



News **Earthquake California – July 2019**

On Thursday morning local time, 4 July, an earthquake with magnitude of 6.4 measured by the US Geological Survey (USGS) struck southern California. Its epicenter was located in the Searles Valley near the city of Ridgecrest at a depth of 10.7km (6.6 miles) with shocks being registered in the metropolitan areas of Los Angeles and Las Vegas, which are 180km (112 miles) and 230km (143 miles) away respectively. The earthquake was the most powerful in southern California since 1999 and was followed by multiple smaller after-shocks. Based on statistical analysis from past events, the USGS expects more aftershocks which could reach levels exceeding a magnitude 5.

At the moment of writing, the reported damage from the earthquake seems to be limited to the local area around Ridgecrest with several buildings on fire and damage to infrastructure. The region most affected by the shocks around the earthquake's epicenter is a sparsely populated, desert area with generally lower concentration of insurance values.

Based on modeled earthquake scenarios in this area with similar parameters to yesterday's event, the implied insurance industry losses equally estimate this as a low impact event. The location of the earthquake's epicenter in such a remote area is too distant from the more densely populated areas in southern California for wave propagation to have a destructive effect on buildings there. Based on modeled scenarios and current information available, industry losses are expected to only amount to up to a few hundred million USD.

US earthquake risk – and California earthquake risk in particular – is one of the major risk exposures in the ILS and global catastrophe reinsurance market. Based on currently available information and estimated insurance loss levels, the portfolio manager does not expect an impact on the performance of CSA ILS/ CSA ILS Fixed from this event on a standalone basis. However, we continue to assess the potential impact on our portfolios and will keep you updated on significant developments.

Please do not hesitate to contact us if you have any questions.

Kind regards,
Credit Suisse Insurance Linked Strategies Ltd

Contact Credit Suisse Anlagestiftungen
Tel. +41 44 333 48 48
E-Mail csa.info@credit-suisse.com
Internet www.credit-suisse.com/anlagestiftung

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