

**AON**



# South Carolina Wind & Hail Underwriting Association

2022 Exposure and  
Reinsurance

OVERVIEW OF PROGRAM

Effective 5-31-2022



Proprietary & Confidential



## Overview

- SC Wind is the residual market for coastal property insurance in South Carolina
- Further information is available at: [www.scwind.com](http://www.scwind.com)

## Exhibits

1. In-force Exposure Data
2. PML Summary
3. Large Storm Recasts
4. Reinsurance Program




# Exhibit 1: In-Force Exposure Data by County and Zone


County	In-Force Policies @ 01-31-21				In-Force Policies @ 01-31-22			
	Policy Count	In-force Premiums	Insured Limits	% of Total in County	Policy Count	In-force Premiums	Insured Limits	% of Total in County
<b>Zone 1</b>								
BEAUFORT	2,255	5,565,676	1,079,233,973	85%	2,181	5,864,690	1,125,686,635	86%
CHARLESTON	1,397	5,386,158	776,252,048	59%	1,315	5,414,047	774,469,688	58%
COLLETON	306	762,838	113,099,870	100%	281	745,129	109,937,976	100%
GEORGETOWN	996	2,665,286	421,708,061	69%	950	2,776,446	430,988,790	68%
HORRY	6,926	11,881,595	1,502,850,701	85%	6,448	11,580,787	1,458,928,862	84%
<b>Total Zone 1</b>	<b>11,880</b>	<b>26,261,553</b>	<b>3,893,144,653</b>	<b>76%</b>	<b>11,175</b>	<b>26,381,099</b>	<b>3,900,011,951</b>	<b>76%</b>
<b>Zone 2</b>								
BEAUFORT	480	800,661	195,596,349	15%	395	719,737	175,835,160	14%
CHARLESTON	1,453	3,017,732	548,650,282	41%	1,367	3,074,080	556,156,839	42%
COLLETON	-	-	-	-	-	-	-	-
GEORGETOWN	586	958,359	185,818,016	31%	599	1,069,546	200,898,039	32%
HORRY	1,335	1,614,512	272,578,425	15%	1,292	1,697,943	284,472,307	16%
<b>Total Zone 2</b>	<b>3,854</b>	<b>6,391,264</b>	<b>1,202,643,072</b>	<b>24%</b>	<b>3,653</b>	<b>6,561,306</b>	<b>1,217,362,345</b>	<b>24%</b>
<b>Grand Total</b>	<b>15,734</b>	<b>32,652,817</b>	<b>5,095,787,725</b>	<b>100%</b>	<b>14,828</b>	<b>32,942,405</b>	<b>5,117,374,296</b>	<b>100%</b>



## Exhibit 2: All Peril Occurrence PMLs by Model

	1/31/21 Inforce	1/31/22 Inforce
	Touchstone v 8.0	Touchstone v 9.0
1000 yr	1,296,088,781	1,292,973,384
500 yr	1,070,390,466	1,066,865,805
250 yr	784,515,906	782,136,062
150 yr	542,020,965	547,588,339
100 yr	423,601,400	420,693,257
50 yr	257,380,588	255,453,565
25 yr	123,473,914	124,475,037
AAL	21,090,909	21,139,191

\$ US in Ones - Net of QS

	1/31/21 Inforce	1/31/22 Inforce
	RMS RiskLink v 18.1	RMS RiskLink v 21
1000 yr	879,500,336	862,031,105
500 yr	638,308,306	629,932,374
250 yr	431,718,685	429,916,486
150 yr	301,384,072	303,430,294
100 yr	224,353,861	227,254,310
50 yr	123,113,220	127,848,971
25 yr	58,411,077	64,132,339
AAL	11,468,217	12,260,484

\$ US in Ones - Net of QS

	1/31/21 Inforce	1/31/22 Inforce
	Average Modeled Losses	Average Modeled Losses
1000 yr	1,087,794,558	1,077,502,244
500 yr	854,349,386	848,399,090
250 yr	608,117,295	606,026,274
150 yr	421,702,519	425,509,316
100 yr	323,977,631	323,973,783
50 yr	190,246,904	191,651,268
25 yr	90,942,495	94,303,688
AAL	16,279,563	16,699,837

