

PCS COVID-19 Information-Only Bulletin Update - Thursday, October 29, 2020

As always, please remember that **this report is for informational purposes only** and does not constitute the designation of a PCS event. We have decided to provide this report simply to help the market understand the COVID-19 situation and to provide access to some of the resources our team uses daily for intelligence on this event.

NatCat and SRCC potential in the days leading up to U.S Election Day

The coming week could be quite active and complicated for the global re/insurance community. Several events seem to be gaining momentum at the same time in the United States, and together, they could have a disproportionate impact on industrywide insured losses. Hurricane Zeta gained strength before making landfall along the U.S. Gulf of Mexico coast last night. While it's still early, the impact could be significant, particularly for areas that may have been spared the worst of prior tropical events (such as New Orleans, Louisiana, with Hurricane Laura).

As with past PCS tropical storm and hurricane catastrophe events, there's also a likelihood that the system will continue to move inland, ultimately dissipating deeper in the United States. However, that means more states added to the PCS-designated catastrophe event, greater insurance industry impact, and most importantly, a more significant impact on the people in the storm's path. Keep in mind that Hurricane Laura made it as far north as Ohio before dissipating.

The timing, of course, is unusually problematic. The effects of a hurricane can last far longer than the storm itself. Look no further than Hurricane Irma for evidence of that.

Meanwhile, the U.S. presidential election is set to take place on Tuesday, November 3, 2020. According to the latest National Hurricane Center advisory on Zeta, the storm could affect the U.S. Gulf of Mexico coast across Louisiana, Mississippi, Alabama, and Florida. PCS has issued a catastrophe designation for Zeta which is Cat 2074. Additional media reports suggest that, as the storm moves inland, it could have effects on Atlanta, Georgia and Charlotte, North Carolina.

For the coming elections, there's the risk that the impact of Hurricane Zeta could impede voting activity – depending on the strength of the storm and the municipalities it hits. The CNN electoral map (<https://edition.cnn.com/election/2020/electoral-college-interactive-maps>), among others, lists Florida, Georgia and North Carolina as “battleground states,” meaning that they could be particularly close. There's the possibility that a major storm could affect turnout, although the extent would depend in part on how much early voting has occurred. There's also the possibility that access issues, the need to deal with damage to their own homes, and other post-catastrophe issues could affect post-election vote-counting operations, which could result in the elongation of the process.

Any potential changes, difficulties, or variations to the process by which voting is conducted and votes are counted could result in a heightened risk of strike, riot, or civil commotion (SRCC). Already, SRCC risk has been perceived to be elevated as a result of ongoing civil unrest from the second quarter of 2020 onward, including the PCS-designated riot and civil disorder event from May/June. Concerns could further be raised by the riots in Philadelphia this week. Although they do not require a PCS designation, our team is monitoring the event for development, and we would designate if it ultimately meets our criteria.