



Insurance-Linked Securities

Aon Securities Q4 2020 Update

Primary market

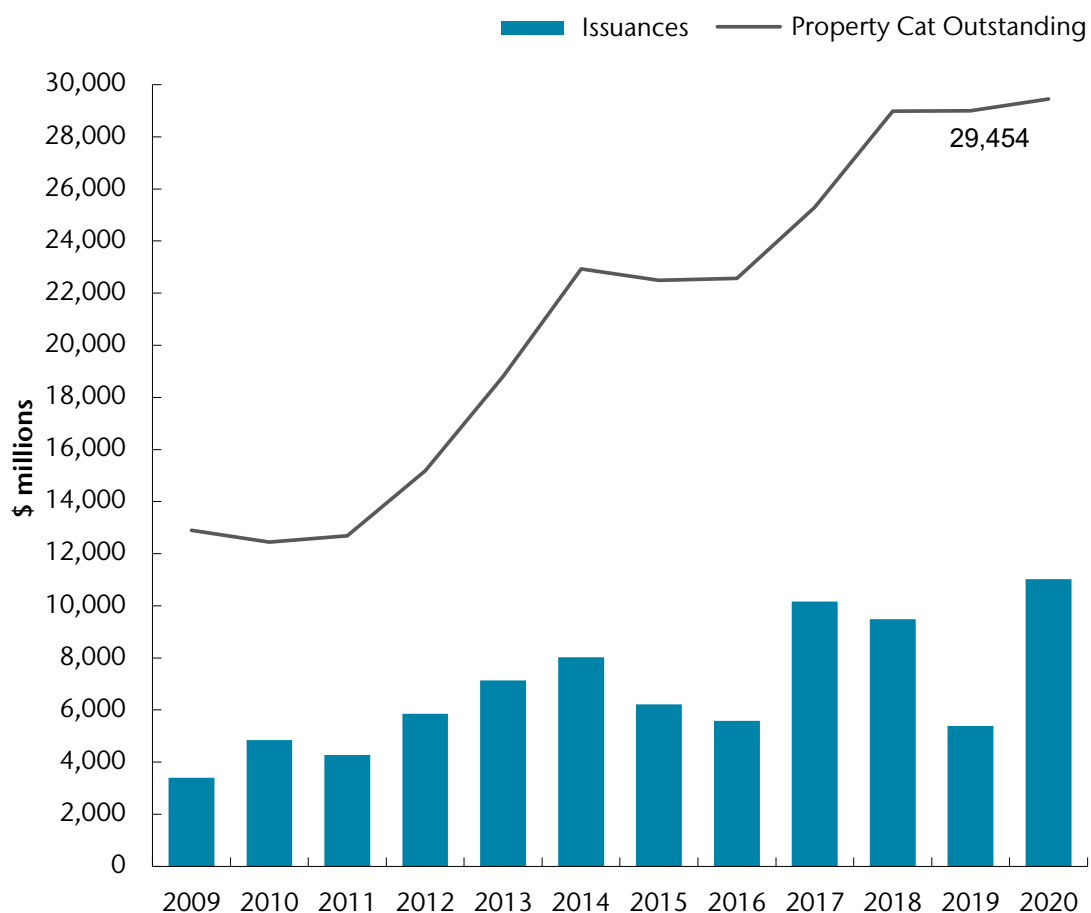
There was a total of USD11 billion of property cat bond limit placed, **the highest on record in 2020**, v USD5.4 billion placed in 2019. This represents a 104% increase year on year, exceeding annual maturities of USD9 billion. In addition quarterly issuance of USD3.7 billion, **was a record Q4 issuance quarter**.

The total issuance for 2020 is made up 46 Property and Casualty transactions completed by 36 sponsors with an average deal size of USD239 million, versus 23 transactions completed by 21 sponsors in 2019, with an average deal size of USD234 million. The total amount of property cat bonds outstanding is marginally up (<2%) compared to 2019 at USD29.5 billion.

