



CSA Insurance Linked Strategies  
CSA Insurance Linked Strategies Fixed

### **Hurricane Sally, Hurricane Laura, West Coast Wildfires – September 2020**

As the Atlantic hurricane season is at its peak activity phase and with ongoing wildfire activity on the West Coast, we would like to provide you with an update on current event activity and developments since our last event report.

#### **Hurricane Sally**

In the early morning of September 16, Hurricane Sally made landfall near Gulf Shores in Alabama, as a strong Category 2 storm with sustained winds of 169 km/h (105 mph) and moving north-northeast at a very slow pace of roughly 5 km/h (3 mph) impacting Alabama and part of the Panhandle of Florida.

Sally has in the meantime dissipated over South Carolina.

There have been storm surges, caused by water being pushed towards the shore by the force of the winds moving around the storm, as well as river flooding from very significant rainfall amounts in excess of 30 cm per square meter. In particular, the flooding was destructive along portions of the coastline from Alabama to the western Florida Panhandle and southern portions of Mobile Bay.

Based on currently available information and estimated insurance loss levels of USD 3bn to 7bn, the portfolio manager does not expect a significant performance impact given the rather low expected industry loss.

#### **Hurricane Laura**

Hurricane Laura has made landfall as a category 4-strength hurricane on the Louisiana coast, 190 km (118 miles) east of Houston (TX) on August 27, with sustained wind speeds of up to 240 km/h (149 mph). Shortly after landfall, it weakened to a category 2-strength storm, which has dissipated into a remnant low over Kentucky, early on August 29.

Although the hurricane avoided the densely populated areas along the US Gulf coast, the high storm intensity has caused a total of 72 fatalities and brought severe damage to both residential and industrial exposures in the area, as well as potential damage to the off- and on-shore energy industry in the Gulf coast area.

The portfolio manager's initial assessment estimate of an industry loss between USD 7 and 15 billion from this event has likely been too high and he expects to be able to reduce his loss estimate in the future. As the aftermath of this event is continuing to unfold, this assessment is still preliminary 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.

### **West Coast Wildfires**

Since our last event report on the California wildfire situation, additional fires have started to spread in the nearby states of Oregon and Washington, supported by severe drought conditions as well as strong winds.

At the time of writing, the California fires have burnt more than 3.15 million acres, up from 1.25 million, making 2020 the largest wildfire season recorded in the state's history. While the initially alarming LNU & SCU Lightning Complex fires have been largely contained (>97%), several individual fires in the Coast Range of Northern California have since merged into the August Complex, which has already burnt almost 800'000 acres and is only 30% contained.

There are currently 7'882 separate incidents, with 25 fatalities and 6'272 structures damaged or destroyed, according to the latest official reports.

Note that the number of fires is not necessarily telling of how insured losses will be separated or not, from an insurance perspective. There have been no official loss estimates yet and the insured losses will be highly dependent on specific clauses in the reinsurance contracts, affecting the retention (deductible) levels of the insurers. Generally, we have reduced our transactions with exposure to fire-related perils in the past.

Based on currently available information and estimated insurance loss levels, the portfolio manager does not expect a significant impact on investment group performance from this event on a standalone basis.

### **Derecho**

A Derecho windstorm has led to severe weather across the Midwestern United States from August 8-12. A Derecho is a widespread, long-lived windstorm associated with a band of rapidly moving showers or thunderstorms. The most destructive fallout from this particular Derecho event was witnessed in Iowa and Illinois on August 10, with wind gusts of 220 km/h (140 mph). Considerable impacts to property, vehicles, power grids, and agricultural production sites, as well as flash flooding were observed and caused at least 4 casualties. On August 10, an estimated 10 – 14 million of crop acres were damaged in Iowa.

Based on currently available information and estimated insurance loss levels, the portfolio manager does not expect a significant impact on investment group performance from this event on a standalone basis.

### **Combination and aggregation of losses from above events**

With Hurricane Laura and Sally, as well as the West Coast wildfires and the Derecho event in the Midwest, the portfolio manager believes that some aggregate transactions could get closer to their attachment levels and potentially have or will have losses to the notional. The aggregate losses from Natural Catastrophes have been significant in the first three quarters so far with about double the losses in comparison to the long term average.

In the past years, he has significantly reduced the aggregate transactions and increased the deductibles; hence he estimates the impact on the investment groups' performance to be relatively limited.

The portfolio manager will continue to assess the potential impact on our 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, Aon

---

**Contact**      Credit Suisse Anlagestiftungen  
Tel. +41 44 333 48 48  
E-Mail [csa.info@credit-suisse.com](mailto:csa.info@credit-suisse.com)  
Internet [www.credit-suisse.com/anlagestiftung](http://www.credit-suisse.com/anlagestiftung)

---

25 September 2020

The information provided herein constitutes marketing material. It is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee nor is it the result of objective or independent research. The information provided herein is not legally binding and it does not constitute an offer or invitation to enter into any type of financial transaction.

The information provided herein was produced by Credit Suisse Group AG and/or its affiliates (hereafter "CS") with the greatest of care and to the best of its knowledge and belief.

The information and views expressed herein are those of CS at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable.

CS makes no representation as to the content or completeness of the information and disclaims, to the extent permitted by law, all liability for any loss arising from the use of the information. Unless otherwise stated, all figures are unaudited. The information in this document is for the exclusive use of the recipient. Neither this information nor any copy thereof may be sent, taken into or distributed in the United States or to any U. S. person (within the meaning of Regulation S under the US Securities Act of 1933, as amended).

It may not be reproduced, neither in part nor in full, without the written permission of CS.

Credit Suisse Investment Foundation, Zurich, is the issuer and manager of CSA products. Credit Suisse (Switzerland) Ltd., Zurich, is the custodian bank. The articles of incorporation, regulations and investment guidelines, as well as the most up-to-date annual report and fact sheets, may be obtained free of charge from the Credit Suisse Investment Foundation. Only pension funds domiciled in Switzerland that are not subject to tax are permitted as direct investors.

The issuer and manager of CSA 2 products is the Credit Suisse Investment Foundation, Pillar 2, Zurich. The custodian bank is Credit Suisse (Switzerland) Ltd., Zurich. The articles of incorporation, the regulations and the investment guidelines as well as the latest annual reports and fact sheets can be obtained free of charge from the Credit Suisse Investment Foundation, Pillar 2. This foundation is open only to a restricted group of tax-exempt pension funds domiciled in Switzerland (article 3 of the articles of incorporation).

Copyright © 2020 Credit Suisse Group AG and/or its affiliates. All rights reserved.