



Insurance- & Risk-Linked Securities Conference
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Opening Remarks

As prepared for delivery

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Good morning. I'm Randy Snook, executive vice president of business policies and practices at SIFMA, and I'm pleased to welcome you to SIFMA's annual Insurance- & Risk-Linked Securities Conference. It's great to see all of you here this morning.

In 2015, \$6.7 trillion was issued in the U.S. capital markets, which are the largest and deepest in the world. Well-functioning capital markets recognize and drive capital to the best ideas and enterprises, and this efficient allocation of capital provides meaningful benefits to individuals, companies and society-at-large. The capital markets provide approximately 75% of financing for businesses in the U.S. Our financial market system is vastly safer and more resilient than it was at the onset of the financial crisis. Central to this undertaking has been – and remains – balancing the efforts to reduce systemic risk while still ensuring well-functioning markets and the efficient allocation of capital in the U.S. and on a global scale. As we seek to 'find the fulcrum' of regulation and oversight, it is imperative that we design and calibrate policies that keep pace with, and appropriately govern, a rapidly-evolving, inter-connected and technology-driven financial marketplace to meet the demands of our clients. Clients benefit from the ability to distribute risk, expansion of risk-taking capacity and increasingly attractive pricing. It's important that increased regulation doesn't impair these positive trends. Burdensome layers of regulation risk impairing our ability to bring those solutions to our clients.

The risk-linked securities market is but one example of an innovative solution which allows the capital markets to provide an efficient and growing means to transfer risk. This market has developed to the point that it is now a well accepted part of the capital markets, with better pricing than in its infancy just a decade ago. Over that time, spreads on higher quality CAT bonds have improved by as much as 200 basis points, while spreads on lower quality CAT bonds have improved in some instances by as much as 600 basis points.



When we gathered here in early 2015, we talked about robust issuance in the risk-linked market. While issuance in the second half of the year wasn't as strong as it was in the first half, overall, 2015 issuance of risk-linked securities totaled \$6.8 billion—the fourth largest year on record. At year end, the market outstanding figure remained near the record high level of \$24.1 billion set in 2014—despite the record-setting \$6.9 billion in maturities in 2015. Continuing the trend of large maturities, close to \$4 billion of bonds are set to mature in the first half of this year, set against a backdrop of a healthy level of new deals.

Today we will be looking ahead at the future of the risk-linked securities market, but first we will start our program with a historical perspective from our conference co-chairs William Dubinsky and John Modin. Our members' dedication to this marketplace has played a great role in its growth. We are pleased that this conference has become an integral event for the industry.

We are all looking forward to today's discussion, including luncheon keynote speaker Samir Shah, an insurance industry executive with over twenty years of experience in risk and capital management. Samir has done extensive work developing and implementing Enterprise Risk Management concepts, methods and tools and we all look forward to hearing his views on the market. I strongly encourage your active participation in the discussion—most if not all the sessions will allow for Q&A.

I would like to thank our sponsors {show slide}, and give special thanks to our platinum sponsors. We have received very consistent support from a number of industry participants, for which we are grateful. We want to give a special welcome to our new sponsors and those attendees that are also joining us for the first time.

Lastly, I want to be sure to thank all of our speakers. Enjoy the conference.