



# RHODE ISLAND JOINT REINSURANCE ASSOCIATION

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Boston, Massachusetts 02108-1904  
(800)851-8978, FAX (617)557-5675

July 23, 2019

To: Members of the Rhode Island Joint Reinsurance Association

Re: 2019 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, 2018 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 per occurrence excess of loss reinsurance with a reinstatement and placed 94% of the \$90 million program effective July 1, 2019. The reinsurance program structure is as follows:

Layer	Limit	Attachment	Placed	Placed Limit
L1	\$25,000,000	\$25,000,000	94%	\$23,500,000
L2	\$65,000,000	\$50,000,000	94%	\$61,100,000
<b>Total</b>	<b>\$90,000,000</b>	<b>\$25,000,000</b>	<b>94%</b>	<b>\$84,600,000</b>

The total cost for this purchase is approximately \$2.75 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, 2019.

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 12/31/18**  
**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**

<b>Critical Probability</b>	<b>Return Period</b>	<b>RMS v17 (Historical)</b>	<b>AIR TSv5 (Standard)</b>	<b>RMS and AIR Average</b>	<b>Average Adjusted For TIV Growth and LAE</b>
10.00%	10	51	62	57	62
5.00%	20	7,070	4,308	5,689	6,258
2.86%	35	32,436	16,393	24,415	26,856
2.00%	50	55,328	28,866	42,097	45,465
1.33%	75	84,773	49,777	67,275	72,657
1.00%	100	107,579	63,371	85,475	89,749
0.67%	150	143,062	91,317	117,190	123,049
0.40%	250	193,574	120,786	157,180	165,039
0.20%	500	266,308	218,068	242,188	254,297
0.10%	1,000	336,952	362,467	349,710	367,195
<b>Average Annual Loss</b>		3,730	2,543	3,137	

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](mailto: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  
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