



CREDIT SUISSE 

Event Report

CSA Insurance Linked Strategies CSA Insurance Linked Strategies Fixed

Maui wildfires in August 2023

Dear Investor,

Over the course of last week, several wildfires impacted the Hawaiian Islands, predominantly on the Island of Maui. Dry conditions together with strong winds from Hurricane Dora, which passed south of the Hawaiian Islands, fueled the catastrophic wildfires. The most significant of these fires occurred over the historic town of Lahaina on Maui Island and caused significant destruction as a large part of the town was burned down. The rapid growth of this fire provided very little time for people to escape. According to authorities, the death toll is close to 100 fatalities, which ranks this fire among the deadliest wildfires in modern U.S. history.

Regarding the property damage, more than 2'700 structures are currently reported to be damaged or destroyed, which includes home, businesses, and other structures. Additionally, there will be a significant disruption to tourism in Maui, which is a major part of the local economy.

Given that wildfire losses have turned out to be very costly to insurers in the recent history, we currently believe that insured losses may be between USD 5 billion to USD 7 billion, which seems to be a rather conservative assumption compared to other preliminary loss estimates. We see the following elements as main drivers of our assumption:

- Very high property values in Hawaii
- Expensive building material and high labor costs, especially in the aftermath of catastrophic events
- Cost of accommodation for people with destroyed homes
- Business interruption of local businesses, if covered under their specific insurance policy

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Overall, based on our current analysis, we do not expect an impact on standalone basis from this event. However, cumulating insurance losses from multiple events may erode positions with aggregate trigger structures and certain Cat Bonds in the portfolio may experience limited mark-to-market developments as a result.

In general, based on our ongoing monitoring and analysis of the impact of climate-related changes on ILS, we reduced climate-related trend risks (e.g., wildfires) on transaction and portfolio level. Consequently, we have strategically reduced wildfire exposure in our portfolios over the last years and therefore have limited exposure to this peril.

We will keep you updated on any significant development. In the meantime, please do not hesitate to contact us if you have any questions.

Kind regards,

Credit Suisse Insurance Linked Strategies Ltd

Sources: Credit Suisse, Aon, PCS, The Associated Press

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