



ILS market ready to deal with wake-up call of Q3 2017 natural catastrophes

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LONDON, Oct. 20, 2017 (GLOBE NEWSWIRE) -- ILS investors are responding to the recent uptick in natural disasters by making payments to ceding companies, whilst at the same time continuing to raise more money and preparing to make new investments. These are the main findings of the latest [quarterly ILS market update](#), from Willis Towers Watson Securities, the investment banking business of leading global advisory, broking and solutions company, Willis Towers Watson (NASDAQ:WLTW).

None of the tragic natural catastrophes in the third quarter – two Mexican earthquakes and three Atlantic hurricanes – was individually of the \$100 billion loss amount that might trigger a major shift in pricing. However, the aggregate losses from the quarter are likely to reach \$100 billion. A magnitude that serves to remind the industry of the potential scale of losses it could face and providing an effective test of its capitalisation, ability to recapitalise and the resilience of the investor base.

Bill Dubinsky, Head of ILS at Willis Towers Watson Securities, said: “Even though this is not ‘that year’, the recent loss activity will provide some clues as to what might happen when it does occur, and we can say that so far ILS investors and traditional reinsurers have performed well, supporting insurers to serve their policyholders. In particular, I would point to the Mexican government’s FONDEN bond where the class A notes may see a total loss of principal, delivering \$150 million of disaster relief where it is vitally needed.”

Interviewed for the report John Seo, Co-founder and MD at Fermat Capital said: “For better or worse, after a significant loss event many current and potential ILS investors are conditioned to put additional or first-time capital into ILS. As a result, investor interest in ILS is higher now than ever before. No doubt, this is due, in part, to an expectation that some reinsurers and insurers will firm up premiums for some programs in 2018 and that this might have a spill-over effect on the ILS market and I expect ILS to continue to play a role in moderating post-event rate increases.”

[Download](#) the full Willis Towers Watson Securities ILS Market Update

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