

Latin America & Caribbean Treaty Reinsurance Market

USD 7 Billion

Approx. Size of the reinsurance ceded premium in Latin America & Caribbean



High Dependence on reinsurance in the region

3-4%

Average annual growth in the (re)insurance market in the last 5 years

USD 3bn

Approx. size of the broker reinsurance market

USD 250bn

Approx. Insured values in Puerto Rico

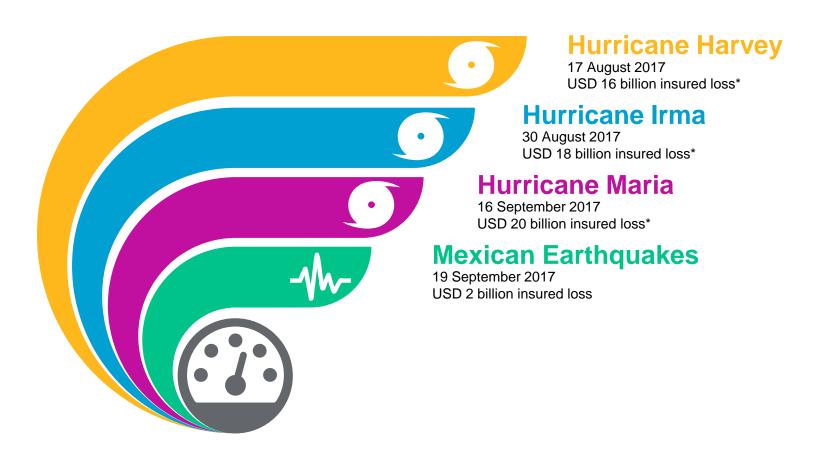
USD 475m Approx. ceded Property Treaty premium in Puerto Rico



QS/ Surplus, Risk/Cat, and RPP all typical reinsurance structures

US, Latin America & Caribbean Market Events

US & Caribbean combined loss from HIM USD 75 billion



^{*} Estimates for USA, Virgin Islands and Puerto Rico



Puerto Rico Events

Hurricane Irma, 6-12 September 2017

- 2nd strongest storm that has ever existed in the Atlantic in terms of both max wind speed and Accumulated Cyclone Energy
- Formed on 30 August and became a Cat 5 storm on 5 September
- Remained a Cat 5 for 3 consecutive days the longest in satellite history
- Irma passed through the north of Puerto Rico causing extensive damage and flash flooding

Hurricane Maria, 16-30 September 2017

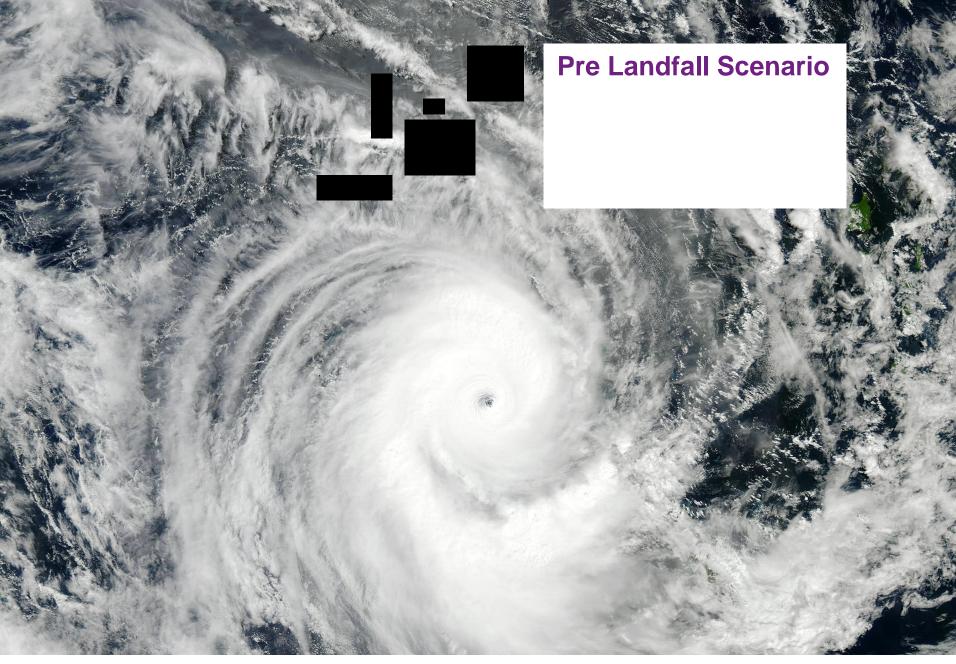
- Maria was the deadliest hurricane of the 2017 Atlantic hurricane season
- Maria made landfall in Puerto Rico as a Cat 4 hurricane. In Catano, 80% of buildings were damaged (RMS). Many hospitals and San Juan airport were severely damaged. Additionally, over 80% of power distribution network was damaged causing power outages for 3-6 months (RMS).
- Extreme rainfall in central Puerto Rico caused extreme flash flooding and widespread flood inundation



