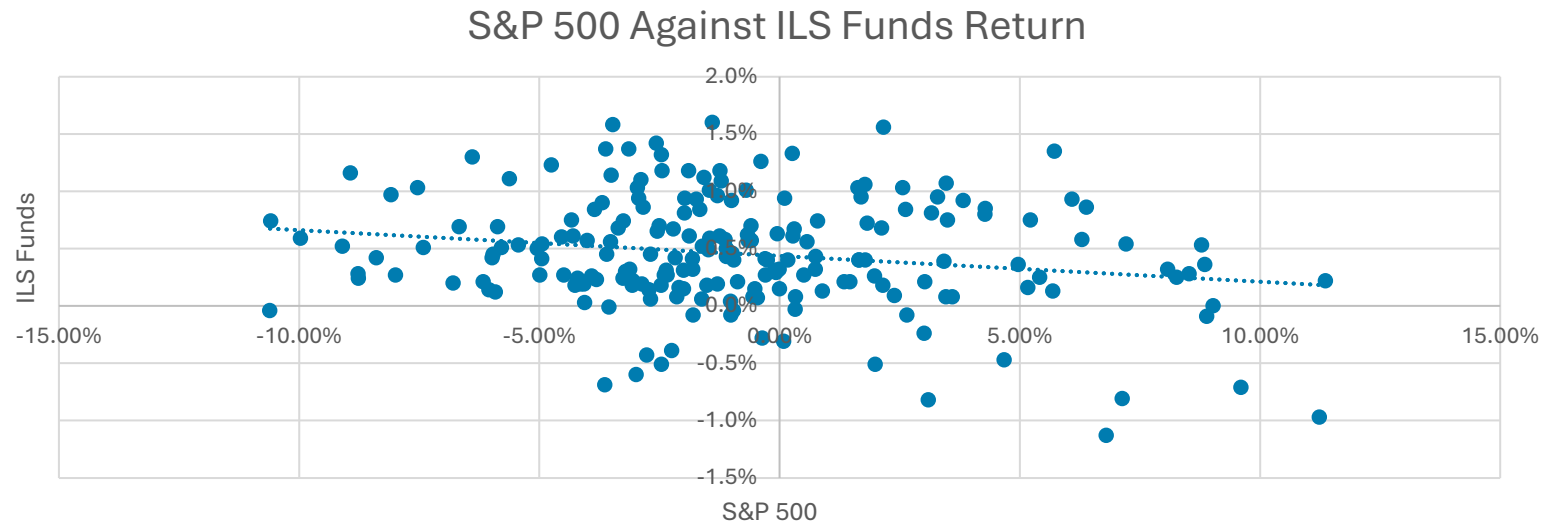


## The Catastrophe Bond Landscape

In an era marked by climate change, the global financial landscape has witnessed a notable surge in demand for catastrophe bonds (“Cat Bonds”), reflecting a fundamental shift in risk management strategies adopted within the insurance and reinsurance industries to securitize catastrophe risks.

The appeal of utilizing Cat Bonds stems from their ability to provide sponsors with financial protection against natural disasters, whilst simultaneously offering investors the potential for enhanced yields that are uncorrelated with broader market trends, as demonstrated in the chart below showing Swiss Re’s Global Cat Bond Total Return Index being broadly unrelated to S&P 500 returns:



The Bermuda and Caribbean region has proven to be an attractive issuance jurisdiction for Cat Bonds for several reasons, including the following considerations:

