

INSURANCE SECURITIZATION FOR AMERICAN COASTAL

WCMA acted as Sole Structuring Agent and Sole Bookrunner on American Coastal Catastrophe Bond

\$200 million

May 2014



Armor Re Ltd.

\$200,000,000 Series 2014-1 Class A
Principal-At-Risk Variable Rate Notes
Due December 15, 2016

**Sole Structuring Agent and
Sole Bookrunner**



Transaction Overview

- **American Coastal Insurance Company is the sponsor of a \$200 million catastrophe bond**
 - Represents the second time that American Coastal has accessed catastrophe bond capacity
 - Transaction occurred as an efficient “takedown” from the Armor Re Ltd. shelf program
 - Multi-year deal fully covers three hurricane seasons
- **Deal was oversubscribed and upsized from \$150 million**
 - The Notes will pay a per season risk spread of 3.48% (based on 4.00% over ~2.6 years of bond)
 - Per season risk spread is 18% lower than 2013 for a layer with 35% higher expected loss
 - Lowest ever per season risk spread for first event Florida indemnity trigger cat bond
- **Armor Re 2014-1 transaction offers several strategic benefits for ACIC**
 - Decreases ACIC’s exposure to volatility in traditional reinsurance pricing
 - Source of diversified reinsurance capacity with minimal credit risk
 - Provides a flexible reins. cover that responds to growth (or contraction) in ACIC’s book of bus.
- **Enhanced structure gives ACIC and investors increased flexibility compared to Armor Re 2013**
 - Option to extend protection to other states at reset if ACIC elects to exercise the option
 - Variable reset allows ACIC to alter the attachment point and expected loss of the bond
 - Ensures ACIC’s cat coverage responds appropriately to movements in its book of business

Willis Capital Markets & Advisory Role

- **WCMA acted as Sole Structuring Agent and Bookrunner**
 - Leveraged its broad investor base to achieve attractive pricing
 - Successfully marketed and sold the deal to existing Armor Re investors and new players
 - Proactively managed renewal process to minimize the administrative burden on the sponsor
 - Worked seamlessly with Willis Re to provide optimal structure and pricing