We believe that the busy pipeline will continue in Q1 and Q2 2021 given the expected maturities of approximately USD2 billion, and USD4.3 billion respectively. This quarter's steady flow of new issuances of USD3.7 billion, v USD2.2 billion in Q4 2019, and total annual 2020 issuance, is a confirmation of **the resilience of this market, with this positive momentum also anticipated to continue in 2021**.

A total of 14 transactions were issued and received healthy support from investors as 15 of the 22 classes upsized from their guidance, with 4 new issuers entering the P&C primary market in Q4.

Property Cat Bond Issuance and Outstanding by Year



Most transactions priced at their mid-to-tight ends of guidance, assisting new and repeat sponsors to come to market.

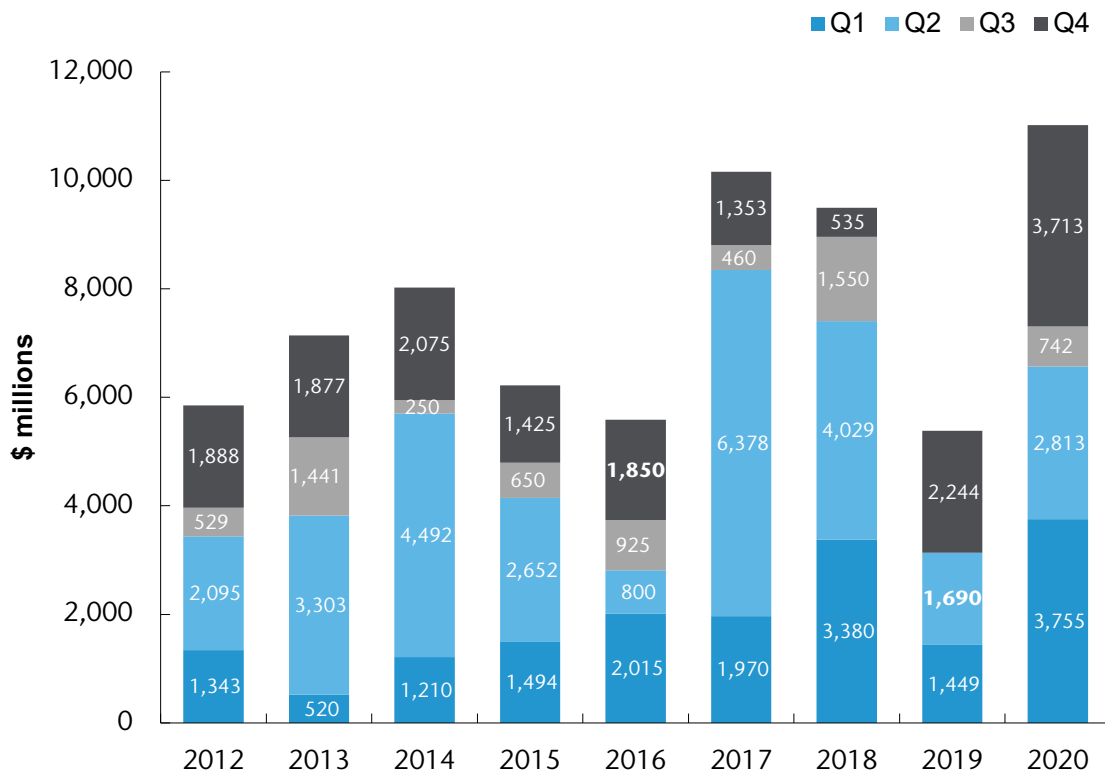
Although repeat sponsors accounted for the majority of Q4 transactions, first time sponsors contributed to broader market growth.

Los Angeles Power and Water Department came to market with their first transaction.

More information on this transaction is highlighted below.

We still see a preference for cleanly structured deals from high-quality sponsors and investors still seem to favor per occurrence over aggregate triggers as a result of the most recent loss events.