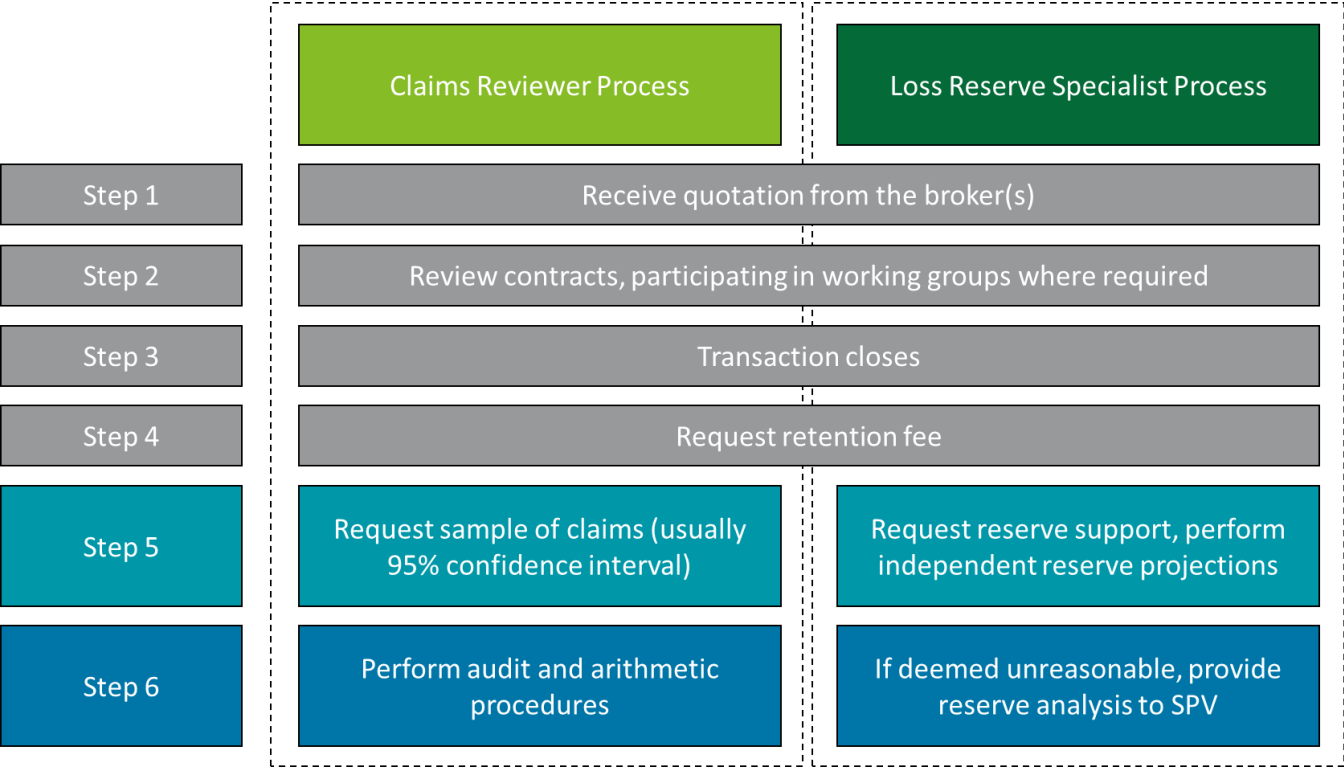
- Once a deal has been structured, the required Special Purpose Vehicle (SPV) can be set up relatively quickly, enabling shorter transaction timelines; and
- The region presents a low friction environment within which to issue the Cat Bonds, given its favorable taxation system and the supply of experienced professionals.

As the market continues to develop and grow, Cat Bonds and insurance securitization in general will become an even larger part of the global risk transfer marketplace. Developments such as new risks being securitized and the accommodation by regulators of innovative new structures will only serve to accelerate market acceptance.

# How We Can Help You

To ensure that the cash flows under a Cat Bonds arrangement are fair and transparent, an independent financial services provider reviews any claims submitted and assesses the reasonability of the claims reserves. These two service offerings are referred to as the **Claims Reviewer** and **Loss Reserve Specialist** roles, respectively. At Deloitte, we have established and continue to refine an industry-leading service offering that encompasses thorough catastrophe claims reviews and expert loss reserve management, providing Cat Bond sponsors and investors with independent assurance and guidance in navigating this complex terrain. Having had a continued involvement within this market also means access to an extensive database of benchmarks and valuable industry information.

Our multi-step approach, which includes collaboration with several other stakeholders, to efficiently deliver on our assignment(s) can be visualized as follows:



Given our extensive experience in both of these roles, we are well equipped to deal with the challenges that can arise at each stage. We effectively balance sponsors’ requirements for liquidity and investors’ need for controls and assurance around the release of capital through these complex instruments. We have industry leading experience with the complexities of the claim data that sponsors provide and understand the well-defined and tight timelines required for these roles.

# Let Us Help You

Quotations, including our terms and conditions, can be requested directly via email by reaching out directly to [ILSCayman@Deloitte.com](mailto:ILSCayman@Deloitte.com) or [ILSBermuda@Deloitte.com](mailto:ILSBermuda@Deloitte.com).



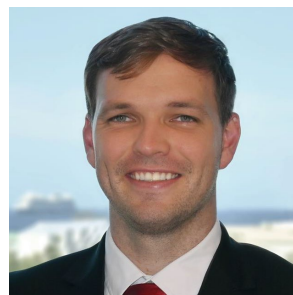
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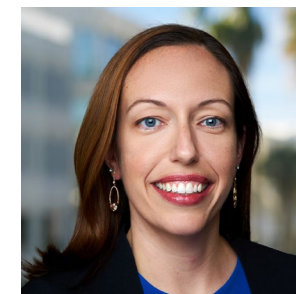
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