


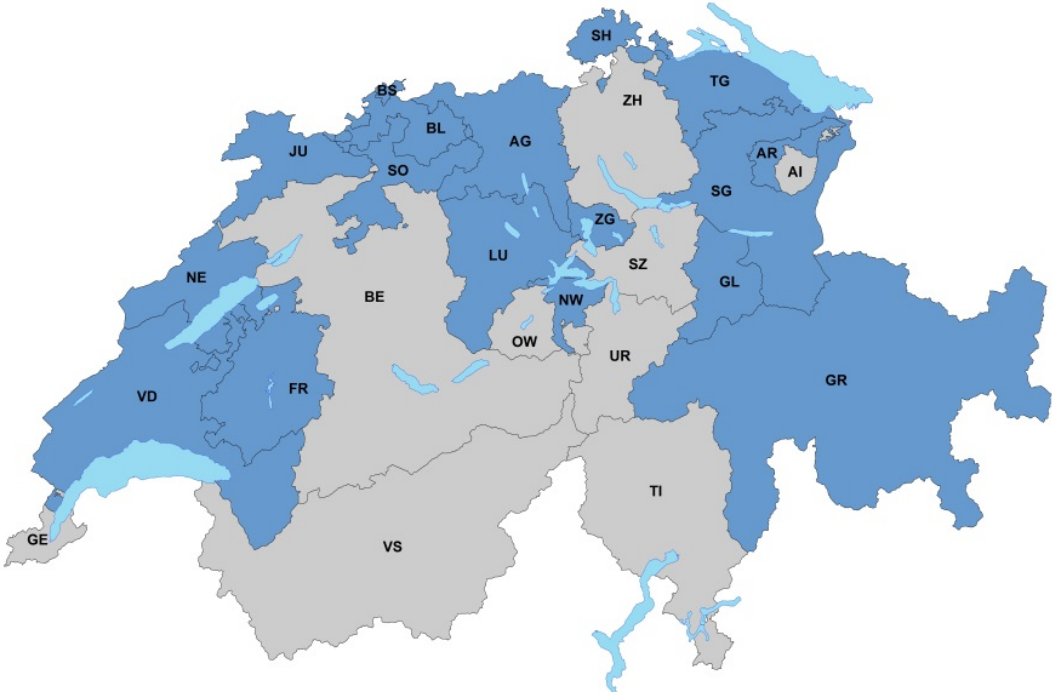
# Natural Catastrophes Insurance Cover Individual System Summary Updates

