

# SPLINTERING PROTECTIONISM



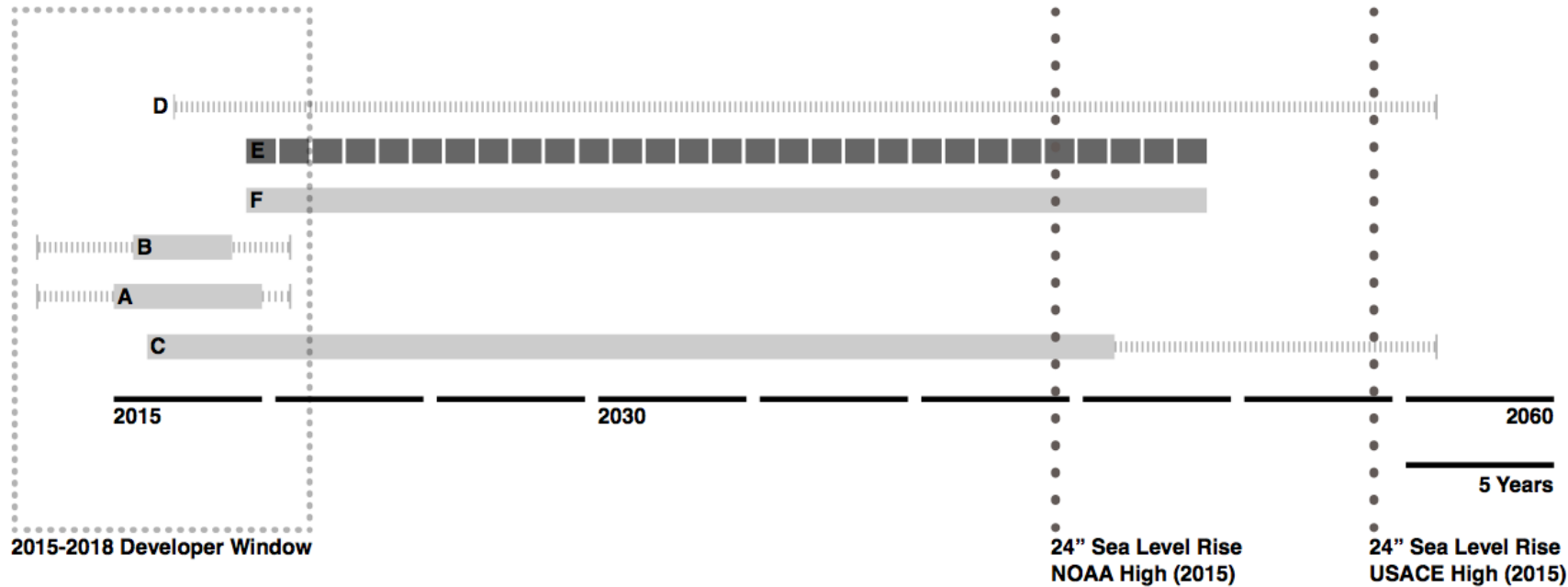
Insurance-Linked Securities  
and the Shifting Governance  
of Climate Risks in Florida  
Cities

