

Tullett Prebon: first Insurance Linked Notes issued on natural catastrophe risk platform

London, September 30, 2019: Tullett Prebon, part of TP ICAP, the world's largest interdealer broker, is pleased to announce the successful settlement of the first Insurance Linked Notes (ILN) transaction following onboarding of the first group of clients to its newly launched ILN platform.

The new ILN initiative is spearheaded by Tullett Prebon's Insurance-Linked Securities (ILS) Desk, which was formed in 2008 and is a leading broker in catastrophe bond secondary trading worldwide. The ILS Desk has traded with multiple ILS counterparties throughout the world, including dedicated ILS Funds, Reinsurance Company funds, Multi Asset Managers, Multi Strategy Hedge Funds, Pension Funds and Investment Banks. In addition, the new ILN Platform is available to Insurers, Reinsurers, Corporates and other potential protection buyers.

ILNs are fully collateralized, securitized, listed and tradable instruments. They are Industry Loss based instruments, similar, to Industry Loss Warranties, but designed to provide clients with a more cost efficient method of protecting, investing in and hedging catastrophe risk.

Steve Emmerson, Head of ILS at Tullett Prebon, said: "The ILN platform from Tullett Prebon introduces a unique combination of tools under one roof, including real time ILN risk analytics, the ILN issuance vehicle, our voice assisted trading platform, and ILN market data. This enables all approved counterparties to design, analyse and trade in catastrophe risk. "

"We can issue ILNs for as low as USD5m in size, which tends to be impractical for industry loss based Cat Bonds due to the issuance costs involved" Emmerson added. "And unlike ILWs, these are tradable instruments and provide for anonymity between parties."

"We have worked hard for some time now to bring this to fruition, alongside many partners and service providers, including our partners at Artex Risk Solutions (Bermuda) Ltd, Analyze Re as well as our clients."

Rob Eastham, Executive Chairman of Artex in Bermuda said "We are delighted that Artex is one of Tullett Prebon's key partners in the introduction of this transformational product, which provides both market liquidity and a cost-efficient trading solution. As Steve mentioned, the design and launch were a significant task which we believe will greatly benefit the ILS industry, with the end goal of becoming the platform of choice for future innovation in index linked trading."

Adrian Bentley, Managing Director of Analyze Re said, "We are excited to be working with Tullett Prebon on this innovative product and our aim is to provide the most flexible and transparent picture of risk for each potential ILN prior to trading. All registered users will have access to our real-time analytics which will enable protection buyers and sellers to instantly evaluate the risk based on factors including geography, type of catastrophe, and trigger level."

Two of the fully onboarded ILN clients, LGT and Schroders, also observed the breakthrough.

"We are constantly exploring new ways of accessing reinsurance transactions on behalf of our institutional investor base" said Christian Bruns, Partner and Portfolio Manager at LGT ILS Partners.

"We were structuring the first cat bond light deals back in 2012 and launched Lumen Re as our rated balance sheet in 2017. Tullett Prebon's ILN platform is now taking ILS innovation one step further and

represents a very efficient new tool to both protection buyers and sellers. We are excited being the first ILN clients to execute a deal on this new platform.”

Daniel Ineichen, Head of Fund Management, Schroder Secquaero said: “We congratulate the team at Tullett Prebon for the successful launch of its ILN platform. We believe that this innovative solution has the potential to further accelerate the growth of the ILS market. The degree of transparency provided in combination with the flexibility to buy or hedge risks, offers an effective and cost efficient way to enhance the management of ILS portfolios.”

The first transaction was an industry loss based deal, with PCS acting as reporting agent. Tom Johansmeyer, Head of PCS, a Verisk business, says, “We’ve been champions of the tradable risk concept for years and have long believed it’s been a matter of “when” rather than “if”. With the successful completion of the first ILN, it’s clear that the global reinsurance market has taken a step into a new era in which liquidity, speed of execution, and regular access to reliable loss reporting will enable cedents and markets to optimize their capital and manage risk more effectively. We’re pleased to be the reporting agent for the first ILN transaction and look forward to continuing to support this market.”

Having secured the first deal, the Tullett Prebon ILS desk is to host regular auctions to secure the next wave of transactions for fully onboarded trading counterparties.

Issuance levels of catastrophe bonds and other insurance-linked securities have reached record levels as insurers and other cedents look to pass on the risks associated with natural disasters, including earthquakes and hurricanes, to investors.

ENDS

For further information:

William Baldwin-Charles, Group Media Relations Director

TP ICAP plc

William.Baldwin-Charles@tpicap.com

+44 (0) 20 7200 7524

Harriet Austerberry, Communications Manager

TP ICAP plc

Harriet.Austerberry@tpicap.com

+44 (0) 20 3933 3012

About Tullett Prebon

Tullett Prebon is part of TP ICAP Group which manages a portfolio of businesses, providing intermediary services, contextual insights and intelligence, trade execution solutions and data and analytics.

For further information on TP ICAP please visit www.tpicap.com.

For further information on the ILN Platform, visit www.insurancelinkednotes.com