

## FOR IMMEDIATE RELEASE

8 May 2018

### **CATCo Reinsurance Opportunities Fund Ltd. (the “Company”)**

#### **Portfolio Update**

To: SFS, London Stock Exchange and Bermuda Stock Exchange

Markel CATCo Investment Management Ltd., as Investment Manager of the Company (the “Manager”), announces its intention to increase the specific loss reserves held by the Company in relation to the Ordinary Shares for the 2017 loss events.

The impact of the increase is estimated to be approximately 19.5 per cent of the 31 March 2018 Ordinary Share Net Asset Value (“NAV”) and will be accounted for within the 30 April 2018 NAV. On a normalised basis, this represents approximately a 14 per cent deterioration in the Ordinary Share 2017 annual performance and is equivalent to a 2017 NAV return on the Ordinary Shares of approximately -41.4 per cent (down from the -27.6 per cent reported at year-end).

Following the 2017 Hurricanes Harvey, Irma, Maria (HIM) and the California Wildfires, the Manager has continued to monitor the ongoing uncertainty related to these loss events.

Recent market information has indicated that industry loss estimates are expected to rise for Hurricane Irma following reports of significant increases in loss adjustment expenses, late claims reporting and an increase to loss exposures in the Caribbean.

In addition, in late April 2018, a number of reinsurance counterparties reported increases to their ultimate loss exposures related to Hurricane Irma, reinforcing the Manager’s belief that industry loss estimates for this event will increase. As a result, the Manager has concluded that material increases in the 2017 specific loss reserves are required, mainly attributable to Hurricane Irma.

**Alissa Fredricks, Chief Executive Officer, Bermuda, of Markel CATCo Investment Management Ltd. said:**

“Following the impact of the 2017 loss events, we have maintained extensive monitoring of industry trends and the inherent uncertainty with regards to counterparty ultimate loss exposures. Until very recently, all trends were in line with expectations, providing evidence that the 2017 loss reserves would likely be sufficient to support our remaining loss exposures.

“However, in late April, we received updated notifications from our reinsurance counterparties indicating a material loss creep in Irma could occur. This further supports market information suggesting that abnormal levels of loss adjustment expenses and late claims have resulted in further deterioration in Irma losses, which has become the consequence of multiple catastrophic events occurring in a short period of time.

“As a result of the information received in late April, we believe an increase in the Company’s loss reserves is appropriate in order to mitigate any further loss creep in Irma and to reduce the Company’s potential exposure to other 2017 loss events.”

The Manager expects the next report of industry loss estimates for Hurricane Harvey and Irma will be released at the end of May 2018. The Manager continues to believe that some level of uncertainty remains with regards to the final industry insured loss impact of the 2017 loss events.

The Company intends to report the 30 April 2018 Net Asset Value for the Company's Ordinary Shares and C Shares in mid-May.

**For further information:**

**Markel CATCo Investment Management Ltd.**

**Judith Wynne**

General Counsel

Telephone: +1 441 493 9005

Email: [judith.wynne@markelcatco.com](mailto:judith.wynne@markelcatco.com)

**Mark Way**

Chief Operating Officer

Telephone: +1 441 493 9001

Email: [mark.way@markelcatco.com](mailto:mark.way@markelcatco.com)

**Numis Securities Limited**

**David Benda / Hugh Jonathan**

Telephone: +44 (0) 20 7260 1000