



NYPIUA

BOARD OF DIRECTORS MEETING
REINSURANCE OVERVIEW

MAY 16, 2019



REINSURANCE RENEWAL SUMMARY



- NYPIUA's program renewed on April 1, 2019.
 - *The program covers an Aggregate of catastrophe losses that exceed \$10Mn, subject to a retention of \$60Mn and providing coverage up to \$240Mn.*
 - *In addition, there is protection for two conflagration events of up to \$30Mn each, after \$2Mn deductible.*
- Following visits to Bermuda & London, we received quotes from 11 markets.
 - *Pricing ranged from risk-adjusted increases of 11% to risk-adjusted 1.5% decrease – note, TIV is down 11.2% year-over-year.*
 - *NYPIUA differentiates itself in the market by operating more as a voluntary market, than a residual market – a distinction noted by reinsurers, and, ultimately, reflected in both pricing and support.*
- Given market conditions, reinsurer relationships, and a shrinking book, Firm Order Terms were approximately 5% risk-adjusted increase, including the restructuring of the Underlying Layer.
 - *NYPIUA reduced the attachment of the Underlying Layer from \$67.5Mn to \$60Mn – doubling the limit of that layer (to \$15Mn) and providing increased protection to the membership.*
 - *The 1st & 2nd Layer limits remained as expiring.*
- Support in the market was strong, with only one market (TransRe) retiring from the program.
 - *Given NYPIUA's strategy of syndication, the available shares were filled by renewal markets, and an "on-deck" reinsurer, being BRIT Bermuda.*
- Optional Layers were also offered to all members to protect their assessment potential above and below the reinsurance program – to date, no interest in securing this coverage.



