

The Current State of Reinsurance and Alternative Risk Transfer Instruments

**Morton Lane Ph.D. President ,
Lane Financial LLC
NBER Insurance Project Workshop May 8 2008,**

OUTLINE

- ❑ Current State of the ILS Market
 - Growth, Price Trends, and Non-Price Trends
- ❑ Returns in the ILS Market
 - Measurement, Historic and Prospective
 - Risk and Exposures in the Index Portfolio
- ❑ Beyond Convergence, towards Integration
 - Remodeling and Scenarios/Event Sets
- ❑ Optimizing with the Scenario Sets
 - ILS Portfolio Management subject to a Risk Profile
 - Adding OLWs or Traditional Treaties to the Portfolio
- ❑ Concluding Remarks

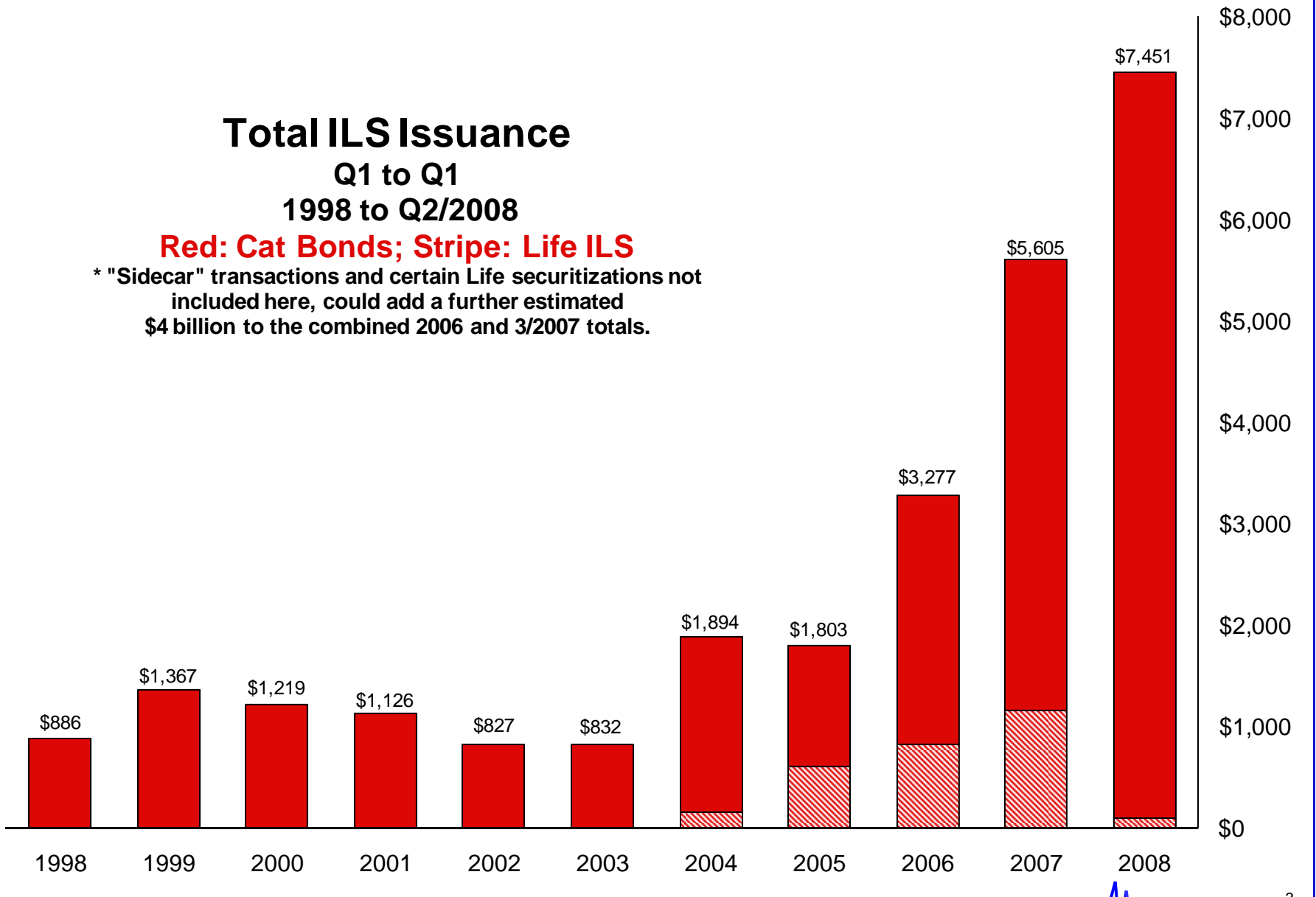
