



CSA Insurance Linked Strategies  
CSA Insurance Linked Strategies Fixed

**Hurricane Laura, California Wildfires – August 2020**

As the Atlantic hurricane season is reaching its peak activity phase and with ongoing wildfire activity in California, we would like to provide you with an update on current event activity.

**Hurricane Laura**

Hurricane Laura has followed a long westerly track offshore along the Leeward Islands and Puerto Rico with subsequent landfalls in Dominican Republic and Cuba as a tropical storm. With favorable storm conditions, it rapidly increased strength over the Gulf, making landfall as a category 4-strength hurricane on the Louisiana coast, 190km east of Houston (TX) on 27 August, with sustained wind speeds of up to 240 km/h. Shortly after landfall, it weakened to a category 2-strength storm expecting to further decrease in strength while further moving inland in a northeasterly direction towards the Atlantic coast over the next days.

Although the hurricane avoided the densely populated areas along the US Gulf coast, the high storm intensity is expected to have brought severe damage to both residential and industrial exposures in the area, as well as potential damage to off- and on-shore energy industry in the Gulf coast area.

Based on an initial assessment the portfolio manager estimates an industry loss between USD 12 and 18 billion from this event, including severe impact to the regional energy industry. As the event is currently still ongoing and is expected to proceed towards the Atlantic North East with expected heavy rain and tropical storm wind gusts, this assessment is based on a preliminary assessment and subject to great uncertainty.

Based on currently available information and estimated insurance loss levels, the portfolio manager does not expect a significant performance impact given the portfolios have sufficiently increased risk retention levels.

**California Wildfires**

Wildfires are a frequent occurrence in California, supported by the dry and hot conditions from spring through late fall. At the time of writing, the August 2020 wildfires are an ongoing event, currently active in the San Francisco Bay Area and the Wine Country Area in Northern California, with the LNU and SCU Lightning complex fires being the most notable this season. Starting in the early morning of August 16, the series of

individual fires caused by a cluster of lightning strikes have since expanded and merged into much larger fire complexes. Having burnt more than 1.25 million acres and destroyed over 1'400 structures, causing seven fatalities, the fires are still largely uncontrolled at approximately 30% containment level and will likely continue to be so for the immediate future. However, firefighters have been making progress in containment over the last two days, supported by higher humidity and lower air temperatures.

Based on currently available information and estimated insurance loss levels, the portfolio manager does not expect an impact on CSA ILS/ CSA ILS Fixed performance from this event on a standalone basis.

The portfolio manager will continue to assess the potential impact on the portfolios from these events and will keep you updated on significant developments. In the meantime, please do not hesitate to contact us if you have any questions.

Sources: Credit Suisse, National Hurricane Center, Cal Fire

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