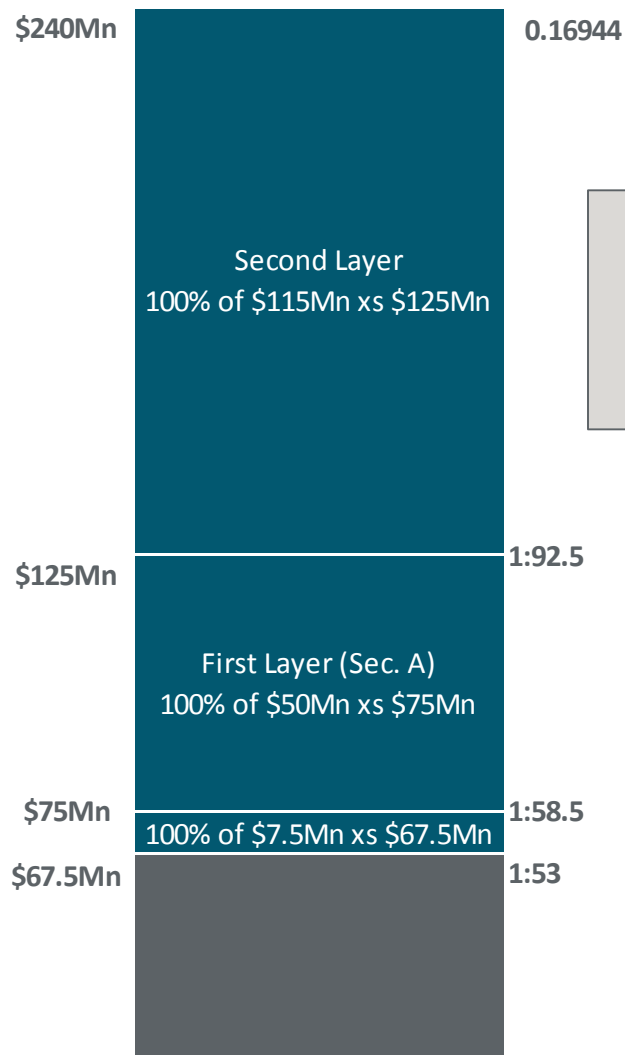
2018 vs. 2019 PROGRAM STRUCTURE

RETURN PERIODS 50/50 BLEND

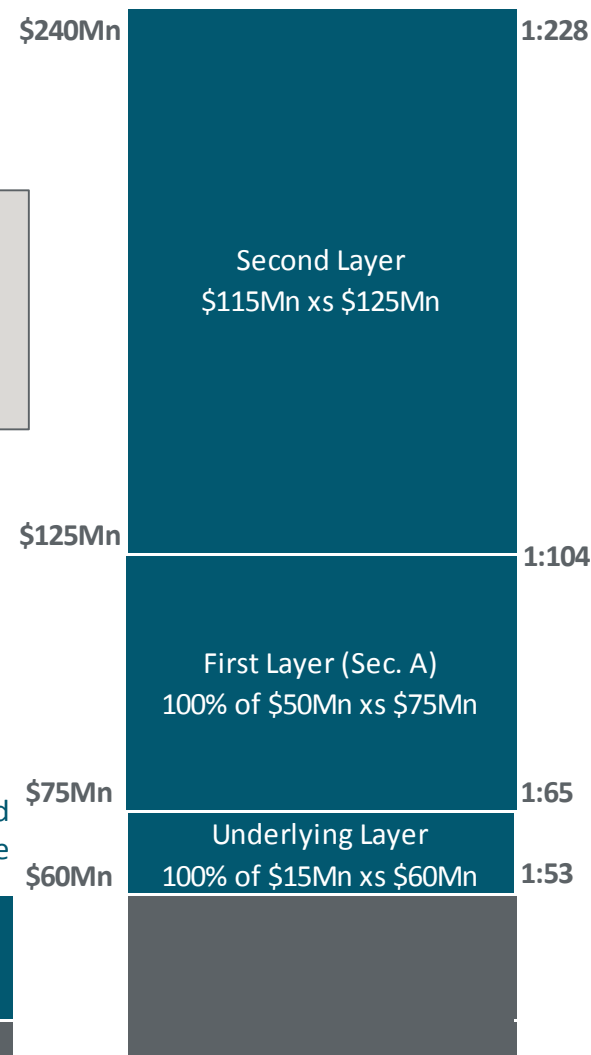


2018: \$172.5Mn OF AGGREGATE COVER
\$10Mn FRANCHISE

2019: \$180Mn OF AGGREGATE COVER
\$10Mn FRANCHISE



2018 vs. 2019
RETENTION: -11.1%
PLACED LIMIT: +3.7%
CEDED PREM: -1.3%
ROL CHANGE: -5.4%



2019 TOTAL SPEND:
\$6,720,000

ALL PERILS
RMS v. 17.0
AIR v 5.0, v 6.0

Fire-Only / Ex-Named
Storms Coverage

Fire-Only / Ex-Named
Storms Coverage



2019 PROGRAM SUMMARY

FIRM ORDER TERMS



Contract / Coverage	Limit and Retention	2019 Firm Order		
		% Placed	ROL	Deposit
Optional Underlying Layer - Aggregate XOL	\$20Mn xs \$40Mn		6.90%	\$1,380,000
Underlying Layer - Aggregate XOL	\$15Mn xs \$60Mn	100%	5.90%	\$885,000
First Layer				
Section A - Aggregate XOL	\$50Mn xs \$75Mn	100%	5.00%	\$2,500,000
Section B - Ex-Named Storm / Fire-Only Per Occ.	\$28Mn xs \$2Mn			
Second Layer - Aggregate XOL	\$115Mn xs \$125Mn	100%	2.90%	\$3,335,000
Optional Overlying Layer - Aggregate XOL	\$60Mn xs \$240Mn		2.25%	\$1,350,000

Notes:

1. 2019 Original GNEPI Estimate: \$31,900,000.
2. All contracts subject to adjustment on a rate applied to the subject premium income.
3. Reinstatements: Ex-Named Storm, Fire-Only (First Layer Section B), subject to 1 Free reinstatement.
4. Minimum premium at 80% of deposit premium; deposit premium subject to quarterly installments.
5. Loss definition to include 120 hours for wind.
6. Aggregate coverages subject to a \$10Mn franchise.
7. The Association has the option to collect on losses to each layer once the paid loss exceeds half the retention of that layer.