Total ILS Issuance

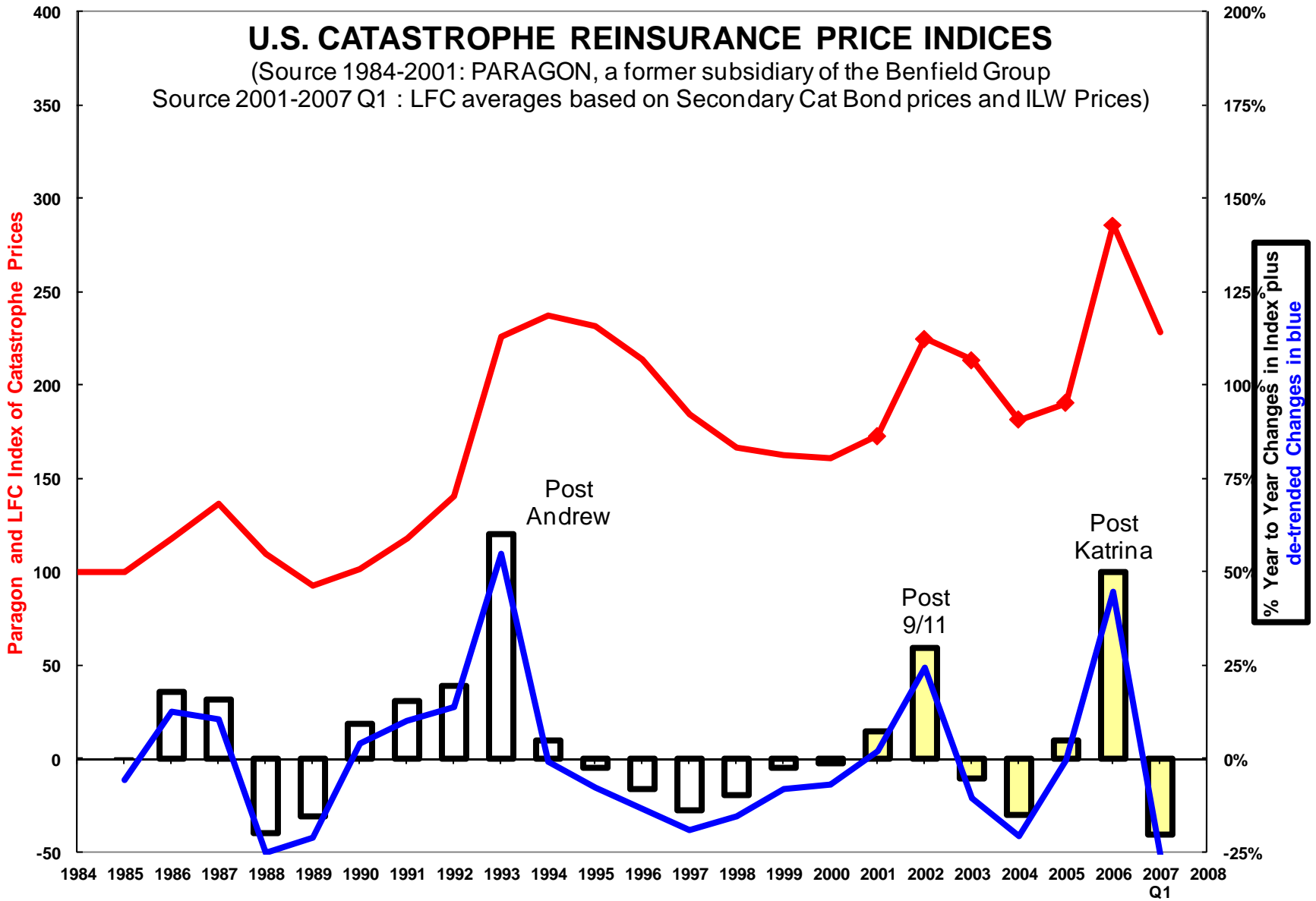
Q1 to Q1

1998 to Q2/2008

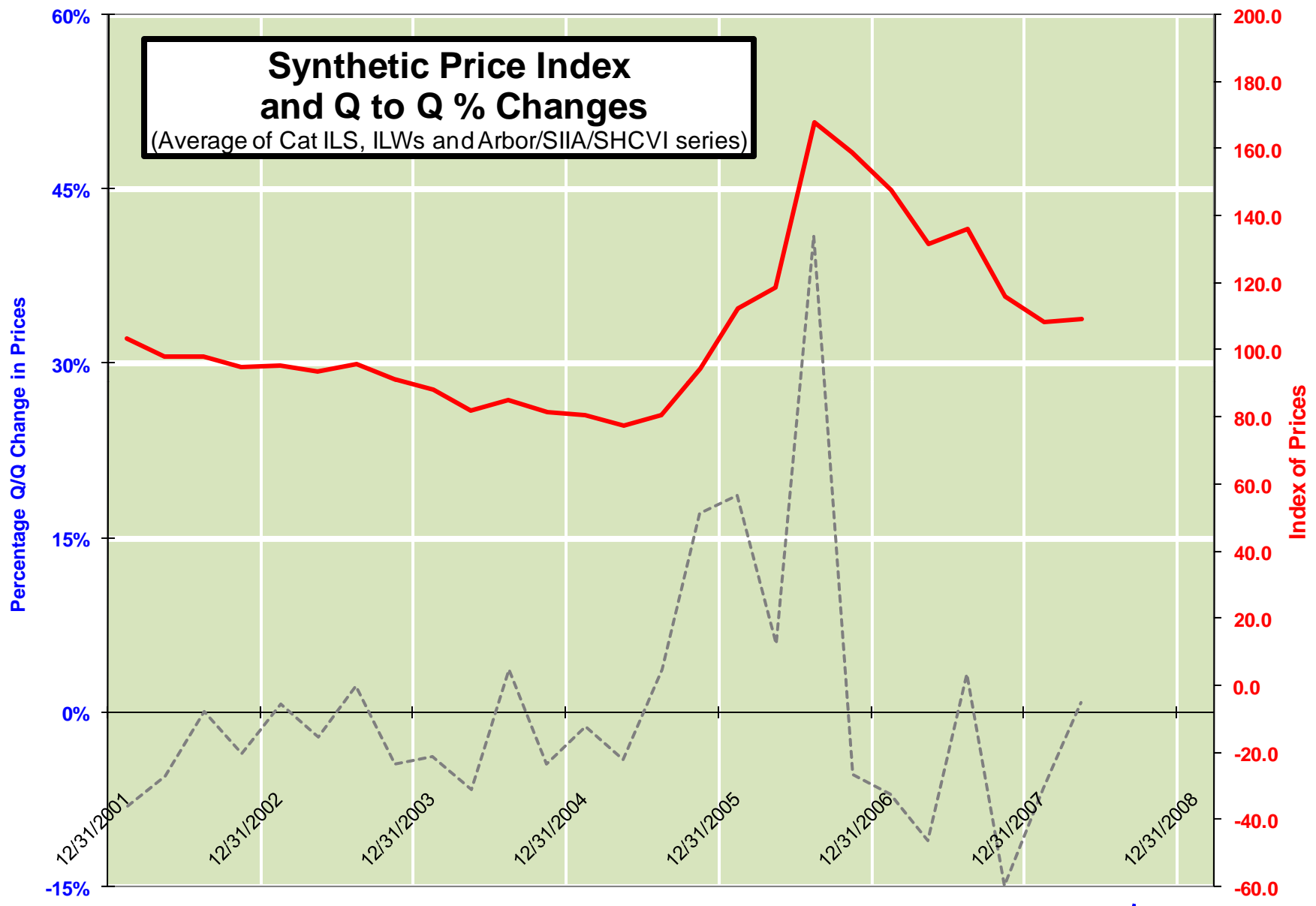
Red: Cat Bonds; Stripe: Life ILS

* "Sidecar" transactions and certain Life securitizations not included here, could add a further estimated \$4 billion to the combined 2006 and 3/2007 totals.