\$ US in Ones - Net of QS



# Exhibit 3: Large Storm Recasts

*Based on 1/31/2022 Exposure Data*

## U.S. Hurricane Historical and Recast Losses - Net of Depop. Quota Share

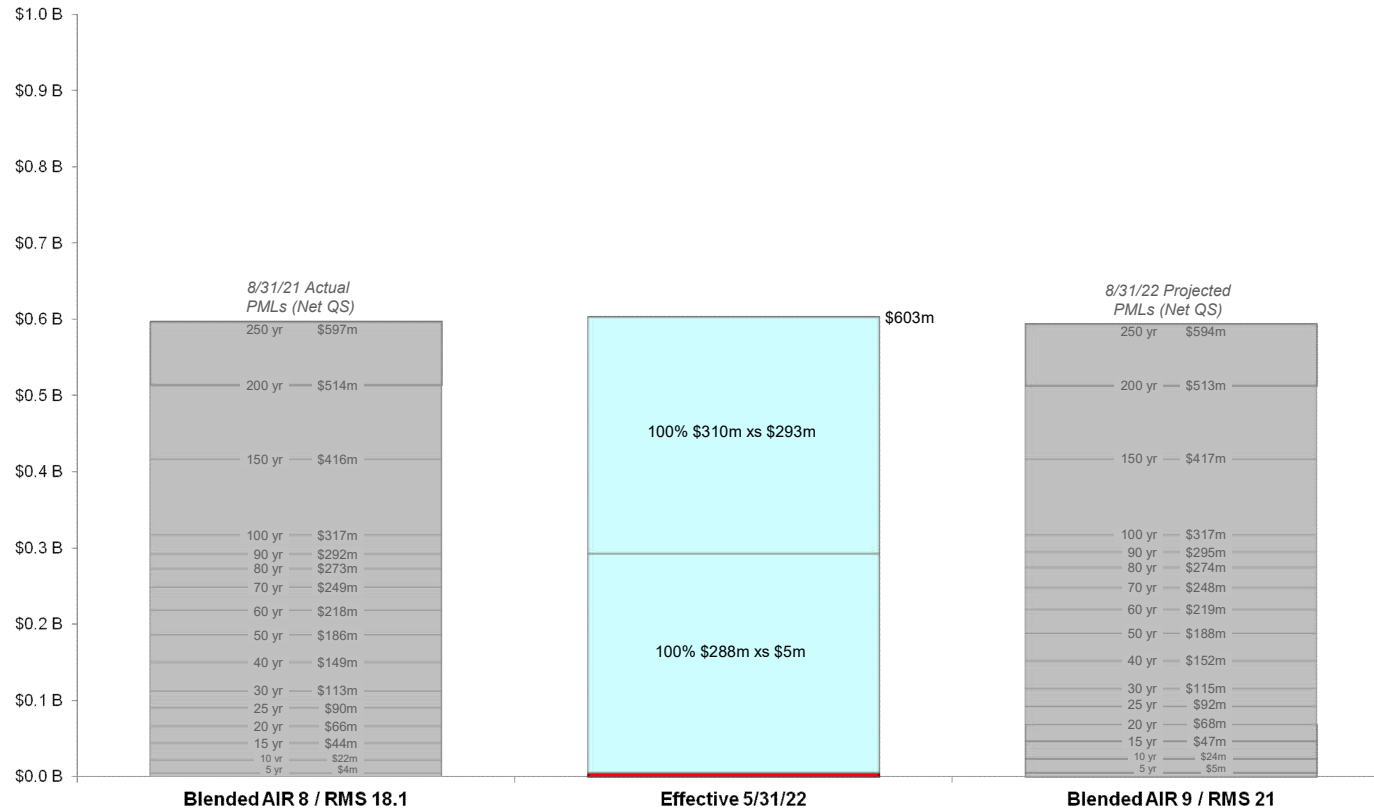
Event	Year	Category	Original SC Wind Loss	PV @ 5% Inflation	Average Modeled Recast	Client % of Industry
Floyd	1999	RMS Cat 2   AIR Cat 2	5,751,314	17,665,298	3,537,114	0.1%
Fran	1996	RMS Cat 3   AIR Cat 2	-	-	5,931,329	0.1%
Hugo	1989	RMS Cat 4   AIR Cat 4	95,758,066	479,095,659	155,911,450	1.0%
Hazel	1954	RMS Cat 3   AIR Cat 4	-	-	43,556,269	0.2%
Irma	2017	RMS N/A   AIR Cat 3	-	-	517,895	0.0%
Matthew	2016	RMS Cat 1   AIR Cat 1	16,911,507	22,663,037	16,493,926	0.8%
Hermine	2016	RMS Cat 1   AIR Cat 1	-	-	916,876	0.7%
Wilma	2005	RMS Cat 3   AIR Cat 3	-	-	-	0.0%
Dennis	2005	RMS Cat 3   AIR Cat 3	-	-	-	0.0%
Jeanne	2004	RMS Cat 3   AIR Cat 2	6,689	16,098	-	0.0%
Frances	2004	RMS Cat 2   AIR Cat 1	27,457	66,079	542	0.0%
Charley	2004	RMS Cat 4   AIR Cat 4	2,656,258	6,392,602	3,266,010	0.0%
Opal	1995	RMS Cat 3   AIR Cat 3	-	-	-	0.0%
Andrew	1992	RMS Cat 4   AIR Cat 5	-	-	-	0.0%
Donna	1960	RMS Cat 4   AIR Cat 4	-	-	1,199,964	0.0%
Florida	1926	RMS Cat 4   AIR Cat 4	-	-	-	0.0%

