



SIFMA IRLS Conference  
Miami Beach, FL  
February 27, 2017

Opening Remarks  
As prepared for delivery  
Randy Snook  
Executive Vice President, Business Policy and Practices

Good morning. I'm pleased to welcome you to SIFMA's annual Insurance- & Risk-Linked Securities Conference – in Miami. We had, following Hurricane Matthew, contemplated a move to Florida over the last few years for a host of reasons and we made the move this year with the conviction that more space, more networking time and some new topical discussions would benefit our attendees. While it's great to be here instead of the northeast in February, more importantly, it's great to see all of you here. We appreciate that you continue to support this event.

2016 was an interesting year in the insurance linked markets. But by year end, the size of the market bumped right back up to around its historical record levels of \$24.1 billion, where it's held steady for the last three years. That size was, however, maintained by new issues rather than renewals, as a wave of new issuance came later in the year. And, while deal count declined, deal size grew by almost 20%. 2017 brings a challenging level of maturities but, at the same time, presents the opportunity to grow the market size to a new record. We begin this conference with that optimism in mind and the expectation that a short respite here in Miami will quickly give way to a hectic calendar of issuance.

This year we have an especially diverse and topical agenda for you over the next two days. We are pleased to have a couple of guest speakers and a number of new panelists to provide different perspectives. We all continue to want to see greater opportunities for a broadening of the IRLS market generally to new risks and regions.



We have looked at flood risks in previous years. FEMA's transfer of just over \$1 billion of risk from its National Flood Insurance Program, or NFIP, to 25 reinsurance carriers is a positive sign and may provide more impetus toward ILS market solutions for flood protection generally.

I would like to thank my SIFMA colleague Sean Davy for all his hard work in putting this event together. Interestingly enough, the National Hurricane Center included Sean at number eighteen on this year's list of names of Atlantic tropical storms. By a show of hands, how many of you think we'll see a Hurricane Sean this year? [pause] Okay, well tomorrow Dr. Phil Klotzbach, an Atmospheric Scientist at Colorado State University, will let us know how likely that is as he shares his outlook for the 2017 hurricane season.

By using science and a variety of other tools to analyze and study weather patterns, our climate and how they are evolving, Phil and his research colleagues can help us obtain better data and more accurate predictive technology than ever before. He's recently tweeted two of his observations about the climate in the first two months of 2017 that I found interesting: Mammoth Mountain, California has received 394 inches of snow since January 1<sup>st</sup>, nearly 100 inches more than any other combined January to February on record since 1970. Over the same period, downtown San Francisco has gotten 17.63 inches of rain, the seventh wettest combined January and February since 1855, with more rain likely. If you're from California, welcome to Miami. While Phil is deep into the science, we expect he will be able to help us all better understand some of the nuances of weather patterns.

Clearly, cyber is a hot topic and one that also presents both opportunities and challenges in complexity and pricing. We'll kick things off this morning in earnest with our keynote speaker Tom Ridge, who will give us a front-line perspective on cyber and terror risks. Tom was the first Secretary of the U.S. Department of Homeland Security, is the former Governor of Pennsylvania, and is the current Chairman of Ridge Global.



One of our concurrent panels tomorrow will also do a deep dive discussion on modeling both cyber and terror risks, which should be a good compliment to Tom's remarks.

Cyber is front and center within our broader SIFMA financial services industry agenda as well. We have taken the lead on several cyber initiatives, including developing policies and procedures for cyber defense and recovery; advocating for harmonization of regulations arising from multiple regulators; coordinating the development of International Cybersecurity, Data and Technology Principles through our global affiliate; and sponsoring comprehensive industry pen testing efforts. We are all constantly vigilant and working to better understand the risks and how to measure them, as well as how to protect against them.

We hope you find the entire agenda over the next two days to be compelling. I particularly want to highlight the participation of Michael Bennett on what I expect will be a fascinating panel focused on using ILS as early warning finance and a conduit for international finance and public aid. Michael is Head of Derivatives and Structured Finance at The World Bank and has been an agenda contributor to the World Economic Forum, and we are grateful for his participation. I would note that in the World Economic Forum's *Global Risks Report 2017*, the experts surveyed cited the environment as dominating the global risks landscape. For the first time, all five environmental risks in the survey were ranked both high-risk and high-likelihood, with extreme weather events emerging as the single most prominent global risk. Additionally, as you may know, UN officials last week called for strong and urgent action from the international community to help already fragile countries avert catastrophe from devastating levels of food insecurity caused by the combination of drought and war.

With that overview, I would like to thank our sponsors {show slide}, and give special thanks to our platinum sponsors. SIFMA has received very consistent support from a number of industry participants, for which we are grateful. I want to give a special



welcome to those attendees that attend this event year after year, and also to those who are joining us for the first time. And, I want to be sure to thank all of our speakers.

And now, last but not least, it is my pleasure to introduce and thank Judy Klugman, Managing Director and Head of ILS Distribution at Swiss Re, and Chair of this year's conference. Please join me in welcoming Judy.