increasing premiums, retreating from certain parts of the country, or discontinuing dealership coverage programs entirely. As a result, many dealers are facing huge insurance cost increases, some exceeding 500%,” said Ditgen. “Understory's ground-breaking, technological approach to risk transfer for dealership insurance is unlike anything I've seen in 20 years and will enable us to provide a lifeline to auto dealers.

Insurance brokers can sign-up to sell *Auto – Hail Safe* at [www.UnderstoryWeather.com](http://www.UnderstoryWeather.com). Understory will install and maintain a rooftop Dot sensor on each policy holder's dealership to provide precise weather measurements. When hail reaches the conditions agreed upon in the policy, the sensor will activate claims to the insured, with auto dealers never needing to file paperwork. By providing accurate, cost-effective risk pricing and quick payouts, *Auto – Hail Safe* is positioned to become the fastest-growing parametric insurance product on the market.

For more information, visit: <https://understoryweather.com/>

**ABOUT UNDERSTORY:**

Understory, based in Madison, Wisconsin, is the first company with proprietary sensors to successfully offer parametric insurance products covering severe weather risks like hail. Understory's unprecedented, ground-truth data for rainfall, hail, and wind delivered by its accurate, maintenance-free, and fraud-proof weather sensors ensures quick claim payouts to climate-vulnerable industries including auto and agriculture. Understory's investors include Revolution's Rise of the Rest Seed Fund, 4490 Ventures, Future Shape, and True Ventures. Understory also went through Wisconsin startup accelerator gener8tor's first cohort and received funding and hands-on mentorship from Bolt, the Boston based hardware venture firm.

**ABOUT MSI GUARANTEEDWEATHER:**

MSI GuaranteedWeather, LLC, a wholly-owned subsidiary of Mitsui Sumitomo Insurance Co., Ltd., is a global weather risk management company that manages a dynamic portfolio of diverse weather risks throughout the world. The company offers its customers products that allow for the mitigation of the adverse effects of weather on business revenues and expenses. These products cover risks associated with all forms of measurable meteorological events occurring (or failing to occur) over periods of time as short as a few hours, to multiple years in duration. For more information, visit <http://www.guaranteedweather.com> .

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