

Media release

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\$100 bln ILS market proven relevant and reliable - PwC

Hamilton, Bermuda – The \$100 billion insurance linked securities market has proven to be both relevant and reliable after the spate of heavy catastrophe losses around the world in 2017 and 2018, **PwC ILS leader David Gibbons** stated at the PwC Insurance Summit.

Mr Gibbons was part of a panel of ILS industry leaders including Jay Green, Managing Director, GC Securities, Richard Lowther, COO, Hiscox Re Insurance Linked Strategies and Laura Taylor, Managing Partner & Chief Financial Officer, Nephila Capital.

They discussed innovation in the sector and the growing role of ILS within the re/insurance market – and in assisting in global humanitarian efforts. Bermuda has the largest depository of ILS listings, \$30 billion, or more than 80% of global capacity at September 30, 2018, according to BSX figures.

David Gibbons, ILS leader, PwC Bermuda, said “The ILS market has shown itself to be both relevant and reliable. After the tragic natural disasters in 2017 and 2018, the ILS market has been there to pay claims and there continues to be an influx of capital to back the renewals of these covers.

“So far in 2018 there has been over \$10 billion in catastrophe bond covers written, the ILS fund market stands at well over \$100 billion, and expanding the definition of ILS to P&C and Life run off books, shows even more growth as both of these segments show the highest level of incorporations in the Bermuda market.

“Further, innovation in the ILS sector has assisted in global humanitarian efforts in light of natural disasters. Parametric triggers combined with advanced data analytics and modelling allow the payment of claims at a far faster pace than traditional loss contingent covers so that money can be distributed as soon as it is needed after droughts, hurricanes or earthquakes. Two very meaningful examples of this already happening include the African Risk Capacity Insurance and the Caribbean Catastrophe Risk Insurance Facility.”

Mr Gibbons added: “This alternative capital isn’t quite as alternative. It’s an increasingly large portion of the insurance and reinsurance market globally. And it’s a true form of capital that’s supporting a large part of the globe against significant disasters.”

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