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November 20, 2025

Virginia Bureau of Insurance (State Corporation Commission)
P.O. Box 1157
Richmond, VA 23218

RE: Zesty.ai Property Risk Solutions, LLC
SERFF Tracking Number ZAPR-134748022
Z-WIND, Z-HAIL, Z-STORM
Rate and Rule Filing

Subject: ZestyAI Z-WIND™, Z-HAIL™, and Z-STORM™ Model Filing Explanatory Memorandum

Dear Virginia Bureau of Insurance,

Zesty.ai Property Risk Solutions, LLC respectfully submits Z-WIND™, Z-HAIL™, and Z-STORM™ for your review. Z-WIND™ and Z-HAIL™ are property-level wind and hail risk models developed by ZestyAI utilizing an internal database of over four million earned exposures, with a contribution from actual Virginia policies. Z-STORM™ is not a distinct risk model but represents a combination of the outputs of Z-WIND™ and Z-HAIL™. Z-STORM™ enables insurers that do not utilize separate wind and hail peril rating to understand a property's Severe Convective Storm risk holistically with a single product.

These models are intended to be used for underwriting and rating property insurance. Because they provide property-level risk scores that are highly predictive, they allow insurers to accept new business in regions that would otherwise be considered high risk, and to price each policy according to a property's unique characteristics. Additionally, because the models are based upon actual wind and hail claims rather than simulations, they provide transparency by exposing the top risk drivers for each property that is assessed. This information can be used by the carrier to help homeowners mitigate risk on their properties while lowering their insurance premium or changing their eligibility status.

At a high level, the ZestyAI Z-WIND™, Z-HAIL™, and Z-STORM™ products each provide two risk scores for each property. The Claim Frequency Score represents the annual likelihood of a wind, hail, or severe convective storm claim being filed against a property's insurance policy. The Claim Severity Score represents the average cost of a given wind, hail, or severe convective storm claim as a percentage of the property insurance policy's Coverage A limit, including deductible.

Subscribing insurers will typically apply these scores to their residential or commercial property insurance programs in the following use cases. Any carrier wishing to utilize ZestyAI products will create a separate rate or rule filing, adopting the models approved under this filing while providing any additional support or documentation that is required.

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Underwriting
Carrier partners may propose a new eligibility or underwriting rule based wholly, or in part, on a property's Claim Frequency and Claim Severity Scores.

Rating
Carrier partners may propose new, rate neutral, rating factors based on a property's Claim Frequency and Claim Severity Scores. Due to the wide variety of rating methodologies, carriers are responsible for providing their own actuarial support for new rating factors in their respective rate filings.

Individual Model Variables
As an alternative to utilizing a model's Claim Frequency or Claim Severity Scores, a carrier may utilize ZestyAI as a data vendor to underwrite or rate on one or more individual Z-WIND™ or Z-HAIL™ variables.

We look forward to your approval. If you require any additional information, please do not hesitate to contact us.

To facilitate your review, we have attached the following documents:

- Not For Public - Z-WIND™ Model Memorandum
- Not For Public - Z-HAIL™ Model Memorandum

Sincerely,

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