Lead markets include: Ariel Re, AXA-XL, AXIS Syndicate, Hiscox (Bda. & Lloyd's), MAP Syndicate, and SCOR



2019 AGGREGATE PROGRAM REINSURER FINAL SIGNED LINES



Reinsurer			\$7.5Mn xs \$67.5Mn	\$15Mn xs \$60Mn	\$50Mn xs \$75Mn		\$115Mn xs \$125Mn		Total Dollars	
	AM Best	S&P	2018	2019	2018	2019	2018	2019	2018	2019
	Rating	Rating	Signed	Signed	Signed	Signed	Signed	Signed	Signed	Signed
Bermuda										
Ariel Re Bda Limited on behalf of: Argo Re, Ltd.	A	NR	50.00%	40.00%	12.00%	12.00%	6.00%	6.00%	\$16,650,000	\$18,900,000
DaVinci Reinsurance Ltd.	A	A+					2.50%	2.50%	\$2,875,000	\$2,875,000
Fidelis Insurance Bermuda Limited	A-	NR			2.50%	2.50%	2.00%	2.50%	\$3,550,000	\$4,125,000
Hiscox Insurance Company (Bermuda) Ltd.	A	A		4.50%	4.00%	4.50%	4.00%	4.50%	\$6,600,000	\$8,100,000
Renaissance Reinsurance Ltd.	A+	A+					2.50%	7.50%	\$2,875,000	\$8,625,000
XL Bermuda Ltd	A	AA-			6.00%	6.00%	4.00%	4.00%	\$7,600,000	\$7,600,000
Domestic										
American Standard Insurance Company of Wisconsin	A	NR			1.00%	1.00%	0.75%	0.75%	\$1,362,500	\$1,362,500
Employers Mutual Casualty Company	A	NR					0.85%	0.85%	\$977,500	\$977,500
Everest Reinsurance Company	A+	A+			3.00%	3.00%	3.50%	3.50%	\$5,525,000	\$5,525,000
Munich Reinsurance America, Inc.	A+	AA-			2.50%	2.50%	3.00%	3.00%	\$4,700,000	\$4,700,000
Mutual Reinsurance Bureau ¹	NR	NR			1.50%	1.50%	1.25%	1.25%	\$2,187,500	\$2,187,500
Odyssey Reinsurance Company	A	A-			1.00%	1.00%	3.50%	3.50%	\$4,525,000	\$4,525,000
Transatlantic Reinsurance Company	A+	A+					3.50%		\$4,025,000	\$0
General Re through Trans Re	A++	AA+					1.00%		\$1,150,000	\$0
Europe										
BGS Services (Bermuda) Limited for and on behalf of: Brit Syndicate 2987 at Lloyd's	A	A+			0.00%	1.50%	0.00%	1.50%	\$0	\$2,475,000
Lansforsakringar Sak Forsakrings AB (LF Group)	NR	A			0.50%	0.50%	0.50%	0.50%	\$825,000	\$825,000
MS AMLIN BERMUDA A Branch of MS AMLIN AG – ZURICH, SWITZERLAND	A	A			6.00%	5.00%	5.50%	5.00%	\$9,325,000	\$8,250,000
Nephila Capital Lloyd's Syndicate 2357	A	A+			2.00%	0.00%	2.00%	2.00%	\$3,300,000	\$2,300,000
SCOR Switzerland AG	A+	AA-	15.00%	14.00%	14.25%	14.00%			\$8,250,000	\$9,100,000
Sirius International Insurance Company through Group Walbaum, Managers of Program of Reinsurance For American Mutuals	A	A-					4.00%	4.00%	\$4,600,000	\$4,600,000
Tokio Millennium Re AG	A++	A+					5.00%	0.00%	\$5,750,000	\$0
Lloyd's										
AHJ, Ltd. (Lloyd's; SCOR; MS Amlin Bda)										
Lloyd's - 0033 HIS	A	A+			7.00%	7.00%	6.50%	6.50%	\$10,975,000	\$10,975,000
Lloyd's - 0609 AUW	A	A+				0.50%	0.32%	0.50%	\$368,000	\$825,000
Lloyd's - 0623 AFB	A	A+			0.54%	3.50%	0.51%	3.50%	\$856,500	\$5,775,000
Lloyd's - 0727 SAM	A	A+			0.75%	1.00%	0.94%	1.00%	\$1,456,000	\$1,650,000
Lloyd's - 1084 CSL	A	A+					1.50%	1.50%	\$1,725,000	\$1,725,000
Lloyd's - 1225 AES	A	A+					0.75%	0.75%	\$862,500	\$862,500
Lloyd's - 1274 AUL	A	A+			1.75%	2.25%	1.75%	2.00%	\$2,887,500	\$3,425,000
Lloyd's - 1686 AXS	A	A+		11.50%		5.00%		4.50%	\$9,400,000	\$9,400,000
Lloyd's - 1729 DUW	A	A+	5.00%	5.00%	1.75%	2.50%	2.22%	2.50%	\$3,803,000	\$4,875,000
Lloyd's - 2001 AML	A	A+			3.25%	2.25%	3.25%	3.00%	\$5,362,500	\$4,575,000
Lloyd's - 2003 SJC	A	A+			3.25%	3.50%	2.00%	2.00%	\$3,925,000	\$4,050,000
Lloyd's - 2007 NVA	A	A+	10.00%		3.00%		3.00%		\$5,700,000	\$0
Lloyd's - 2010 MMX	A	A+		2.50%	2.50%	2.50%	2.35%	2.50%	\$3,952,500	\$4,500,000
Lloyd's - 2014 ACA	A	A+		3.00%	1.50%	1.25%	1.50%	1.00%	\$2,475,000	\$2,225,000
Lloyd's - 2623 AFB	A	A+			2.46%		2.31%		\$3,886,500	\$0
Lloyd's - 2791 MAP	A	A+	20.00%	14.00%	7.50%	5.00%	7.25%	7.40%	\$13,587,500	\$13,110,000
Lloyd's - 3000 MKL	A	A+			3.00%	3.00%	3.00%	3.00%	\$4,950,000	\$4,950,000
Lloyd's - 4020 ARK	A	A+		3.00%	3.00%	3.25%	3.00%	3.00%	\$4,950,000	\$5,525,000
Lloyd's - 5886 WBC	A	A+		2.50%	2.50%	2.50%	2.50%	2.50%	\$4,125,000	\$4,500,000
TOTALS			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	\$172,500,000	\$180,000,000



