



RHODE ISLAND JOINT REINSURANCE ASSOCIATION

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July 17, 2018

To: Members of the Rhode Island Joint Reinsurance Association

Re: 2018 Potential Hurricane Losses

This letter is written to provide the Member Companies with the potential loss estimates from hurricanes for the Rhode Island Joint Reinsurance Association (RIJRA) book of business as of December 31, 2017 and to provide data useful to Members when evaluating their own individual reinsurance coverage needs.

In this regard, it should be pointed out that, at the direction of the RIJRA Governing Committee, Plan Management purchased reinsurance effective July 1, 2018. The reinsurance program structure is as follows:

Layer	Limit	Attachment	Placed	Placed Limit
L1	\$25,000,000	\$25,000,000	92%	\$23,000,000
L2	\$65,000,000	\$50,000,000	92%	\$59,800,000
Total	\$90,000,000	\$25,000,000	92%	\$82,800,000

The total cost for this purchase is approximately \$2.737 million, payable in quarterly installments, with one reinstatement. The cost is subject to a proportional additional premium if growth exceeds TIV estimates by more than seven percent (7%) at September 30, 2018.

The Annual Maximum Occurrence Losses, shown below have been generated by the Association's reinsurance broker, Guy Carpenter and Company, Inc. (Carpenter), through its use of model versions produced by Applied Insurance Research (AIR) and Risk Management Services (RMS) and licensed to Guy Carpenter by the respective modelers. In accordance with the signed Agreement between the Association and Carpenter, Carpenter has authorized the Association to disclose the information provided below to its Member Companies with the condition that the Association and its Member Companies acknowledge and agree that the information set forth is to be treated as strictly confidential information of Carpenter and the respective modelers and that Carpenter and/or the respective modeler own the exclusive right and title to the report, data and related materials. Finally, the Association and its Member Companies recognize that Carpenter and the respective modelers provide this information "as is" and disclaim all warranties, express and implied with respect to the information.

Hurricane Results
Gross Loss (000's)
Data as of 12/31/17
GC Analytics® Analysis by Guy Carpenter

Annual Maximum Occurrence Loss (000's)
Losses Include Loss Amplification for RMS and Demand Surge for AIR
Long Term View

Critical Probability	Return Period	RMS v17 (Historical)	AIR TSv5 (Standard)	RMS and AIR Average	Average Adjusted For TIV Growth and LAE
10.00%	10	52	64	58	64
5.00%	20	7,231	4,365	5,798	6,378
2.86%	35	33,005	16,656	24,831	27,314
2.00%	50	56,192	29,417	42,805	46,229
1.33%	75	85,984	50,560	68,272	73,734
1.00%	100	109,054	64,555	86,805	91,145
0.67%	150	144,955	93,066	119,011	124,961
0.40%	250	196,078	122,946	159,512	167,488
0.20%	500	269,666	221,992	245,829	258,120
0.10%	1,000	341,105	368,747	354,926	372,672
Average Annual Loss		3,784	2,587	3,186	

Member Companies may request the Association's Catastrophe Modeling Report as produced by Guy Carpenter, using RMS and AIR models, including Results Data Model (RDM) for RMS and Company Loss File (CLF) for AIR. The RDM and CLF files can be analyzed using the respective proprietary software packages of RMS and AIR. In addition, Members will have access to the RMS and AIR Event Detail in a Microsoft Excel Spreadsheet for any use not requiring the software packages. In order to receive these files, Members will be required to sign a Nondisclosure Agreement if one was not signed in or after 2006. If you wish to obtain these files, please contact Paul Driscoll, Underwriting Product & Reinsurance Manager at pdriscoll@mpiua.com or 617-557-5594.

If you have any questions in regard to this letter or the estimated potential hurricane losses, please feel free to contact me.

Very truly yours,



Robert C. Tommasino
Senior Vice President & General Counsel

RCT:jd

Cc: John K. Golembeski, President
f: hurricane_pml.7.18ltr_members.rijra