Property Cat Bond Issuance by Quarter



Secondary market

The volume of trading consistently increased over the course of the 4th quarter as there were approximately 63 trades in October, 84 trades in November and 107 in December.

As the primary issuance pipeline picked up after a very quiet 3rd quarter, so did trading. Secondary spreads continued to rebound moderately as they reflected the rates achieved in the primary market.

Index based transactions made up approximately 75% of the new issuances and 45% of secondary trades in December while they only represented approximately one third of the outstanding cat bond market at the time.

With approximately USD10 billion maturing in 2021, we expect to continue to see increased trading volume throughout the new year.

Power Protective Re Ltd

Power Protective Re Ltd. 2020-1 was launched circa early November, and settled in mid-December 2020. This was the first issuance by the Los Angeles Power and Water Department, the United States' largest municipal utility, who sought to complement its current risk transfer program.

Power Protective Re Ltd. successfully secured USD50 million of cover for California wildfire risk. The three-year transaction was structured with a parametric trigger, based on reconstruction cost values within a wildfire perimeter, using data from EQECAT's RCV database for wildfire risk.

Additional new first issuances in the quarter were 2001 Cat Re Ltd, and Easton Re Pte Ltd, totalling 4 new Sponsors in the quarter, per the 4th quarter issuances list below.

4th Quarter Issuances

Aon Securities' Deals

Transaction	Beneficiary	Perils	Size (\$million)	Issue Spread
Ursa II Ltd. 2020-1 AA	CEA	CAL EQ	\$425	3.75%
Ursa II Ltd. 2020-1 D			\$350	6.25%
Herbie Re Ltd. 2020-2 A	Fidelis Insurance	US, PR, USVI: NS or EQ	\$100	6.25%
Herbie Re Ltd. 2020-2 B			\$150	9.00%
Herbie Re Ltd. 2020-2 C			\$25	16.00%
Residential Reinsurance 2020 Limited 2020-2 1			\$50	35.14%
Residential Reinsurance 2020 Limited 2020-2 3	USAA	US TC, EQ, WS, ST, WF, VE, MI, OP	\$150	8.25%
Residential Reinsurance 2020 Limited 2020-2 4			\$200	6.25%
Four lakes Re Ltd. 2020-1 A	American Family	US NS, EQ, ST, WS, WD, VE, MI	\$100	7.00%
Four lakes Re Ltd. 2020-1 B			\$75	9.50%
Phoenician Re Ltd. 2020-1	Alphabet, Inc. ¹	CAL EQ	\$238	3.00%
2001 CAT Re Ltd. 2020-1 A	Allied World	US, PR, USVI: NS, EQ, ST, EU Wind	\$210	12.00%
Matterhorn Re Ltd. 2020-5 A	Swiss Re	US NS	\$150	4.25%
Matterhorn Re Ltd. 2020-5 B			\$150	5.50%
Power Protective Re Ltd. 2020-1 A	LADWP	CAL WF	\$50	10.75%
Northshore Re II Limited 2021-1 A	AXIS	US, PR, USVI, CAN: NS, EQ, WS	\$150	5.75%
Phoenician Re Ltd. 2020-2	Alphabet, Inc.	CAL EQ	\$95	2.90%
Sussex Capital UK UCC Limited 2020-1	Brit Syndicates	US, PR, USVI: NS, EQ	\$300	7.75%
Bonanza Re Ltd. 2020-2 A	ASIG	US HU, NS, WS, WF, EQ, ST	\$200	4.75%
Bonanza Re Ltd. 2020-2 B			\$95	12.00%
Mystic Re IV Ltd. 2021-1	Liberty Mutual	US, PR, USVI, CAN: NS, EQ	\$300	9.00%
Easton Re Pte. Ltd. 2020-1	Hamilton	US NS, EQ	\$150	4.00%

¹ First Catastrophe Bond Issuance

Source: Aon Securities LLC

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