REINSURANCE MARKET CONDITIONS



- The reinsurance market is more susceptible to bad news following the Cats of 2017/2018.
 - *Rates on loss-free programs were held or reduced at 1/1/19.*
 - *However, loss development from Hurricanes Irma and Maria, and unexpected Wildfires have hardened positions on loss-affected programs. Florida renewals take place in June and will be a good bellwether for reinsurers' response to loss and loss development.*
 - *Retrocessional rates increased 10% to 30%, largely driven by ILS markets facing trapped capital and less enthusiastic investors. Retro costs will likely continue to rise at mid-year, given uncertainty in ILS world, as some investors become more model savvy.*
- Despite the loss activity, capital can and has entered the reinsurance space faster than ever before. The vehicles by which that entry is made are multi-faceted: traditional; collateralized; cat bonds; sidecars; and ILW's. Risk returns and time commitments dictate capital strategy.
 - *Convex Re (Catlin and Brand), Vermeer Re (PGGM / RenRe) and PIMCO (Allianz) entered the ILS market – although Sovereign Wealth Funds remain on the sidelines, with just Abu Dhabi the sole known exception.*
- Reinsurers' returns have been driven much lower, due to the extensive availability of cash worldwide.
 - *For 2019, S&P forecasts that the returns for "Global Reinsurers" will barely cover capital costs.*
- More M&A expected – recent examples include AXA-XL, Nephila Capital by Markel, Tokio Millennium by Renaissance Re.
- Overall capital is plentiful, but more discerning. Capacity seems more interested in less exposed layers, away from potential frequency and volatility. "Minimum" rate on lines will be tested.