Hurricane Irma path as on September 10, 2016 (source: NOAA)



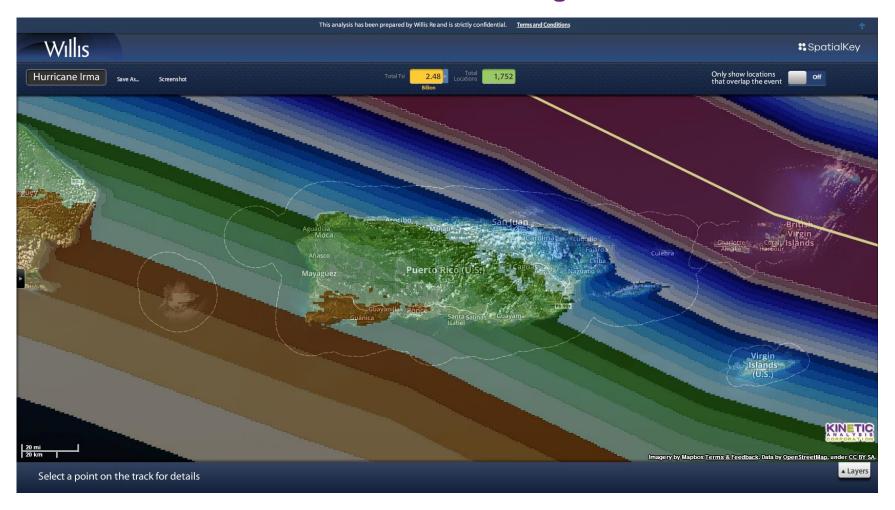
Track of Hurricane Maria at 11am on September 18 (U.S. time) (source: NOAA)



Hurricane Irma: Caribbean Event Tracking



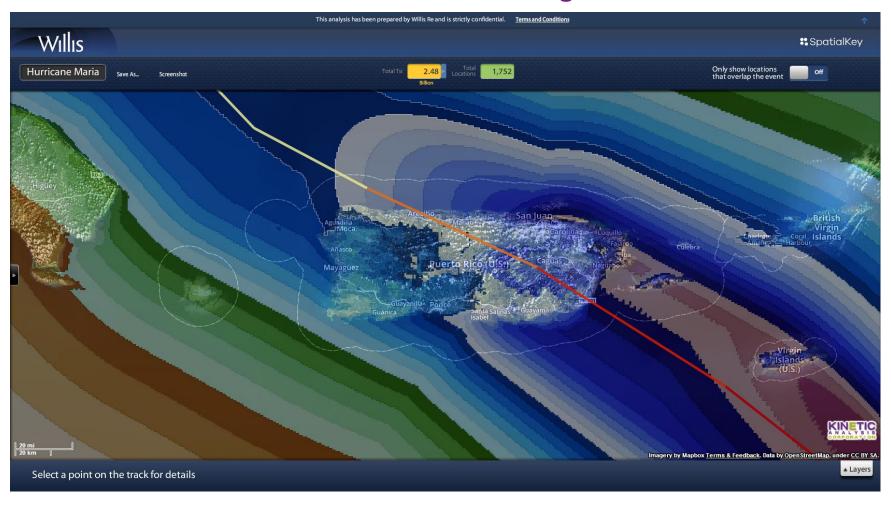
Hurricane Irma: Puerto Rico Event Tracking



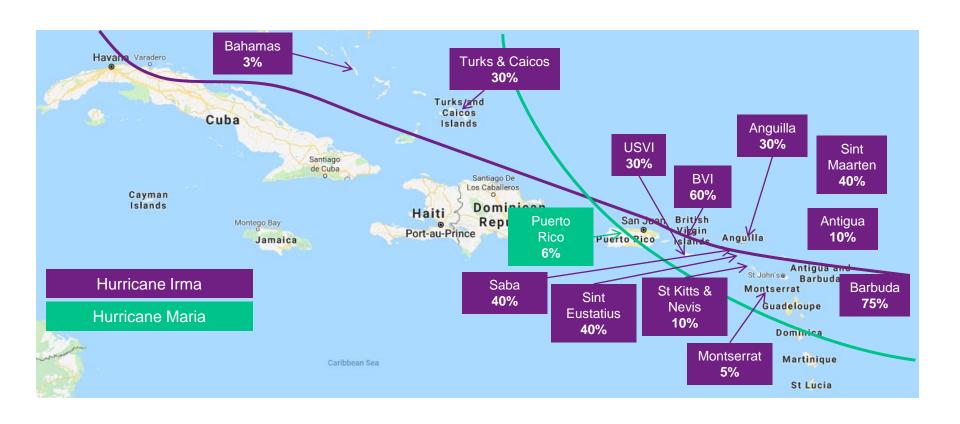
Hurricane Maria: Caribbean Event Tracking