Zac Taylor  
University of Leeds  
May 2017



# Real Estate Capital Cycles and Climate Risk

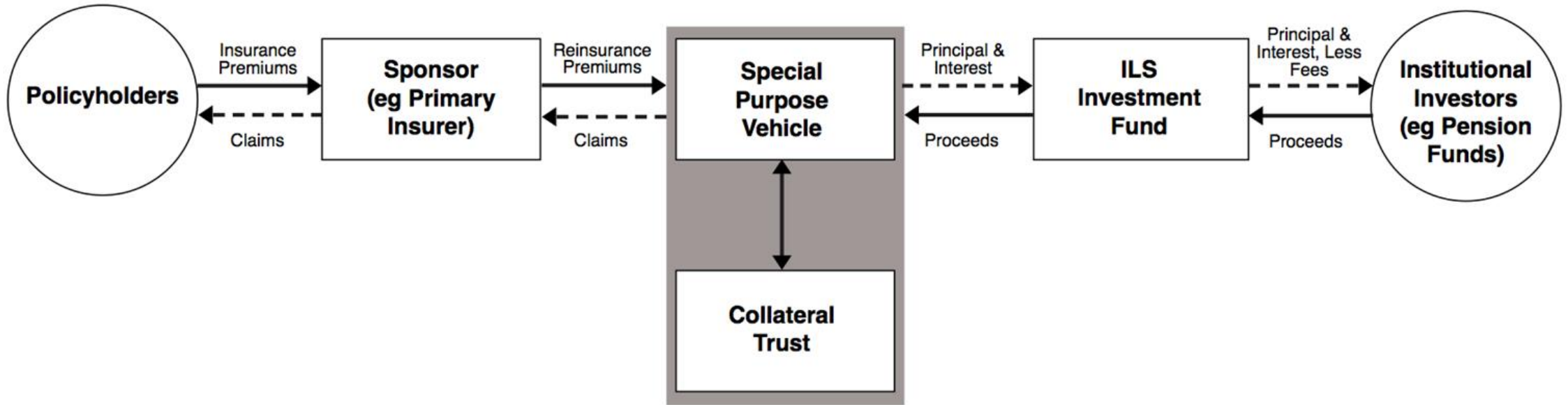
## Example: Miami Sea Level Rise



- A - Debt Finance (Construction Loans) - Institutional Capital
- B - Equity Finance - Institutional Capital
- C - Local Area Infrastructure Finance (eg CDA bonds) - Public/Institutional Capital
- D - Potential for Property Owner Assessments to Fund Infrastructure - Public/Consumer Capital
- E - Property Insurance Premiums - Consumer/Institutional Capital**
- F - Traditional Consumer Mortgage - Consumer/Institutional Capital