DATE: April 3, 2019

TO: MEMBER COMPANIES

ATTN: CHIEF REINSURANCE OFFICER
CHIEF FINANCIAL OFFICER

SUBJECT: OPTIONAL PROPERTY CATASTROPHE REINSURANCE PROTECTION
RESPONSE DEADLINE: May 6, 2019

New York Property Insurance Underwriting Association ("NYPIUA") will once again offer optional reinsurance coverage to its members in conjunction with the April 1, 2019 renewal of the Association's Property Catastrophe Reinsurance Program.

The purpose of providing availability of optional reinsurance coverage is to allow member companies flexibility in managing their assessment potential resulting from a significant catastrophic event impacting NYPIUA's policyholders. Specifically, member companies can purchase reinsurance coverage in either, or both optional layers above and below the NYPIUA Reinsurance Program limits against their specific market share.

The attached exhibit depicts:

1. Model output results for NYPIUA based on policies in force as of October 31, 2018
2. NYPIUA's Property Catastrophe Reinsurance Program effective April 1, 2019 including two optional layers

NYPIUA's retained members' equity is estimated to be \$4.4 million as of December 31, 2018.

Memo to Member Companies

April 3, 2019

Response Deadline: May 6, 2019

Page 2

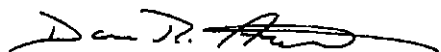
This current balance of \$4.4 million is subject to change, from both operating results and/or Board of Director actions.

Should a member company wish to purchase their share of either, or both optional layers of reinsurance they should contact Holborn Corporation NOT LATER THAN May 6, 2019. The telephone contact number for the Holborn Corporation team members responsible for this program is 212-797-2285.

The Holborn Broker team members are Weatherly Hammond, Vice President and Dane Lemeris, Assistant Vice President.

Of course, if we can be of any assistance, please let us know; our contact information is below.

Sincerely,

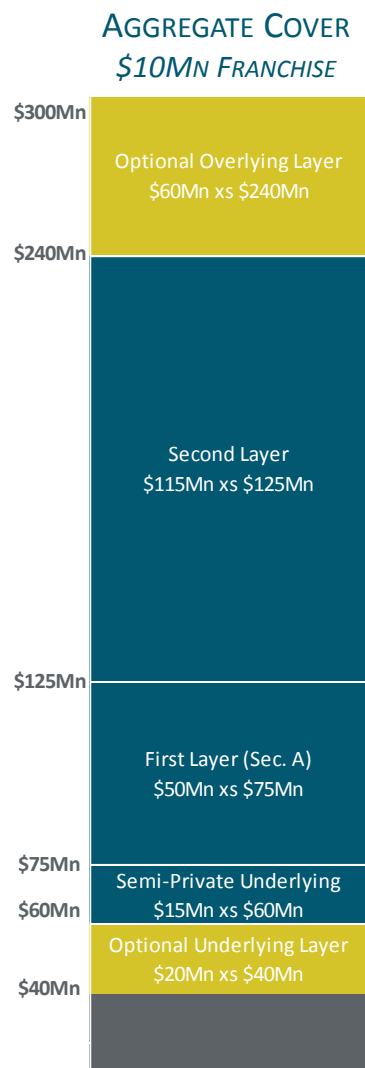


Dane R. Austin
President
Phone Number: 212-208-9897
Email: daustin@nypiua.com



Claire DiChiara
Vice President.
Corporate Counsel & Compliance Officer
Phone Number: 212-208-9757
Email: cdichiara@nypiua.com

