

13 December 2021

Twelve Capital Event Update

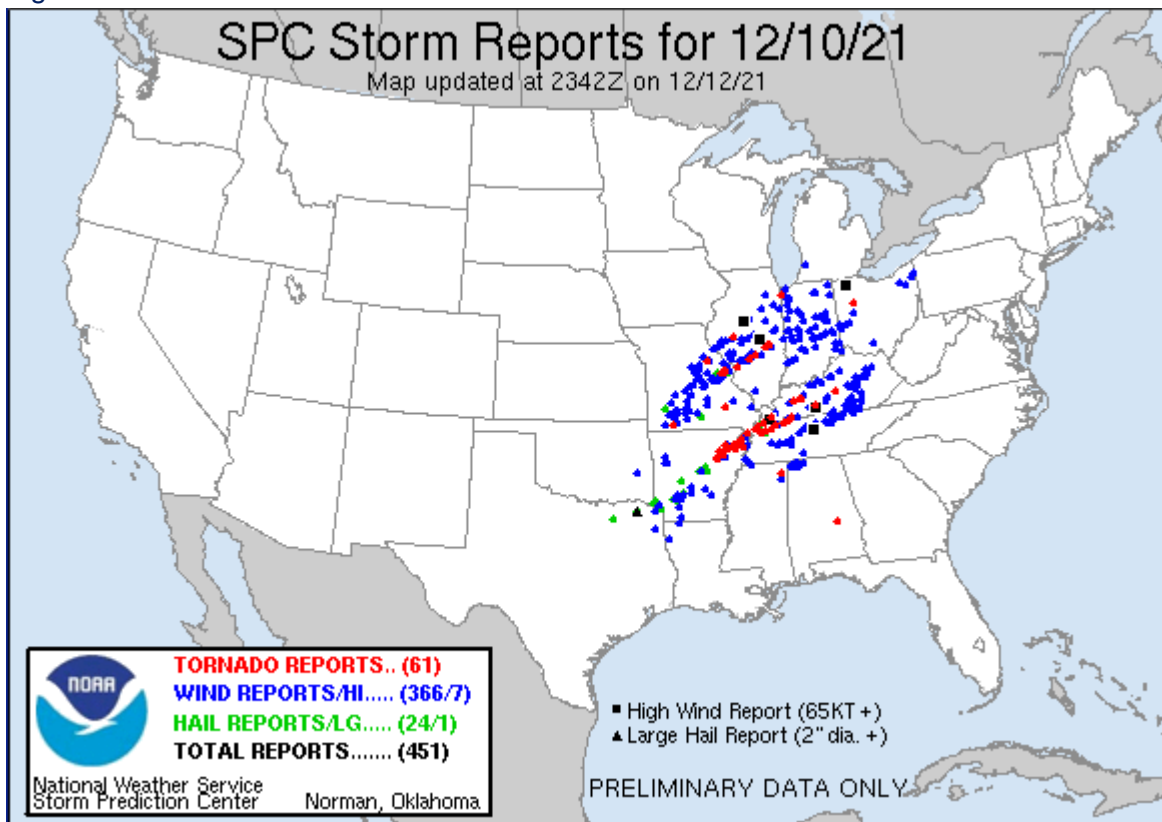
Tornado update

On 10 December 2021 there was a large outbreak of tornados in the South and Midwest of the United States, where there has been significant damage and loss of life.

Arkansas, Missouri, Tennessee, and Kentucky were the worst affected states, seeing record breaking tornado activity. It is thought that this could be the first ever quad-state event, with some tornado tracks travelling over 320 km , and there potentially having been some EF5 and EF4 events (the most severe events on the Fujita Scale).

This is a developing situation and damage is still being assessed, but very early estimates put the potential losses in the billions of dollars. Investors are reminded that even large tornados are typically not sufficient to cause losses to Cat Bonds on a stand-alone basis. Most tornado-related losses in the ILS market in past years have been through aggregate structures, where significant deductible erosion from multiple events (typically from additional hurricanes) caused harm to Cat Bond investors. At this stage, Twelve Capital is not aware of any immediate threats for Cat Bond investors, but given the lack of reliable insured loss estimates at this stage, impacts to ILS investors can also not (yet) safely be ruled out at this point.

Figure 1: NOAA Storm Prediction Centre for 10 December 2021



Source: https://www.spc.noaa.gov/climo/reports/211210_rpts.html.

As always, Twelve Capital continues to closely monitor any catastrophe events and will issue specific updates on any relevant new major events that occur.

With compliments,

Twelve Capital

Twelve Capital AG

Dufourstrasse 101
8008 Zurich, Switzerland

Twelve Capital (UK) Ltd

Moss House, 15-16 Brook's Mews
London W1K 4DS, United Kingdom

Twelve Capital (DE) GmbH

Theatinerstraße 11
80333 Munich, Germany

info@twelvecapital.com
www.twelvecapital.com

About Twelve Capital

Twelve Capital is an independent investment manager specialising in insurance investments for institutional clients. Its investment expertise covers the entire 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. It was founded in October 2010 and is majority-owned by its employees. It has offices in Zurich, London and Munich.

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