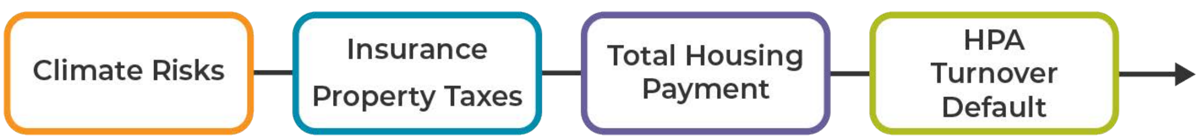
Looking for a complete solution to measuring Climate-Related Risk?

The **AD&Co Climate Impact Suite (CIS)** combines our two climate-conditioned models, LoanDynamics Model (ccLDM) and House Price Model (ccHPA), to allow users to analyze the impact of climate risk as captured by rising future insurance premiums or other borrower obligations on loan or securities positions.

Climate Impact Suite (CIS) is now available in new versions of Loan Kinetics (LK) or OAS Subroutines.

How It Works

Climate risk vendors provide census tract level annual loss estimates for each of the listed risks under different global climate change scenarios (such as the RCP scenarios). AD&Co transforms these into property level insurance premium forecasts which are then fed into ccLDM and ccHPA when running loan-level analysis. All mortgage analytical measures can be run with and without the climate-conditioning, directly quantifying the exposure of each loan to potential changes in premium on that property.



Who Should Be Interested:

- Originators
- Whole loan portfolio managers
- MIs
- Servicers
- Regulators
- Anyone with exposure to mortgage credit risk

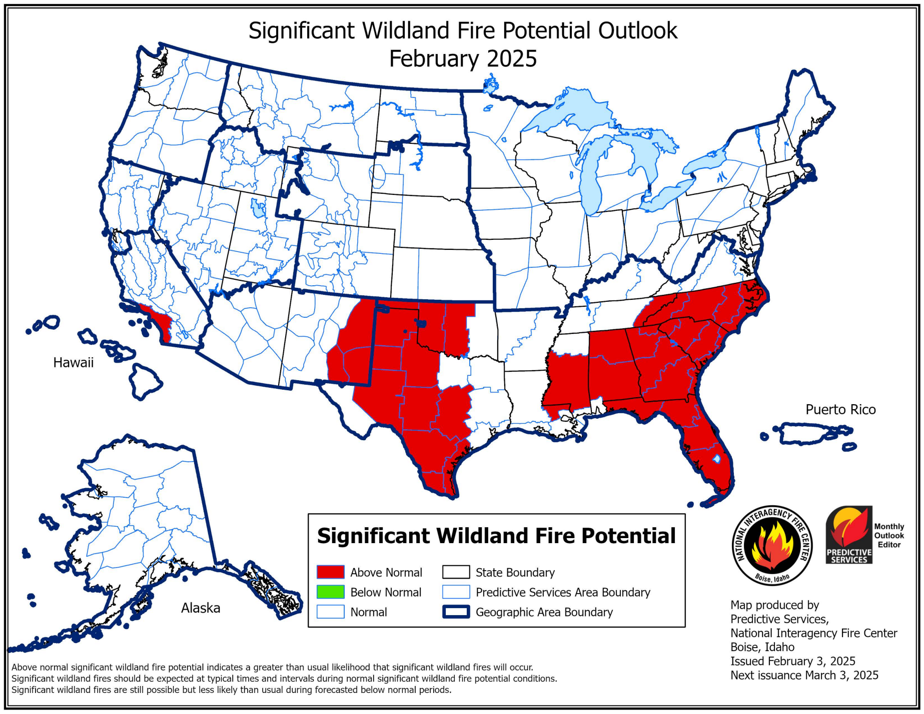
Use Cases

- Portfolio stress testing
- Quantifying risk exposure at the property level to climate-related events (wildfire, hurricane, inland flooding, lightning/hail, sea-level rise, and coastal flooding, etc)
- Risk mitigation and pricing strategies that more explicitly account for climate-related risks

CIS Pilot Requirements

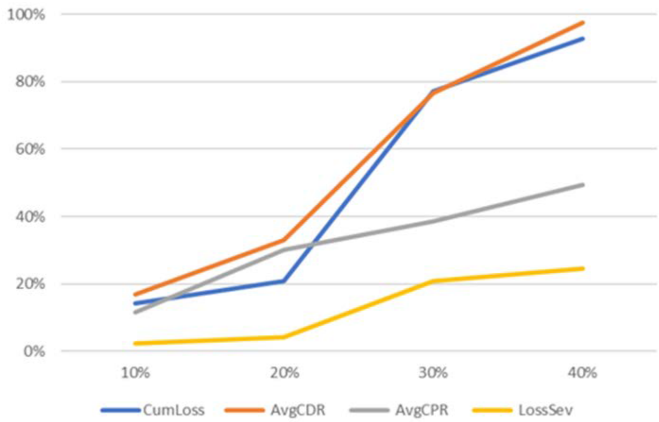
We are pleased to offer prospective clients a chance to see the impact of our climate-conditioned models through our pilot process. Our CIS (Climate Impact Suite) pilot involves collaborating with AD&Co to provide a sample portfolio of loans to run, and with a climate risk vendor, such as Cotality, ICE or Verisk, to obtain the necessary climate risk outputs. We would then run our models showing the impact of our climate-conditioned models on key risk vectors: CPR, CDR, loss severity, and cumulative loss figures for the portfolio.

National Wildland Fire Outlooks



The following charts show what multiple of our usual metrics (CPR,CDR, Severity and Cumulative Loss) result for two different loans as a function of different rates of annual increase in insurance premiums (ranging from 10% per year to 40% per year).

Impact by TIP Scenario (80 LTV 690 FICO)



Impact by TIP Scenario (90 LTV 770 FICO)