



News Typhoon Hagibis – Oktober 2019

Typhoon Hagibis (named "Typhoon 19" in Japan) was the 19th named storm of the 2019 Pacific typhoon season and the 5th storm to strike Japan this year. It had developed north of the Marshall Islands on October 2 and rapidly intensified as it travelled northwest towards Japan, reaching category 5 strength on the Saffir-Simpson scale on October 7. Although the typhoon weakened before making landfall in Japan on October 12, it brought destructive winds and torrential rains to parts of Japan's main island, Honshu.

Typhoon Hagibis made landfall on Saturday, October 12, around 7pm local time on Japan's Izu peninsula, approx. 100 kilometers southwest of Tokyo with maximum sustained wind speeds of 144 km/h (89 mph) equivalent to a strong category 1 hurricane and gusts up to 190 km/h (118mph). Already before landfall, southeastern Honshu was impacted by a tornado and strong rain coming from Hagibis. Hagibis has been the largest typhoon to strike Japan in 61 years with tropical storm-force winds extending across approx. 1'400 kilometers (870 miles), although the "inner core wind field" which contains the strongest winds was much smaller. The typhoon weakened over land as it moved northeast across Honshu and also crossing over Tokyo City. Hagibis impacted southeastern Honshu approx. one month after typhoon Faxai had already struck the region.

More than one million people had been advised to evacuate ahead of Hagibis' landfall. Travel was severely disrupted as flights and high speed train services were cancelled. Large sports events currently taking place in Japan including matches of the Rugby World Cup and the Suzuka Formula 1 race had to be cancelled or postponed. As of early Monday morning, more than 30 fatalities have been reported with several more missing and over 100 people injured. Record rainfall amounts of more than 600 millimeters in some regions, which corresponds to approx. 30% to 40% of the total annual rainfall amount, caused flooding in some cities and towns and also caused some levies to fail. Flood levels and associated damage could worsen in the next days as water levels along flooded rivers may still rise.

Based on the portfolio manager's initial, very early stage assessment of potential damages from typhoon Hagibis, they estimate that insured losses from the wind damage may amount to between USD 2.75 billion and USD 7.75 billion. Due to the large size of the storm, Hagibis impacted large parts of southeastern and eastern Honshu with tropical storm force-winds, but the area affected by the strongest winds, where more wind damage is to be expected, is relatively small. Currently, the portfolio manager believes that a significant part of the insured losses might come from flood-related damage rather than wind-related damage. This part of the insured loss is much more difficult to assess and estimate at this point in time, as the "flood event" is still ongoing and the affected areas are difficult to reach due to flooding, mudslides and the submerging of structures. In addition, not all policies covering wind-related damage also cover flood-related damage, with only about 50% of the policies covering flood damage. Their very preliminary estimate is that the total cost from typhoon Hagibis to insurers, and therefore the total insured loss, could be between USD 5 billion and USD 12 billion (including wind-related losses).

Based on these preliminary estimates, some ILS private transactions covering Japanese wind-related risks are likely to be impacted although this will strongly depend on the actual losses and the terms of the transactions. In addition, they expect cat bonds and other insurance linked securities exposed to Japan wind risks to experience mark-to-market losses and, depending on the actual loss, also a potential (partial) notional loss. The total impact to CSA ILS/ CSA ILS Fixed, if any, will depend on the actual losses from Hagibis and the investments groups' risk/return profile and portfolio investments.

They continue to monitor the situation and are in contact with their counterparties and market experts to assess a potential impact on their transactions. However, as the flood event is still ongoing, a

detailed assessment at this time would be premature and they expect more detailed information to become available during the next days. They will provide an update to our investors, including a potential impact to CSA ILS/ CSA ILS Fixed, after reliable first-hand information becomes available. The update will be provided either through a new event report or as part of the portfolio managers' regular Performance Estimates.

In the meantime, 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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