



CSA Insurance Linked Strategies
CSA Insurance Linked Strategies Fixed

Coronavirus – 13 March 2020

We would like to update you on the status of the ongoing novel coronavirus outbreak. As mentioned in the last event report, dated 5 February, this virus has the potential of having a severe global economic impact and - more importantly - a severe impact on an individual and a societal level. On 11 March, the World Health Organization declared the outbreak of the Coronavirus as a pandemic, confirming the infectious disease outbreak to be widespread on a global scale.

At the time of writing, news reports indicate that the spreading of the virus is to some extent contained in China for the moment. However, the people affected and the entire region of Hubei had to pay a very high price. A full containment of this virus likely requires the most severe measures.

Following the outbreak in China, significant outbreaks of the virus in Asia such as South Korea and Japan have been reported. Some of these countries might be able to contain the outbreak as they all had experience with SARS in 2003 and are allocating vast resources to fight the outbreak.

Further outbreaks in Iran and Italy have reached excessive spread levels with - apart from the large death toll - the burden to attempt to contain the outbreaks to be extensive.

Based on our simulations and analysis, we expect in two weeks many countries in Europe will be in a similar situation of outbreak where Italy is today, if they do not take very radical containment efforts over the next days.

The situation in the US is more complex. We believe the relatively low number of confirmed cases might be a simple function of the low number of tests performed until the end of last week. Now, as the frequency of testing is increasing, we observe an increase in confirmed cases accordingly. Although the US government is currently taking extensive measures such as international travel restrictions, the US might be three to five weeks away from a similar scenario currently occurring in Italy.

We believe there will be only few countries capable of containing the spread of the virus, which as a result, would likely lead to a severe pandemic.

We do not see any exposure related to this event on CSA ILS/ ILS Fixed. The Investment group is not exposed to event cancelation, business interruption or supply chain related insurance.

Although there is no direct exposure of non-life IRIS Funds to the coronavirus, CS ILS is preparing for a potential scenario of severe stressed financial markets with dislocations in financial institutions, whereby second-order effects of the pandemic spread could influence the broader insurance and ILS market. CS ILS has therefore entered into several transactions to protect our investors from financial losses in such a scenario. These transactions specifically do not hedge any direct insurance related risks to which our funds are exposed; neither for life- as well as non-life related insurance risks.

In the meantime, please do not hesitate to contact us if you have any questions.

Kind regards,
Credit Suisse Insurance Linked Strategies Ltd

Sources: Credit Suisse, WHO, Reuters

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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