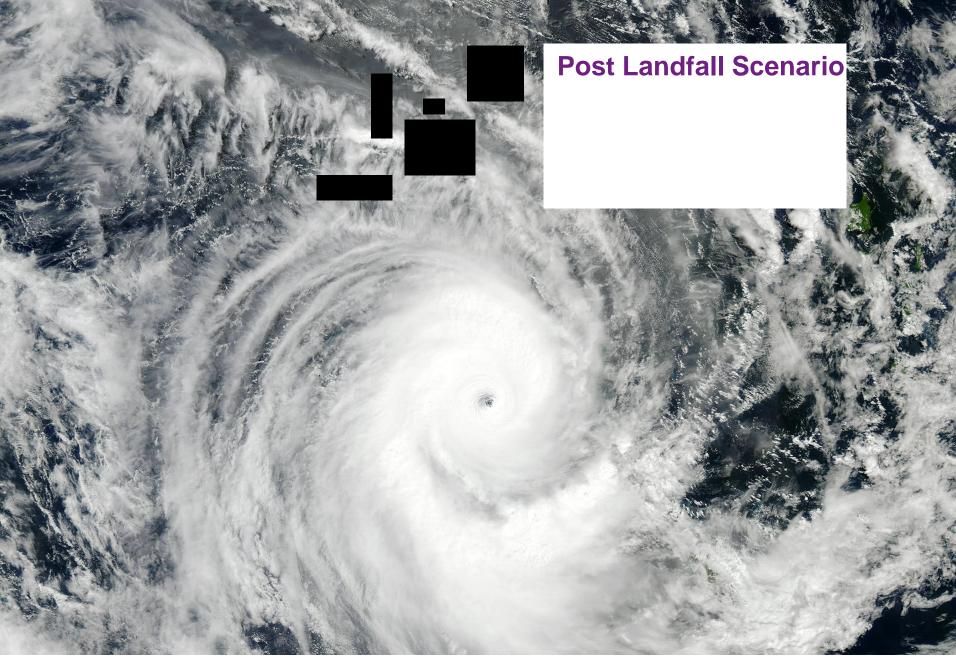


Hurricane Maria: Puerto Rico Event Tracking



Irma and Maria Damage Ratios





Managing Stakeholder Dialogue Post-Hurricane



The Regulator

- Weekly visits
- Fines for late payments (90 day law extended to 120 days)



Reinsurers

- Providing as much information as possible
- Requesting cash advance payments
- Providing regular claims updates



Rating Agencies

- Analyst calls
- Managing the dialogue to avoid outlook changes

Insurance Company





Loss Adjustors

- Coordinating loss adjustors to attend sites whilst many are attending other locations
- Visa issues for Spanish Speaking adjustors



Customers

- Managing high volume, high value claims
- Supporting customers through prompt claims settlement



Other Factors

- Significant power outage
- Business Interruption emanating from this and other factors
- Multiple catastrophes stretching resources

Puerto Rico 6 Months On: Before and After









Loss Estimates Development

Hurricane Irma

Hurricane Maria

USD **S**AIR 20-65bn

> **Original estimate** for the US & select Caribbean islands

USD 32-60bn

Revised estimate for the US & select Caribbean islands

USD 40-85bn

Original estimate for the Caribbean loss (85% in Puerto Rico)

USD 27-48bn

Revised estimate for the Caribbean loss (USD 25-43bn in Puerto Rico)



USD 35-55bn

Original estimate for the US & the Caribbean

USD 35-55bn

Revised estimate for the US & the Caribbean

USD 15-30bn

Original estimate for the Caribbean loss (85% in Puerto Rico)

No revised estimate

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Insurance and Reinsurance Market Update

Willis Re 1st View Reports

\$136bn

Recent catastrophe loss estimates, making 2017 one of the worst loss years on record for the global (re)insurance market.



Catastrophe losses have mostly stopped further downward movement in risk adjusted rates.

+60%

Increases in original underying property rates in Puerto Rico. Original rate increases varied across the rest of the Caribbean.



Continued supply of capital has helped curtail widespread reinsurance risk adjusted rate increases on loss free portfolios.



Additional capacity available from incumbents and new entrants attracted by rate increases



Companies looking to increase event limits on pro rata treaties but not willing to concede on commissions

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