

# VOR: Climate Waterway

The impact of ever more frequent and extreme weather events cannot be assessed in isolation. It changes the whole way we live. Climate risk is integrated risk.

**FRG created the VOR Climate Waterway in recognition of that.**

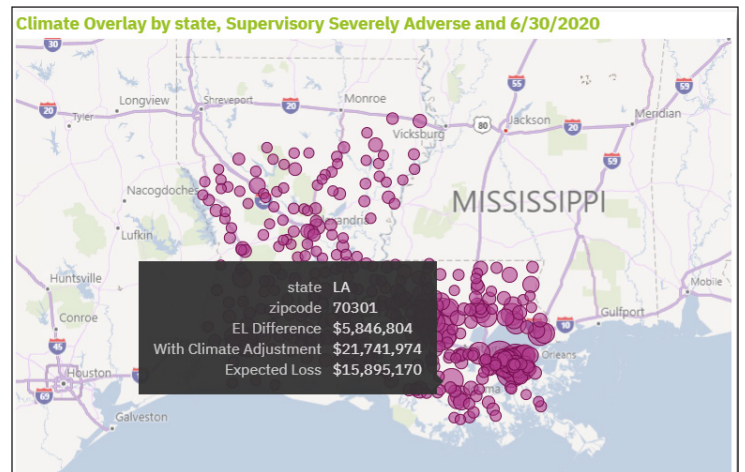
Climate change affects how we live and work and therefore also adds a new perspective to stress testing. Besides the direct loss of value from an extreme weather event, such as a fire or a flood, the indirect cost goes beyond the event itself, and into the more traditional ways of measuring credit risk.

VOR Climate Waterway allows you to take that into account with an overlay approach.

The overlay approach enables you to incorporate physical climate risk into your existing stress testing without any model requirements or computational complexity. It provides you with a clear view of distinct portfolio loss drivers. And it helps you reveal blind risk spots through the stacking and toggling multiple what-if scenarios at once.

VOR Climate Waterway lets you add specific weather events to specific geographical regions on top of your stress scenarios.

It gives you the flexibility to specify the timing and types of these events, if and how their impact is mitigated by insurance, what the governmental response will be, and more.



VOR Climate Waterway then measures the effect on loss metrics such as probability of default (PD) and loss given default (LGD) at the most granular level. The resulting overlay is integrated with your other VOR Waterways and can be exported to third-party risk systems.

The VOR Workbench lets you create your climate overlays with its graphical tools. You can design and modify weather events and their magnitude directly on maps and visualize results in the same manner.

As with all the VOR modules, VOR Climate Waterway allows you to focus on results.

Wherever you are in your climate risk management process, we at FRG can meet you there. From implementing, hosting, and managing VOR Climate Waterway to helping you put together an overall data-driven risk measurement strategy that will serve you now and as you grow and evolve.

[Contact us](#) today to learn more.