US \$ in ones

\* % of Industry based on trended PCS losses to 2022 dollars



# Exhibit 4: SC Wind 2022-23 Reinsurance Program





## Exhibit 4: SC Wind 2022-23 Reinsurance Program (cont'd)

- Reinsurance Program overseen by SC Wind Reinsurance Committee
- All Reinsurers rated A. M. Best or S&P A- or better or have collateralized their liability.
- Pre-Paid Reinstatements
- There is a Facultative Program that assumes 100% of select risks
- Exposure and PML estimates for the 2022 Hurricane Season are close to flat vs 2021
- SC Wind Uses a 50/50 Blend of AIR and RMS to determine Reinsurance Structure
- Broker Of Record: Aon Re (Stamford, CT)



## Questions

Please direct questions to Executive Director Smitty Harrison at: [smitty@scwind.com](mailto:smitty@scwind.com)





## Limitations Regarding Use of Catastrophe Models

This report includes information that is output from catastrophe models of AIR Worldwide Corporation (Verisk), CoreLogic, Impact Forecasting, LLC (IF), and Risk Management Solutions, Inc. (RMS). The information from the models is provided by Aon Benfield Inc. (Aon) under the terms of its license agreements with Verisk, CoreLogic, IF, and RMS.

The results in this report from Verisk, CoreLogic, IF, and RMS are the products of the exposures modeled, the financial assumptions made concerning insurance terms such as deductibles and limits, and the risk models that project the dollars of damage that may be caused by defined catastrophe perils. Aon recommends that the results from these models in this report not be relied upon in isolation when making decisions that may affect the underwriting appetite, rate adequacy or solvency of the company.

The Verisk, CoreLogic, IF, and RMS models are based on scientific data, mathematical and empirical models, and the experience of engineering, geological, meteorological and terrorism experts. Calibration of the models using actual loss experience is based on very sparse data, and material inaccuracies in these models are possible. The loss probabilities generated by the models are not predictive of future hurricanes, other windstorms, or earthquakes or other natural or man made catastrophes, but provide estimates of the magnitude of losses that may occur in the event of such catastrophes.

Aon makes no warranty about the accuracy of the Verisk, CoreLogic, IF, and RMS models and has made no attempt to independently verify them. Aon will not be liable for any loss or damage arising from or related to any use of, or decisions based upon, data developed using the models of Verisk, CoreLogic, IF, and RMS, including without limitation special, indirect or consequential damages.

