

AXIS TRAVEL REINSURANCE



INTRODUCTION TO AXIS TRAVEL REINSURANCE

Travel abroad, whether for leisure or business purposes, is an ever growing aspect of modern life. According to World Bank statistics, international tourism has soared from 700 million individuals travelling in 2003 to 1.2 billion in 2016.¹

This trend has led to many insurers either growing their existing book of travel insurance or developing one. As a consequence, the exposure of travel insurers to losses on a potentially significant scale has generated a need for robust reinsurance.

EXAMPLES OF HISTORIC LARGE CATASTROPHE LOSSES

- 2001 World Trade Center terrorist attack — 4%
- 2010 Volcanic ash cloud — 8%
- 2011 Hurricane Irene — 18%

Each of these percentages represents the loss of net annual travel premium to a single insurer as a result of the event concerned, due to the large number of claims associated with travel delay, abandonment, cancellation or curtailment.

These losses underline the unique seasonal accumulation exposure that a travel insurer faces. If the 2001 and 2010 losses had occurred during peak travel seasons they would probably have been closer in size to the 2011 hurricane loss.

SCENARIO LOSSES

The events described above are examples of losses arising from terrorism, extreme weather and other natural catastrophes but given the wide range of covers provided by a standard travel insurance policy, there are other scenarios that could easily trigger a large accumulation of claims, such as:

1. Pandemic resulting in large losses from medical costs, repatriation and trip costs.
2. Airline crash resulting in large medical and personal accident benefits.
3. War, civil war or civil commotion resulting in large medical, personal accident and trip costs.

ABOUT AXIS CAPITAL

At AXIS², we are in the business of turning the complexities of specialty insurance and reinsurance into solutions that anticipate uncertainties for our clients and protect against risk. Today's business environment is fluid, evolving and comprised of risks that demand flexible, innovative thinking. We create solutions by having a deep understanding of our client needs as well as a willingness to redefine the boundaries of industry standards.

As a company, we are energized by the challenges of our business and find great reward in the value we create for our clients and stakeholders. This sets us apart from our peers.


2018 FINANCIAL HIGHLIGHTS (IN US\$)

 **\$6.4B** Total Capital³

 **\$24.1B** Total Assets

 **\$15.0B** Cash & Investments

 **\$6.9B** Gross Written Premiums

 **A+** for Financial Strength from A.M. Best and Standard & Poor's

 **27** Offices Worldwide, including Bermuda, the USA, Europe, Singapore, Canada and the Middle East

WHAT WE CAN DO

AXIS Re A&H offers a deep understanding of the exposures created by the various travel insurance products, their distribution, the destinations, seasonality and the accumulations these might create.

This, together with the financial strength and stability of AXIS, enables us to develop innovative reinsurance structures to help protect travel insurers against the impact of large losses.

In our experience, the majority of reinsured losses fall into these categories:

- Large, individual medical losses⁴
- Large, individual liability losses
- Catastrophe events, triggering multiple personal accident benefits
- Catastrophe events, triggering large volumes of claims for trip costs or additional expenses

Typically, a travel insurer is exposed to losses under these main areas of cover:

- Medical costs
- Repatriation costs
- Trip costs covered under delay, abandonment, cancellation and curtailment plus various associated expenses
- Personal property and money
- Personal accident benefits
- Personal liability

We can offer reinsurance for any of the above types of cover through:

- Quota share
- Pre-existing Conditions Quota Share
- Risk Excess of Loss
- Catastrophe Excess of Loss
- Combined Risk and Catastrophe Excess of Loss
- Aggregate Excess of Loss
- Stop Loss
- Structured programmes combining elements of the above

DISTRIBUTION

Our reinsurance solutions can be applied to travel insurance distributed through the following channels, or combinations of channels:

- Direct marketing
- Internet direct
- Internet comparison/aggregators
- Affinity groups
- MGAs, MGUs, broker binders
- Airlines
- Cruise companies
- Credit cards
- Bank accounts
- Tour operators and travel agents

FUTURE DEVELOPMENTS— FUTURE RISKS?

- Will the United Kingdom leaving the European Union affect the reciprocal medical cost arrangements for travellers between the EU and the UK?
- Can airlines avoid the costs imposed by the EU Passenger Charter (Regulation (EC) No 261/2004)?
- Will the US Affordable Care Act continue to expose travel insurers to extreme medical losses?

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¹ <https://data.worldbank.org/indicator/ST.INT.ARVL>

² AXIS Capital Holdings Limited, a Bermuda-based company listed on the NYSE: AXS. Find out more at axiscapital.com, and follow AXIS Capital on LinkedIn.

³ Total capital represents the sum of total shareholders' equity attributable to AXIS Capital Holdings Limited and senior notes.

⁴ The single largest medical loss on record is approximately USD 3M for one individual treated in the United States.

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