

Service offerings | Catastrophe Bonds

Deloitte is the leading Loss Reserve Specialist and Claims Reviewer for Catastrophe Bond Offerings over the last decade.



Catastrophe Bonds

Over the last decade, the convergence of the capital markets and reinsurance markets has gathered momentum, leading to the emergence of several opportunities for insurers and reinsurance to transfer risk to the capital markets, via insurance-linked securities such as Catastrophe Bonds.

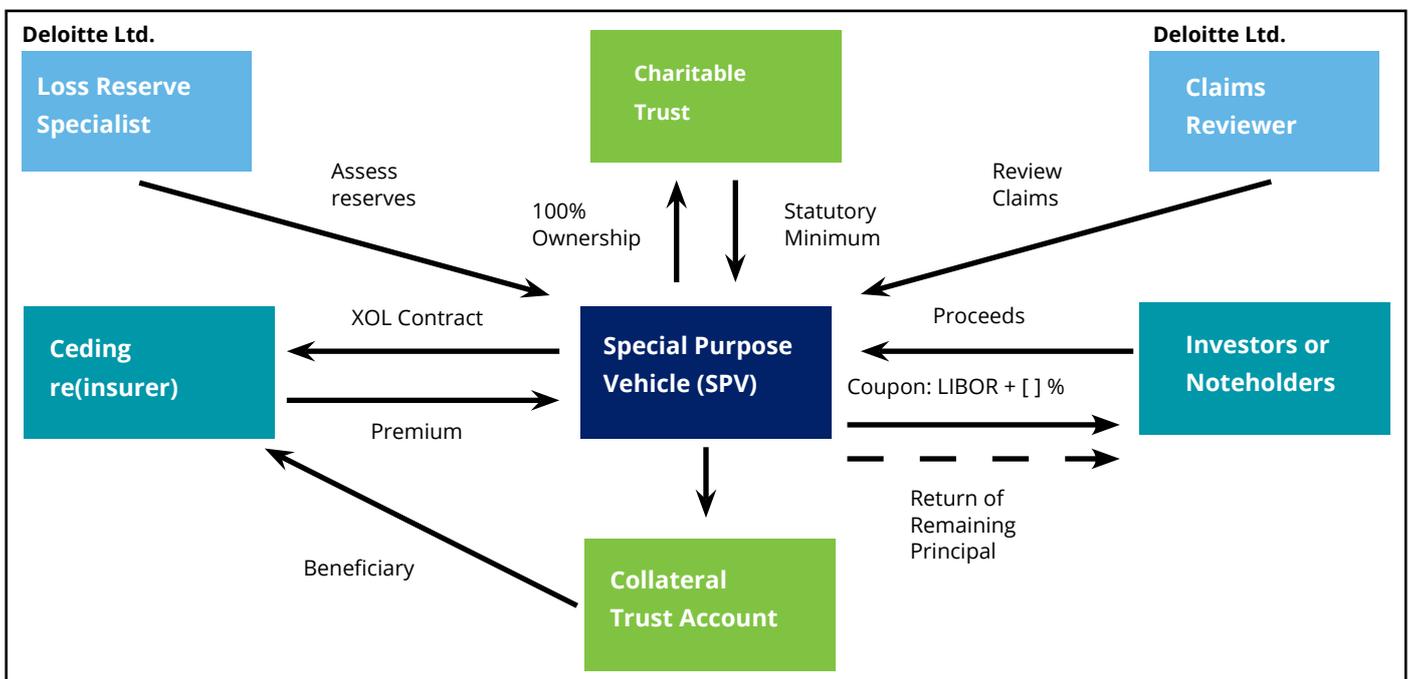
Catastrophe Bonds are risk-linked securities that transfer a specified set of risks from a (re)insurer to the capital markets through the fully collateralized Special Purpose Vehicle (SPV). The SPV issues floating-rate bonds of which the principal is used to pay losses if specified trigger conditions are met. They are typically used by (re)insurers as an alternative to traditional catastrophe reinsurance.

How it works

In a typical Catastrophe Bond transaction, a special-purpose vehicle (SPV) is formed. This SPV is usually owned by either a charitable trust or a special-purpose trust.

The SPV issues a reinsurance contract to the sponsor or Ceding (re)insurer while simultaneously issuing limited recourse notes to investors. Proceeds from the notes are invested and deposited in a reinsurance trust in order to collateralize the reinsurance transaction.

Most event-linked bonds issued to date have been linked to natural catastrophes such as hurricanes and earthquakes with different types of triggers.



How Deloitte can help

If the Catastrophe Bond is triggered, you'll need professional service providers to review the claims submitted, assess the claims reserves for reasonableness and provide the relevant documentation. These professional service providers are also known as the Claims Reviewer and Loss Reserve Specialist.

The role of a Claims Reviewer is to perform specified procedures related to the claims data and reports in accordance with standards established by the American Institute of Certified Public Accounts (AICPA).

The role of a Loss Reserve Specialist is to perform actuarial procedures in accordance with the standards of practice promulgated by the Actuarial Standards Board and provide an opinion on the reasonableness of the loss reserves estimated by the Ceding re(insurer).

Why Deloitte?

Since 2007, we have served as the Loss Reserve Specialist and Claims Reviewer for a wide range of Catastrophe Bond Offerings.

Below we show a summary of the range of Catastrophe Bond Offerings that we have supported in the past.

Deloitte Team

We have a dedicated team of professionals equipped with extensive actuarial, accounting, insurance and reinsurance industry experience.

Our actuarial team has strong experience in providing actuarial services to international captives, insurers and reinsurers. Having continued involvement in the Catastrophe Bond Offerings also means access to an extensive database of benchmarks and valuable industry information.

SPV's Country of Incorporation

- Bermuda
- Cayman Islands
- Ireland

Size of Bond

Ranging from \$50m to \$400m

Our Experience

Number of times we have served as Loss Reserve Specialist (LRS) and/or Claims Reviewer (CR) :

- Both roles: LRS and CR – 18
- Role of LRS – 19

Regions covered

- United states
- Japan
- Europe
- China

Trigger Type

- Indemnity
- Loss Ratio

Perils covered

- Hurricane
- Earthquake
- Typhoon
- Thunderstorm
- Windstorm
- Wildfire
- Motor third party liability

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