## Additional Limitations of RMS



This report, and the analyses, models and predictions contained herein ("Information"), are based on data provided by South Carolina Wind and Hail Underwriting Association, and compiled using proprietary computer risk assessment technology of Risk Management Solutions, Inc. ("RMS"). Such Information constitutes RMS confidential and proprietary information and trade secrets. South Carolina Wind and Hail Underwriting Association shall (i) not disclose such Information to any third party; (ii) use such Information only for the purpose of facilitating an actual imminent reinsurance placement ("Purpose"); (iii) limit the disclosure of such Information only to its employees, partners and directors who have a need to know, provided that the receiving party shall ensure that each of those persons to whom such Information is to be disclosed is made aware of, and shall procure that such person or persons adhere to, the terms of these confidentiality restrictions; and (iv) use the same degree of care to prevent disclosure or use of such Information for other than the Purpose that it would use for its own confidential information (but in no case with less than a reasonable degree of care). The technology and data used in providing this Information is based on the scientific data, mathematical and empirical models, and encoded experience of scientists and specialists (including without limitation: earthquake engineers, wind engineers, structural engineers, geologists, seismologists, meteorologists, geotechnical specialists, mathematicians and cyber security experts). As with any model of physical systems, particularly those with low frequencies of occurrence and potentially high severity outcomes, the actual losses from catastrophic events may differ from the results of simulation analyses. Furthermore, the accuracy of predictions depends largely on the accuracy and quality of the data used by South Carolina Wind and Hail Underwriting Association. The Information is provided under license to Aon and is either Aon's or RMS's proprietary and confidential information and may not be shared with any third party without the prior written consent of both Aon and RMS. Furthermore, this Information may only be used for the specific business purpose specified by South Carolina Wind and Hail Underwriting Association and for no other purpose, and may not be used under any circumstances in the development or calibration of any product or service offering that competes with RMS. The recipient of this Information is further advised that RMS is not engaged in the insurance, reinsurance, or related industries, and that the Information provided is not intended to constitute professional advice. **RMS SPECIFICALLY DISCLAIMS ANY AND ALL RESPONSIBILITIES, OBLIGATIONS AND LIABILITY WITH RESPECT TO ANY DECISIONS OR ADVICE MADE OR GIVEN AS A RESULT OF THE INFORMATION OR USE THEREOF, INCLUDING ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL RMS (OR ITS PARENT, SUBSIDIARY, OR OTHER AFFILIATED COMPANIES) BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY DECISIONS OR ADVICE MADE OR GIVEN AS A RESULT OF THE CONTENTS OF THIS INFORMATION OR USE THEREOF.**

# Additional Limitations of Verisk - Touchstone



The attached Touchstone reports and any other Touchstone reports provided to you during the calendar year are provided to you in confidence, and you may not cause or permit disclosure, copying, display, loan, publication, transfer of possession (whether by sale, exchange, gift, operation of law or otherwise) or other dissemination of the Touchstone reports (or details of the methodology and analysis employed to develop the Touchstone reports) in whole or in part, to any third party without the prior written consent of Aon and AIR Worldwide Corporation ("Verisk").

Notwithstanding the foregoing, you may disclose the Touchstone reports associated with your reinsurance or risk transfer programs to insurance regulators and disclose, in confidence, to your rating agencies, reinsurers, actuarial consultants, managing general agencies, risk managers, investment bankers (but not in connection with the placement of any insurance-linked securities) and auditors (but in no event to any entity in the business of developing loss estimation models), provided that, in the event of any such disclosure, you clearly acknowledge in writing that Verisk owns the exclusive right and title to the Touchstone reports and the methods employed to develop them.

You may not alter or remove any copyrights, trade secret, patent, proprietary and/or other legal notices contained on or in copies of the Touchstone reports. The existence of any such copyright notice on the Touchstone reports shall not be construed as an admission, or be deemed to create a presumption, that publication of such materials has occurred.

The Touchstone reports are intended to function as one of several tools which you will use in analyzing your estimated and potential losses from certain natural hazards. The estimation of hazards and potential losses involves uncertainties and depends on environmental, demographic and regulatory factors beyond the control of Aon and Verisk. The Touchstone reports depend on data and inputs which you have supplied. The assumptions and methodologies used by Verisk in creating Touchstone may not constitute the exclusive set of reasonable assumptions and methodologies, and the use of alternative assumptions and methodologies could yield materially different results. The loss probabilities indicated by the Touchstone reports are estimates of the magnitude of losses that may occur in the event of such natural hazards; they are not factual and do not predict future events. Actual loss experience can differ materially.

No responsibility is or shall be assumed or implied by Aon or Verisk for loss or damage to you resulting from inaccuracies contained therein nor shall Aon or Verisk be liable to you or others for any adverse results experienced in utilizing the Touchstone reports.