

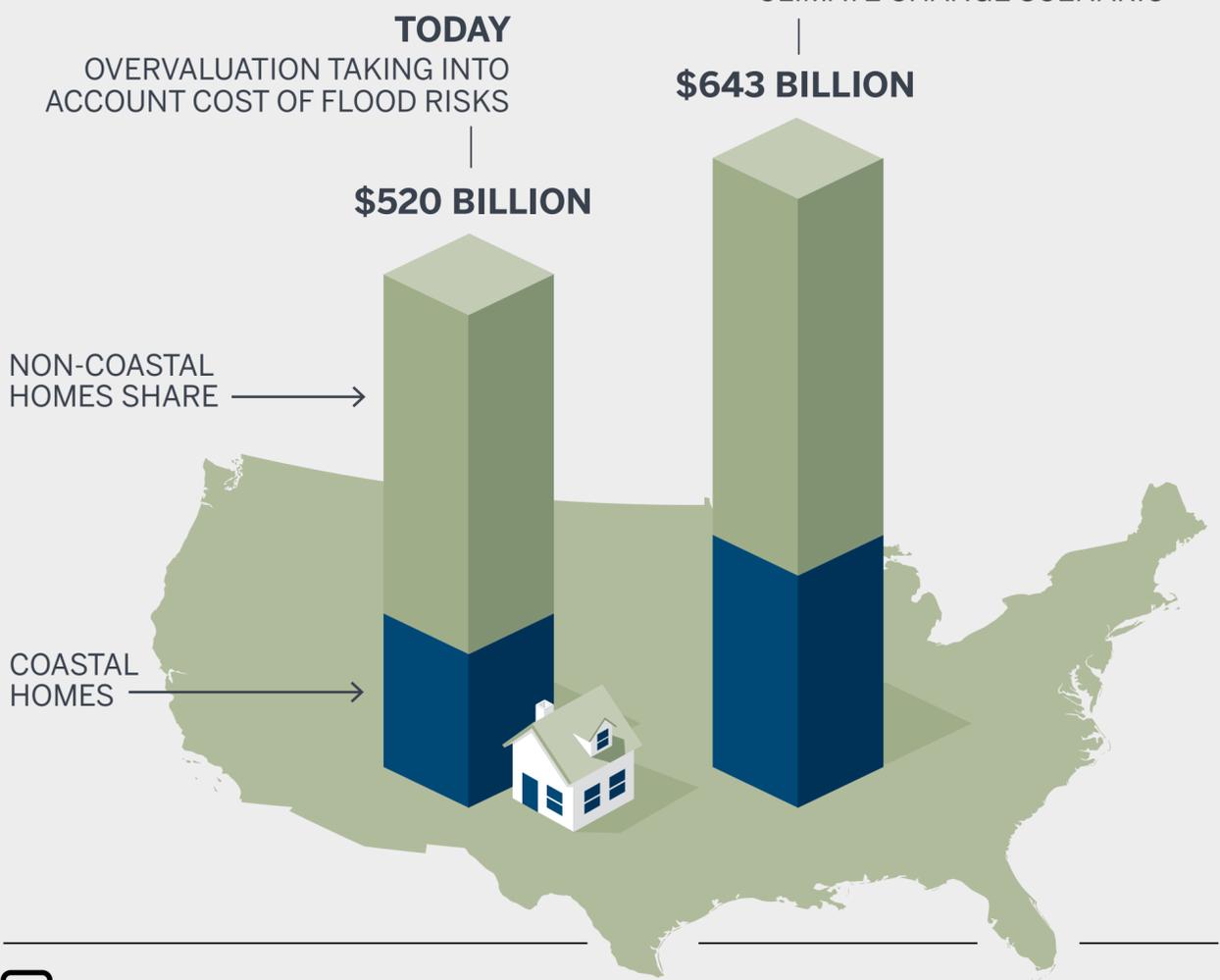
# The cost of flood risk to our homes

The U.S. residential real estate market likely has not fully accounted for the financial costs of flooding. Milliman estimates that only 5% of homeowners in the United States have a flood insurance policy today. This leaves the potential for most homeowners' greatest asset, their homes, to lose significant value not only if their home floods – but if the real estate market in their area is impacted by flood. In turn, mortgage markets could be adversely impacted by a potentially abrupt repricing event to account for flood risk. The charts below show how much our homes could be overvalued due to flood risk in the U.S.

