

Twelve Capital Event Update – Subtropical Storm Alberto

As the first storm in 2018, just prior to the start of the hurricane season on 1 June, Alberto made landfall as a subtropical storm in Northwest Florida. The wind strength is such that Twelve’s ILS portfolios should not expect any substantial impact to current valuations, as known damage is minor. Alberto’s earlier than normal appearance in the year is not unprecedented; since 1960, there have been many named storms occurring prior to the official hurricane season start date.

Alberto and implications to the portfolio

On Friday, 25 May 2018, tropical storm Alberto formed off the Yucatan peninsula as the first storm system of the season. Sustained by plenty of moisture and warm sea surface temperatures, Alberto made it across the Caribbean (crossing the Tropic of Cancer) in front of the Florida North-Western panhandle. It made landfall on Memorial Day (28 May) as a subtropical storm with sustained wind forces around 60 mph. At these levels, widespread damage to insured structures is not expected. Additionally, the subsequent rainfall should not affect the underlying policies, as it cannot penetrate the property structures.

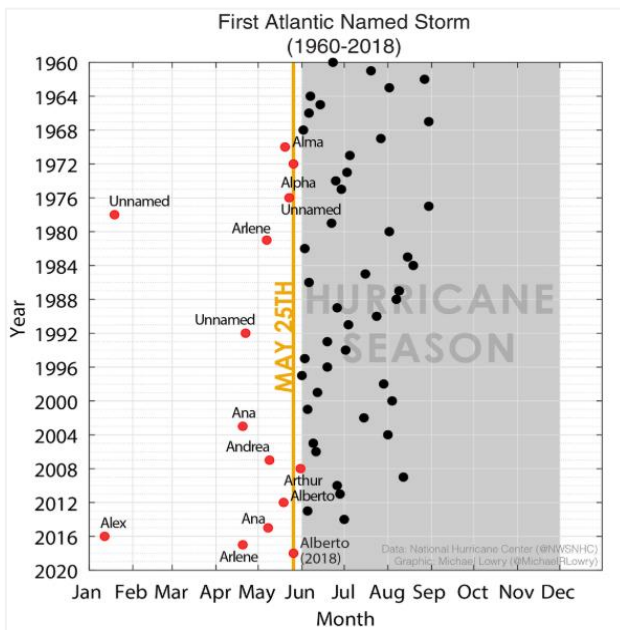
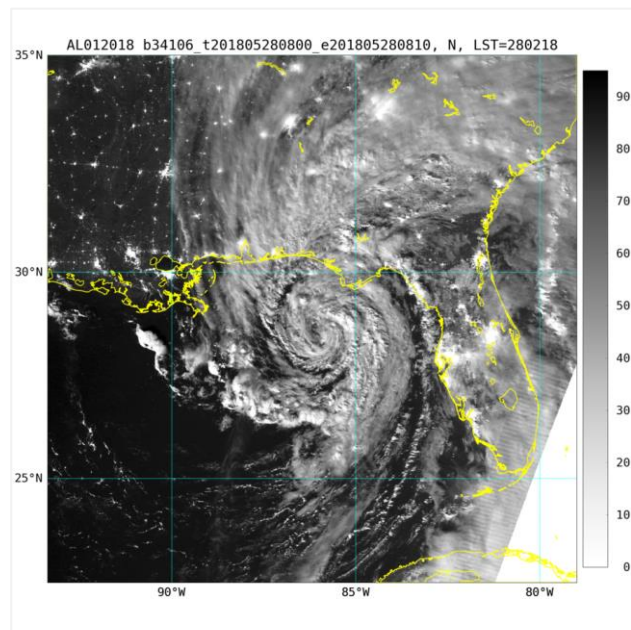


Chart: Date of the first named storm of the Atlantic season, with five of the last seven years, and seven of the last ten, having a named storm before 1 June (courtesy Dr Michael Lowry, NCAR).



Picture: Subtropical storm Alberto prior to landfall in Florida (RAMMB, Colorado State University, as at 28 May 2018).

Season outlook

Historically, Alberto is not the first storm to incept prior to the official hurricane season start date. If one goes back to 1960, there has been 14 named storms occurring prior to 1 June.

Currently forecasters predict a 35% chance of an above-normal season, a 40% chance of a near-normal season, and a 25% chance of a below-normal season for the upcoming hurricane season, which extends from 1 June to 30 November. As always, the scientists do not comment about chance of landfall, which would ultimately be the relevant statistics for ILS investors.

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Twelve's investment expertise covers the entire insurance balance sheet, including Insurance Bonds, Insurance Private Debt, Catastrophe Bonds, Private Insurance-Linked Securities and Insurance Equity. It also composes portfolios of its Best Ideas. Its capital solutions are drawing the world of insurance and reinsurance into a closer, more productive relationship with capital markets.

The firm was founded in October 2010 and is majority-owned by its employees. It has offices in Zurich, London and New York.

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