# Insurance-Linked Securities

## Typical Catastrophe Bond Structure



**1994**

First Cat Bond  
Issuance

**\$26.8B**

Size of  
Outstanding  
ILS Market,  
Q1 2016

**\$167M**

Average Cat  
Bond Size,  
2015

# Capital and Catastrophe Meet in the City

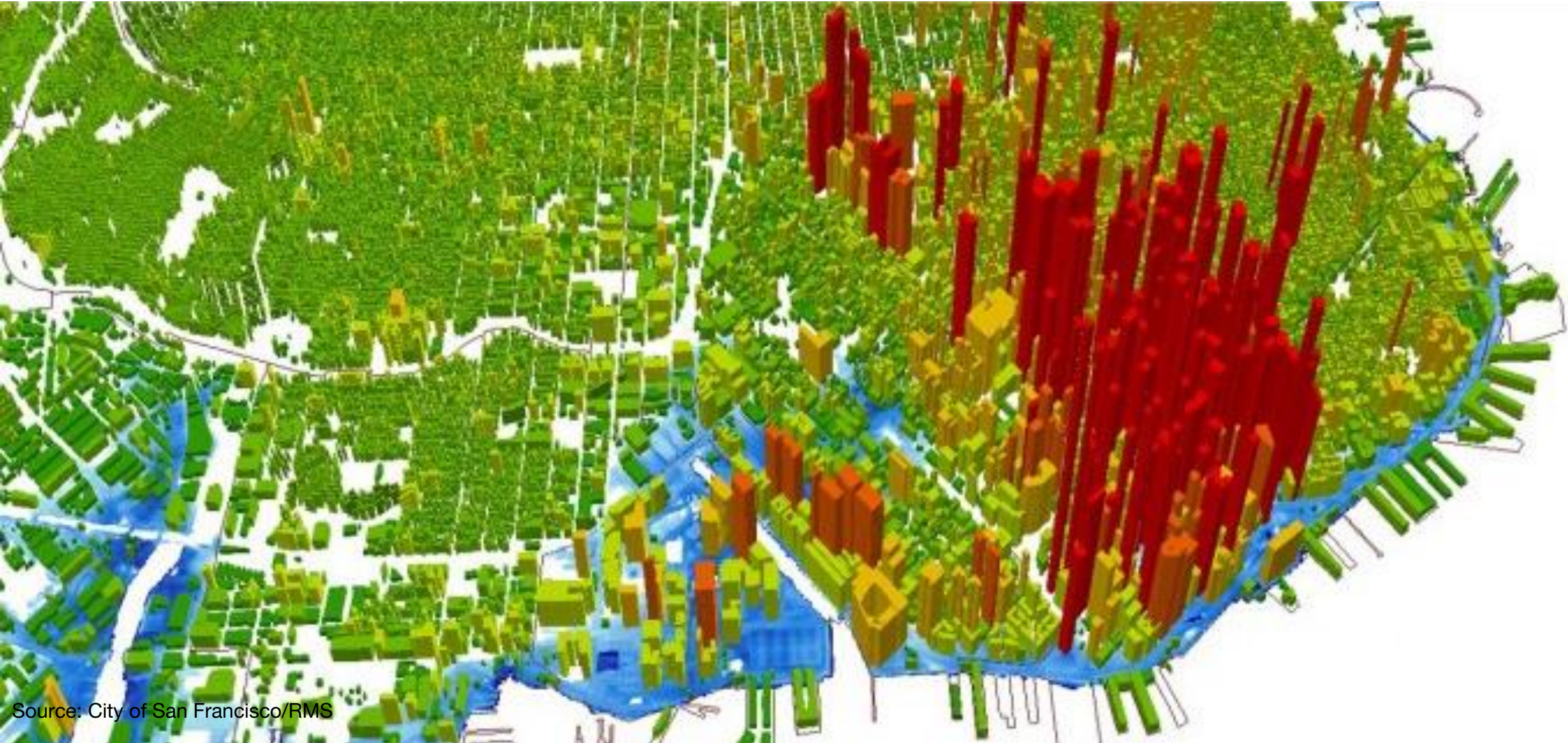


# Homes & Hurricanes



Source: Mark Foley/AP

# Dislocation and Disruption



Source: City of San Francisco/RMS

# Transforming Florida Catastrophe Risk into ILS Products

Risk Transfer Considerations	Dynamics
Ceding Insurer Business & Operational Strategy	Firm size and ownership
	Diversification of underwriting
	Risk management strategy
Underwriting Process	Material considerations
	Regulatory constraints
	Institutional capacity
Reinsurance Instruments	Contract type
	Liquidity
	Structuring cost
Reinsurance Geographies	Command and control nodes
	Specialty nodes



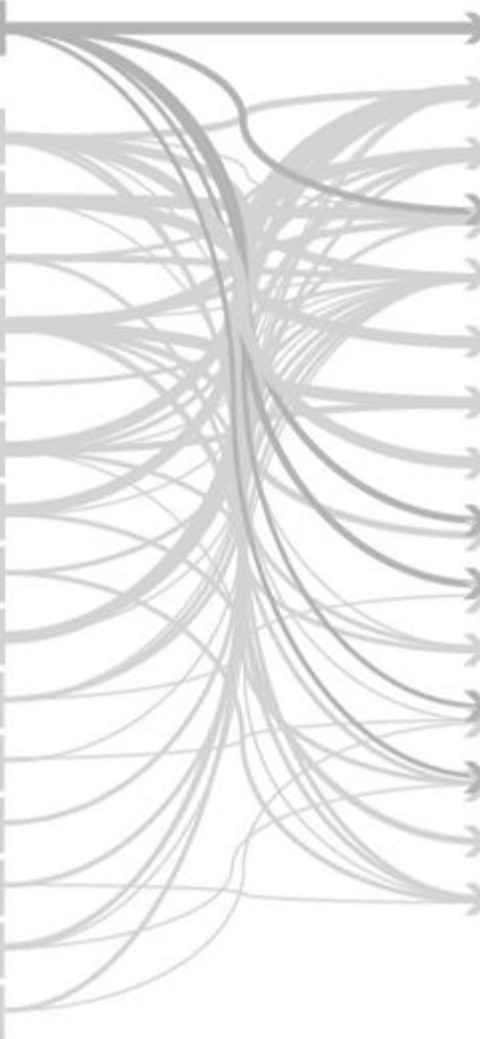
# Capital Flows Between Florida Insurers and ILS Platforms

Florida Homeowners  
(Premium Dollars)



## Florida Takeout Insurers (Top 15 plus Citizens)

<b>Citizens Property Ins Co (FL)</b> FL DWP: \$1,267,754 Takeout Premium Assumed: (\$180,711)
<b>Tower Hill Group (FL)</b> FL Direct Written Premium: \$695,404
<b>Heritage Property &amp; Casualty Ins Co (FL)</b> FL Direct Written Premium: \$492,948
<b>Homeowners Choice Property &amp; Cas Ins Co (FL)</b> FL Direct Written Premium: \$397,112
<b>United Property &amp; Casualty Ins Co (FL)</b> FL Direct Written Premium: \$318,951
<b>Security First Ins Co (FL)</b> FL Direct Written Premium: \$302,949
<b>Florida Peninsula Ins Co (FL)</b> FL Direct Written Premium: \$261,665
<b>American Integrity Ins Co of Florida (FL)</b> FL Direct Written Premium: \$246,309
<b>Southern Fidelity Group (FL)</b> FL Direct Written Premium: \$187,427
<b>Olympus Ins Co (FL)</b> FL Direct Written Premium: \$145,655
<b>First Community Ins Co (FL)</b> FL Direct Written Premium: \$114,675
<b>Weston Ins Co (FL)</b> FL Direct Written Premium: \$108,130
<b>Safepoint Ins Co (FL)</b> FL Direct Written Premium: \$102,790
<b>Southern Oak Ins Co (FL)</b> FL Direct Written Premium: \$98,057
<b>Cypress Property &amp; Casualty Ins Co (FL)</b> FL Direct Written Premium: \$87,932
<b>Universal Ins Co of North America (FL)</b> FL Direct Written Premium: \$85,422



