



News **Hurricane Florence – September 2018**

On 1 September, a tropical depression that formed off the coast of West Africa gained tropical storm strength and became the sixth named storm of the current Atlantic hurricane season. Florence is currently a category 2 hurricane located about 200 miles (322 km) east-southeast of the coast of North Carolina with maximum sustained winds of 110 mph (176 kmh). Florence is moving northwest toward the US East Coast. The National Hurricane Center has issued a hurricane watch from Edisto Beach, South Carolina, up to the North Carolina-Virginia border.

Over the last 48 hours the forecast went from Florence being a category 4 major hurricane at landfall and track through North Carolina to being category 2 at landfall and going through South Carolina after landfall. These changes within a short period of time demonstrate the delicate and uncertain nature of forecasting such complex weather patterns.

This storm is predicted to produce dangerous flooding and storm surge. There is some indication the storm may slow down and potentially stall as it reaches landfall which would imply that significant rainfall accumulations are possible over portions of North Carolina, Virginia, and northern South Carolina.

Given the current uncertainty around the path and intensity of the storm at landfall, it is too early to make reliable point estimates of the expected damage. Our initial insurance industry loss estimates range from USD 5 billion to USD 15 billion for US Wind-related damages. In case of no strengthening, our estimate would range between USD 7 billion and USD 8 billion. Economic losses and losses to the Nation Flood Insurance Program (NFIP) are not included in these figures.

Based on the early assessment of the portfolio manager and the CSA ILS/CSA ILS Fixed exposure to US Hurricane, an impact of 0.0% to -2.2% is expected from this event.

Kindly note that the ultimate industry loss figures and the fund impact can vary widely from the figures and ranges provided above due to the inherent uncertainty of the storm development. The portfolio manager continues to closely monitor Hurricane Florence and assess any potential impact on the CSA ILS/ CSA ILS Fixed portfolios and we will keep you updated as soon as we have more detailed information available.

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