2019 PROGRAM STRUCTURE INCLUDING OPTIONAL LAYERS



Contract / Coverage	Limit and Retention	2019 Firm Order		
		% Placed	ROL	Deposit
Optional Underlying Layer - Aggregate XOL	\$20Mn xs \$40Mn		6.90%	\$1,380,000
Underlying Layer - Aggregate XOL	\$15Mn xs \$60Mn	100%	5.90%	\$885,000
First Layer				
Section A - Aggregate XOL	\$50Mn xs \$75Mn	100%	5.00%	\$2,500,000
Section B - Ex-Named Storm / Fire-Only Per Occ.	\$28Mn xs \$2Mn			
Second Layer - Aggregate XOL	\$115Mn xs \$125Mn	100%	2.90%	\$3,335,000
Optional Overlying Layer - Aggregate XOL	\$60Mn xs \$240Mn		2.25%	\$1,350,000

Notes:

1. 2019 Original GNEPI Estimate: \$31,900,000.
2. All contracts subject to adjustment on a rate applied to the subject premium income.
3. Reinstatements: Ex-Named Storm, Fire-Only (First Layer Section B), subject to 1 Free reinstatement.
4. Minimum premium at 80% of deposit premium; deposit premium subject to quarterly installments.
5. Loss definition to include 120 hours for wind.
6. Aggregate coverages subject to a \$10Mn franchise.
7. The Association has the option to collect on losses to each layer once the paid loss exceeds half the retention of that layer.

Fire-Only / Ex-Named Storms Coverage

First Layer (Sec. B)
\$28Mn xs \$2Mn



AIR / RMS MODEL RESULTS

AS OF OCTOBER 31, 2017 VS OCTOBER 31, 2018



Hurricane Return Period	AIR			RMS		
	2017	2018	±%	2017	2018	±%
10	403,753	357,408	-11.5%	252,689	215,151	-14.9%
50	48,257,456	43,261,387	-10.4%	71,779,210	62,638,091	-12.7%
100	114,842,015	101,375,251	-11.7%	152,285,279	132,805,345	-12.8%
250	264,528,388	234,681,189	-11.3%	329,679,637	287,109,775	-12.9%
500	442,966,010	394,447,381	-11.0%	512,199,080	446,225,045	-12.9%
1,000	693,811,219	616,878,472	-11.1%	702,160,077	611,649,001	-12.9%
AAL	4,784,744	4,248,229	-11.2%	5,865,543	5,110,448	-12.9%
Severe Storm Return Period	AIR			RMS		
	2017	2018	±%	2017	2018	±%
10	1,644,705	1,428,990	-13.1%	1,625,366	1,431,120	-12.0%
50	5,782,842	5,109,485	-11.6%	4,727,938	4,175,149	-11.7%
100	12,105,449	10,766,837	-11.1%	7,224,982	6,377,860	-11.7%
250	26,264,247	23,569,669	-10.3%	12,627,753	11,136,096	-11.8%
500	50,149,994	43,904,580	-12.5%	18,285,377	16,118,739	-11.8%
1,000	68,867,870	62,305,481	-9.5%	24,352,411	21,507,755	-11.7%
AAL	1,041,539	900,316	-13.6%	675,631	594,118	-12.1%
All Perils Return Period	AIR			RMS		
	2017	2018	±%	2017	2018	±%
10	3,644,096	3,213,171	-11.8%	3,396,368	2,982,102	-12.2%
50	56,635,633	51,108,534	-9.8%	72,539,005	63,312,334	-12.7%
100	119,778,819	106,987,053	-10.7%	152,561,447	133,057,721	-12.8%
250	266,185,423	236,099,299	-11.3%	329,335,031	286,832,066	-12.9%
500	443,039,889	394,992,174	-10.8%	511,706,322	445,803,011	-12.9%
1,000	694,013,763	617,057,515	-11.1%	701,530,010	611,103,963	-12.9%
AAL	5,826,283	5,148,545	-11.6%	6,541,174	5,704,565	-12.8%

- Notes:
1. Data as of 10/31/2017 and 10/31/2018.
 2. AIR results v5.0 for 2017 & v6.0 for 2018. Hurricane: Warm SST event set w/ Demand Surge. Severe Storm excludes winter storm.
 3. RMS v17.0. Severe convective storm run with Low frequency event set. Near term event with Loss Amplification on all Coverage parts for hurricane.
 4. All return period estimates exclude storm surge.