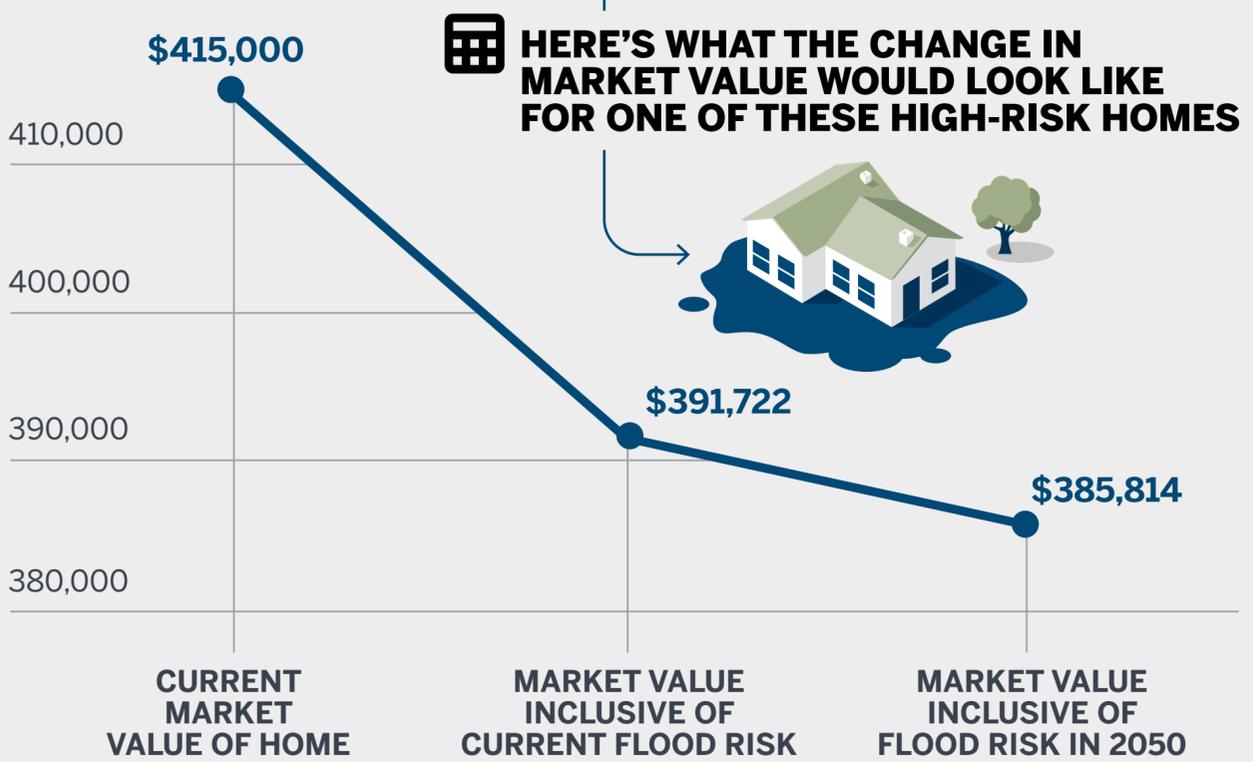
## COST OF UNPRICED FLOOD RISK ACROSS THE U.S.

IN 2050

OVERVALUATION USING HIGH CLIMATE CHANGE SCENARIO



## A CONCENTRATED RISK



## WHO IS MOST AFFECTED

**1.1M**  
HOMES IN COASTAL AREAS ARE MOST LIKELY OVERVALUED BY AT LEAST 10% TODAY BECAUSE OF FLOOD RISK

HOMEOWNERS BELOW THE POVERTY LEVEL COULD SEE A **-2.3%** CHANGE IN MARKET VALUE, COMPARED TO -1.4% FOR HOUSEHOLDS IN THE TOP 10% OF INCOME

## IMPACT TO MORTGAGE INVESTORS

**40%**  
THE POTENTIAL INCREASE IN MORTGAGE DEFAULTS DUE TO REPRICING OF FLOOD RISK

PREVIOUS PROJECTED LOSSES DUE TO MORTGAGE DEFAULT **\$16.4 B**

**\$72.1 B**  
LOSSES REPRICED FOR FLOOD RISK IN 2050