

29 October 2025

Event Report: Landfall of Hurricane Melissa in Jamaica

During the last week, Hurricane Melissa, the 13th tropical storm of the 2025 Atlantic hurricane season, developed in the southern Caribbean from a tropical depression into an impressive major hurricane, imposing a very severe threat to the island of Jamaica. The scenario of a very intense tropical cyclone developing in this region during late October is not overly surprising and we emphasized the possibility in our Manager's Comment on last month's fund factsheets, where we stated our expectation of storm activity shifting towards the Caribbean and the Gulf of Mexico and the season extending well into November because of the very warm water temperatures in these regions.

Around midday of October 28, Hurricane Melissa made landfall in Jamaica as a category 5 storm with sustained 1-minute wind speed of 295 km/h and a central pressure of 892 mbar. With these physical parameters, Melissa is the strongest storm to have hit the island since the beginning of the records in 1850 and the storm will cause very significant devastation on the country.

We will discuss Melissa's impact on the ILS market further below in more detail but want to state already here that the hurricane will have no impact on the portfolios of Solidum's Cat Bond and ILS funds.

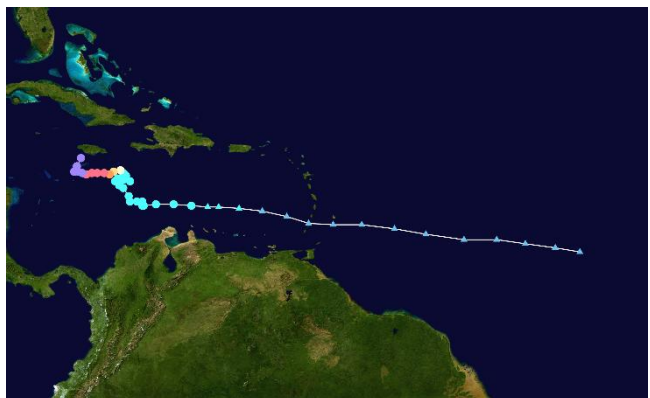
Meteorological Development

On October 16, 2025, the National Hurricane Center (NHC) began monitoring a tropical wave that travelled through the Windward Islands into the Caribbean Sea.

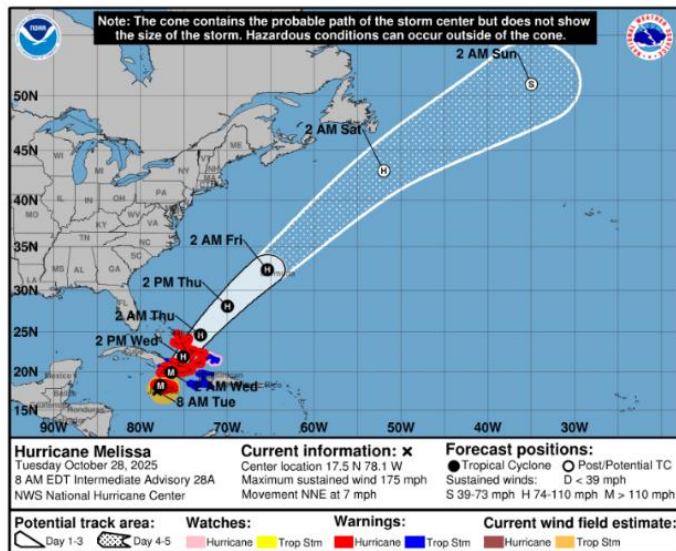
The disturbance first moved quickly westward and later slowed down significantly. Due to weak steering currents, tropical storm Melissa stalled south of Haiti and drifted slowly and erratically west to northwest over the very warm waters of the central Caribbean Sea.

On October 25, enabled by very favorable conditions, Melissa began a period of rapid intensification and reached category 5 status early on October 27.

The system continued to strengthen until making landfall in Jamaica at its peak intensity with maximum sustained winds of 295 km/h and a minimum central pressure of 892 mbar.



*Hurricane Melissa's track while approaching Jamaica
Triangles: tropical depression; circles: tropical storm (light blue)
to hurricane category 5 (purple) (Wikipedia)*



After having crossed the island of Jamaica, Melissa continued its track towards Cuba and the Sothern Bahamas as an intense hurricane and is forecasted to move out into the open Atlantic in the general direction of Bermuda later in the week.

*Hurricane Melissa's forecasted track after crossing the island of Jamaica
(National Hurricane Center)*

Estimation of Impact

Even though damage inflicted by Melissa on Jamaica will be devastating, the storm's impact on the ILS and cat bond market will not be extensive.

One catastrophe bond issued by the International Bank for Reconstruction and Development (IBRD) for the Government of Jamaica will incur a total loss. This bond is structured on a parametric basis whereby the loss payout is driven by the barometric pressure measured on Melissa's track over Jamaica.

Solidum Partners did not invest in this bond as we considered the structural features of the parametric trigger leading to a risk profile that was not adequately compensated by the bond's coupon.

A small number of cat bonds in the market are exposed to hurricane risk in Jamaica. However, the respective exposures are relatively low so that any losses incurred in Jamaica cannot trigger the bonds by themselves but would only contribute to a storm's total loss account if such a storm were to continue onwards into the US and causing significant losses there. As Melissa is forecasted with high probability to move out into the open Atlantic, such a scenario appears highly unlikely in the current case.

Similar considerations apply to the private transactions covering Atlantic hurricane risk. There are no transactions with dedicated Caribbean exposure in the portfolios, and hence losses arising from Jamaica alone cannot trigger structures that are principally geared towards covering US risks.

We will provide further updates on this ongoing event should major changes arise.

The management team remains at your disposal for further discussions.

With kind regards
Solidum Partners