



News **Hurricane Barry – July 2019**

On Saturday, 13 July, Hurricane Barry made landfall on the Louisiana coast in the southern US. The tropical storm had been upgraded to a category 1 hurricane status by the National Hurricane Center (NHC) earlier that day but weakened to a tropical storm after making landfall. The tropical storm subsequently further weakened to a tropical depression the next day over northwestern Louisiana as it moved further inland.

Already during its development phase before making landfall, the tropical storm caused severe and prolonged rainfall in southern Louisiana. In particular in the New Orleans area, expansive thunderstorms have caused flooding and power outages as the storm reached land causing business interruptions and damage to infrastructure. At the time of writing, the insurance losses and impact on the ILS market are expected to be mostly attributable to damages related to flooding from torrential rainfall and overflowing rivers. However, homeowners insurance policies typically do not cover flood damages; these are born (if at all) by the National Flood Insurance Program (NFIP), which covers buildings and household effects.

The coastal area of Louisiana has been hit before with such torrential rainfall from tropical storms. In August 2016, the same region was struck by flooding from intense precipitation which resulted in industry insurance losses of around USD 1 billion, NFIP claims of USD 2.5 billion and total economic losses of USD 10 – 15 billion.

As it is forecasted to continue moving northward, Barry is expected to further weaken over the Middle Mississippi Valley. Despite its wind strength weakening, a continued high risk of heavy precipitation and potential for flooding, including river flooding, remains present from Louisiana northward through the Mississippi Valley.

At the moment of writing, the estimated industry insurance loss is expected to exceed the August 2016 Louisiana flooding event but remain within the low single-digit USD billion numbers. 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, he continues to assess the potential impact on the portfolios and will keep you updated on significant developments.

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

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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