As of 2019

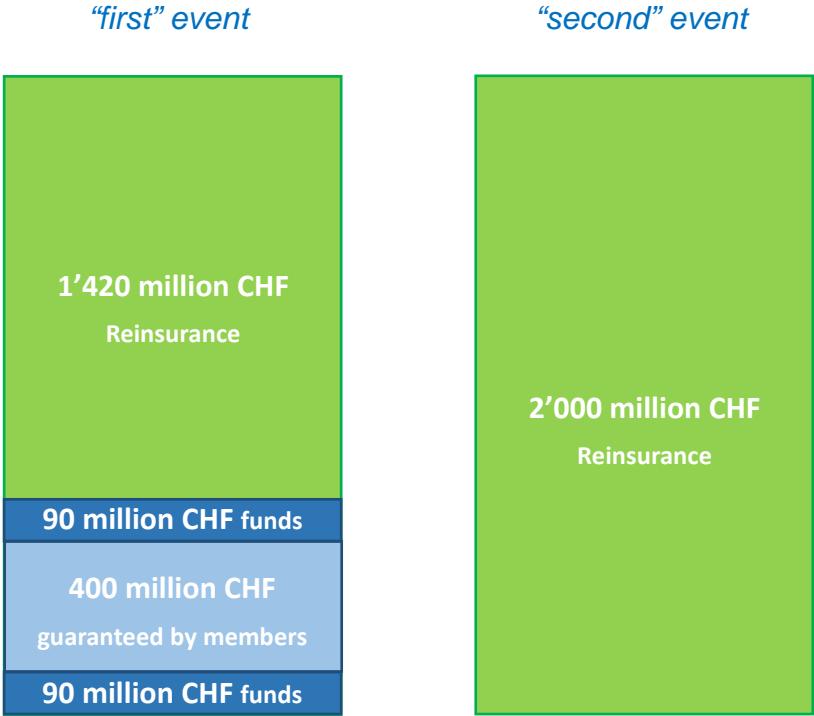
1	<b>The name of the Cover</b>	<p><b>Schweizerischer Pool für Erdbebendeckung</b> (called "SPE") or in english <b>Swiss Earthquake Pool</b></p> 
2	<b>Cover Purchase / Distribution Channels</b>	<p>The SPE is a "joint-venture" of 17 Public Insurance Companies for Real Estate (PIRE) to provide EQ-capacity for those PIREs. Those 17 PIREs are called pool-membres. See diagram next page</p> <p>It has to be highlighted, that there are no underlying EQ-covers provided to homeowners by the PIREs. Therefore there is no contractual obligation to cover / pay EQ-losses.</p> <p>Basically / technically the SPE is a charity fund.</p>
3	<b>Coverage</b> (incl. perils, sum insured & premium etc.)	<p>Capacity of up to 4 billion CHF (event limit 2 billion CHF) to cover shake damage (incl. fire following EQ) to buildings from EQ in the 17 cantons of the pool-membres</p> <p>The SPE is premium free for homeowners, as there is no contract between homeowners and the pool-membres.</p> <p>The pool-membres are willing to carry the reinsurance costs by paying an annual premium of around 25 million CHF in total.</p>
4	<b>Claim Criteria / Loss Trigger</b>	<p>EQ with intensity VII on the EMS 98 scale in Switzerland. Considerable self-retention by the individual homeowner of maximum of 10% sum insured or 50'000 CHF.</p>
5	<b>Current Risk Assuming and Transferring structure</b> (see following diagram)	<p>There is a general discussion about a market solution in Switzerland (EQ to become a mandatory cover) driven by the fact, that EQ is THE insurance gap in Switzerland with a very high loss potential (up to 100 billion CHF / reoccurrence of the Basle-quake of 1356). However this discussion seems not to yield substantial results, due to missing risk awareness, as EQ is a very low probability / high severity hazard in Switzerland.</p> <p>"Distribution" of the SPE is "along" "real" insurance products provided by the private insurance sector.</p>

6	<b>Recent Loss events</b>	<i>Loss free since inception 1978</i>
7	<b>Latest take-up rate</b> (Penetration rate)	<i>Difficult to say – technically 100%, as it is a charity. But as it is a limited cover, individual homeowners may face a reduced claims payment in case of a larger event. Marketpenetration for EQ insurance products provided by the private insurance sector in Switzerland is around 10%. This number however is driven by large industrial / commercial accounts and driven by adverse selection with regard to the “higher” exposed regions of Switzerland (the canton Vallis and the northwestern part including the city of Basle).</i>
8	<b>Current Accumulate reserves</b> (fund)	<i>Close to 200 million CHF risk carrying capital RCC. Another 400 million CHF are guaranteed by the pool-members. In total 3.42 billion CHF reinsurance cover. See diagram next page</i>
9	<b>Website/ annual report Linkage</b>	<i><a href="http://www.vkg.ch">www.vkg.ch</a> german / french site currently under review construction</i>
10	<b>Others</b>	<i>The SPE is only part of a group of several units that focus on various aspects of the needs of the PIREs. The newly founded Association of Public Insurance Companies (APIRE) is to monitor and facilitate the organization of those various units.</i>

# Current Risk Assuming and Transferring structure (diagram)



Area covered by the Swiss Earthquake Pool SPE (cantons of pool-members)



Current Risk Assuming / Transferring structure – Swiss Earthquake Pool SPE (blue – carried by the SPE or guaranteed by pool-members, green – reinsured)