## Third Party Collateralized Reinsurers (Top 15)

<b>Everglades Re (Bermuda)</b> Premium Assumed: \$160,192 Citizens Property Ins Co
<b>Third Point Re (Bermuda)</b> Premium Assumed: \$66,365 Third Point Investment Mgmt
<b>Aeolus Re (Bermuda)</b> Premium Assumed: \$61,742 Aeolus Capital Management
<b>Poseidon Re (Bermuda)</b> Premium Assumed: \$44,497 Nephila Capital
<b>DaVinci Re (Bermuda)</b> Premium Assumed: \$35,149 Renaissance Re Holdings
<b>Citrus Re (Bermuda)</b> Premium Assumed: \$28,568 Heritage Insurance Holdings
<b>Elementum Re (Bermuda)</b> Premium Assumed: \$28,568 Elementum Advisors
<b>Greenlight Re (Cayman Islands)</b> Premium Assumed: \$21,550 Greenlight Capital
<b>Lloyd's Syndicate 2357 (United Kingdom)</b> Premium Assumed: \$21,511 Nephila Capital
<b>Allianz Risk Transfer/Nephila (Bermuda)</b> Premium Assumed: \$9,998 Nephila Capital/Allianz
<b>Securis Re (Bermuda)</b> Premium Assumed: \$9,629 Securis Investment Partners
<b>Horseshoe Re (Bermuda)</b> Premium Assumed: \$9,389 Horseshoe Group
<b>AlphaCat Re (Bermuda)</b> Premium Assumed: \$8,359 Valdis Holdings
<b>Promissum Re (Cayman Islands)</b> Premium Assumed: \$8,233 United Insurance Holdings
<b>Blue Water Re (Bermuda)</b> Premium Assumed: \$7,838 Blue Capital Mgmt/Endurance Ins

ILS Investors  
(Institutional Capital)



# Capital, Climate Change, and the City

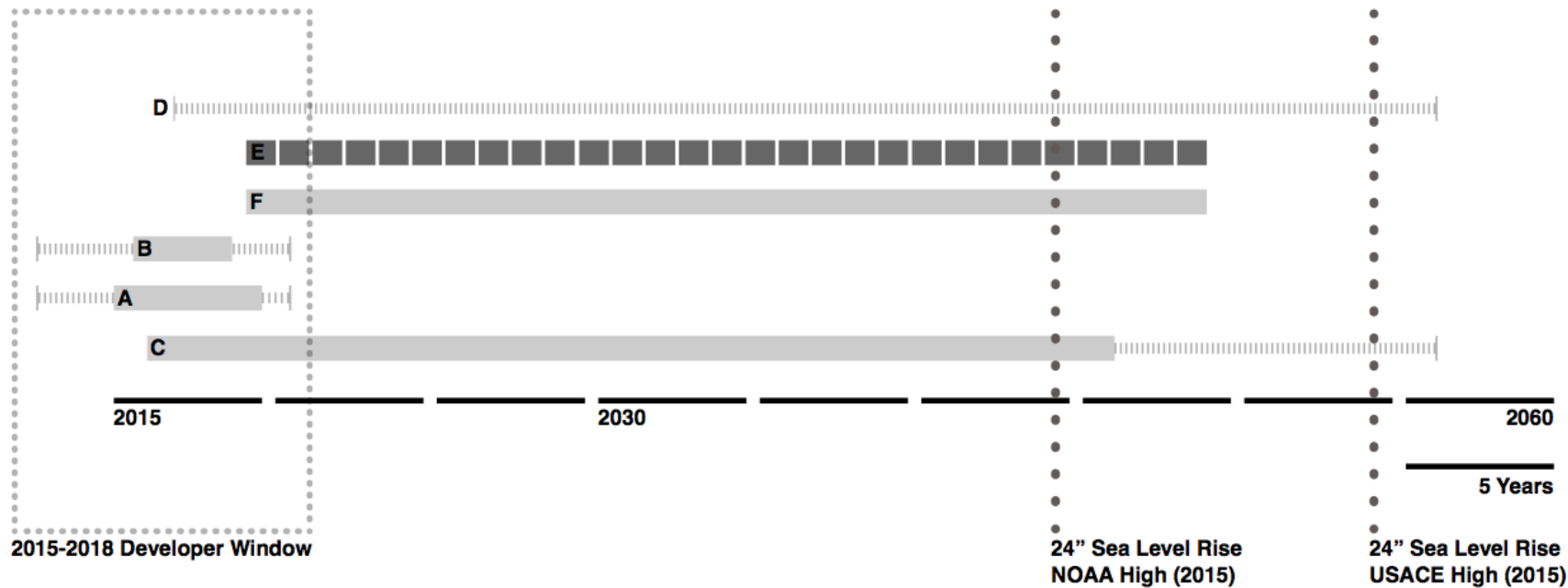


Source: Lynne Sladky/AP

# Return to the Tenure Question

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