



PERILS

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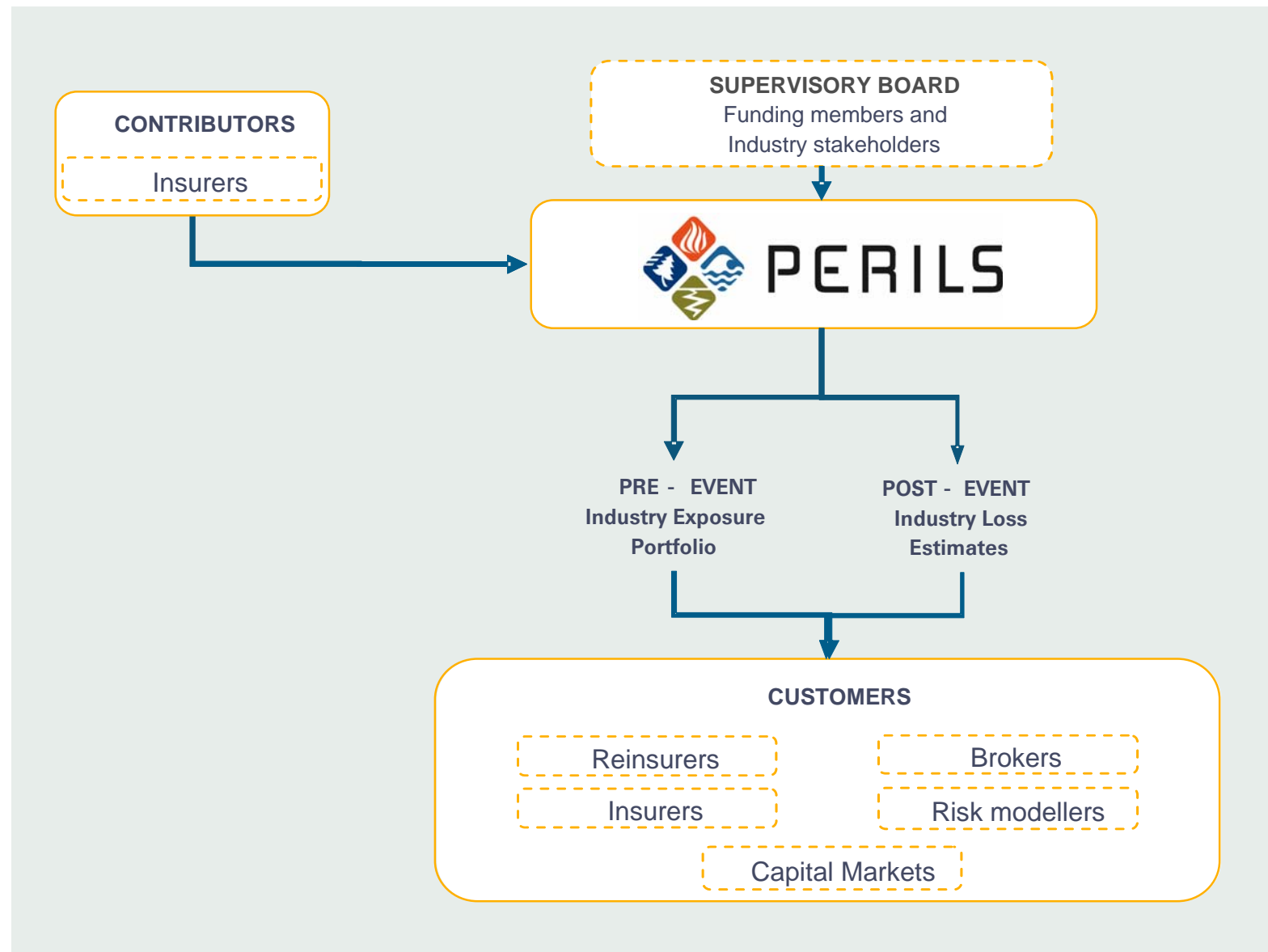


PERILS Overview

- Swiss Re has worked with industry leaders to develop PERILS, an independent European company
- PERILS will provide industry natural catastrophe exposure and industry loss estimates per risk type at CRESTA zone level
- Current shareholders of PERILS are Allianz, AXA, Generali, Groupama, Guy Carpenter, Munich Re, Partner Re, Swiss Re and Zurich
- PERILS anticipates this information will further facilitate the European cat bond and ILW markets and further improve Nat Cat pricing and risk management techniques
- Initial focus is on the development of European wind estimates and likely to be fully established and operational by year-end 2009
- Once European wind has been established, PERILS will expand its peril coverage to earthquake and possibly flood
- PERILS will also seek to expand its geographical coverage to Eastern and Southern Europe in 2010



PERILS Organisation





PERILS Estimation Methodology

- PERILS will provide transparent, independent and robust industry estimates on a CRESTA Zone level
 - Annual Exposure Estimates
 - sum insured values by risk type
 - provided on an assumed 100% market share basis, taking into account census data, premium information and market share data to gross up for exposures that have not been provided by the industry
 - Post-event Loss Estimates
 - estimates by risk type for any event deemed to exceed an insured loss of greater than EUR 200 million
 - The loss information will be grossed up to the 100% estimate, based on the exposure and loss relationship obtained by those companies providing both exposure and loss information
- The relationship between exposure and loss information significantly improves the robustness and transparency of the loss estimates, improving a ceding company's ability to assess basis risk



Natural Catastrophe Capital Market Capacity

- PERILS is seeking to enhance the amount of capital market capacity allocated to European perils
- Current cat bond capacity:
 - European cat bond capacity totals USD3.2 billion
 - US cat bond capacity is USD 9.2 billion, of which USD 3.2 billion is structured with a PCS industry loss trigger
 - US peril ILW market totals roughly USD 6 – 10 billion
- Industry loss triggers have enhanced US based cat bonds and ILWs, the introduction of PERILS will help to further enhance capital market capacity for European perils



Industry Benefits

- Access to high quality data
 - Back-test and calibrate internal models, stress test standard models
- Underwriting benefits
 - Robust industry data will improve industry wide underwriting standards
- Improvement in capital management
 - Improves calibration of internal risk modelling
 - Benefits regulators, rating agencies and government agencies in the assessment of large natural catastrophes
- Access to ILS
 - Development of European industry loss trigger will improve non-indemnity ILS product offerings
- Enhanced risk modelling
 - Improvement in vendor industry loss models
 - Development of a common standard for industry exposure portfolios
- Strategic benefits
 - Improved industry benchmarking, identify growth areas