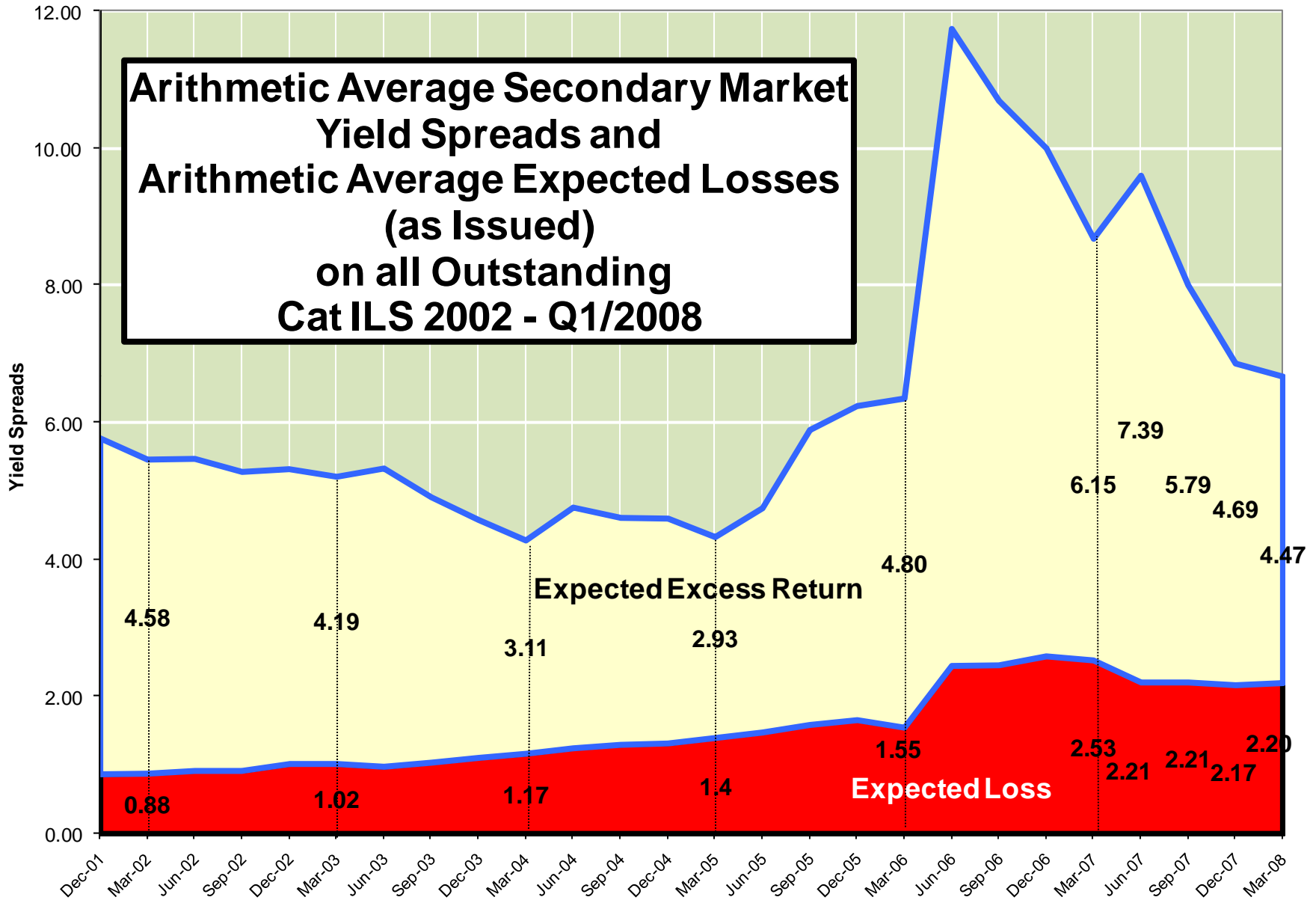


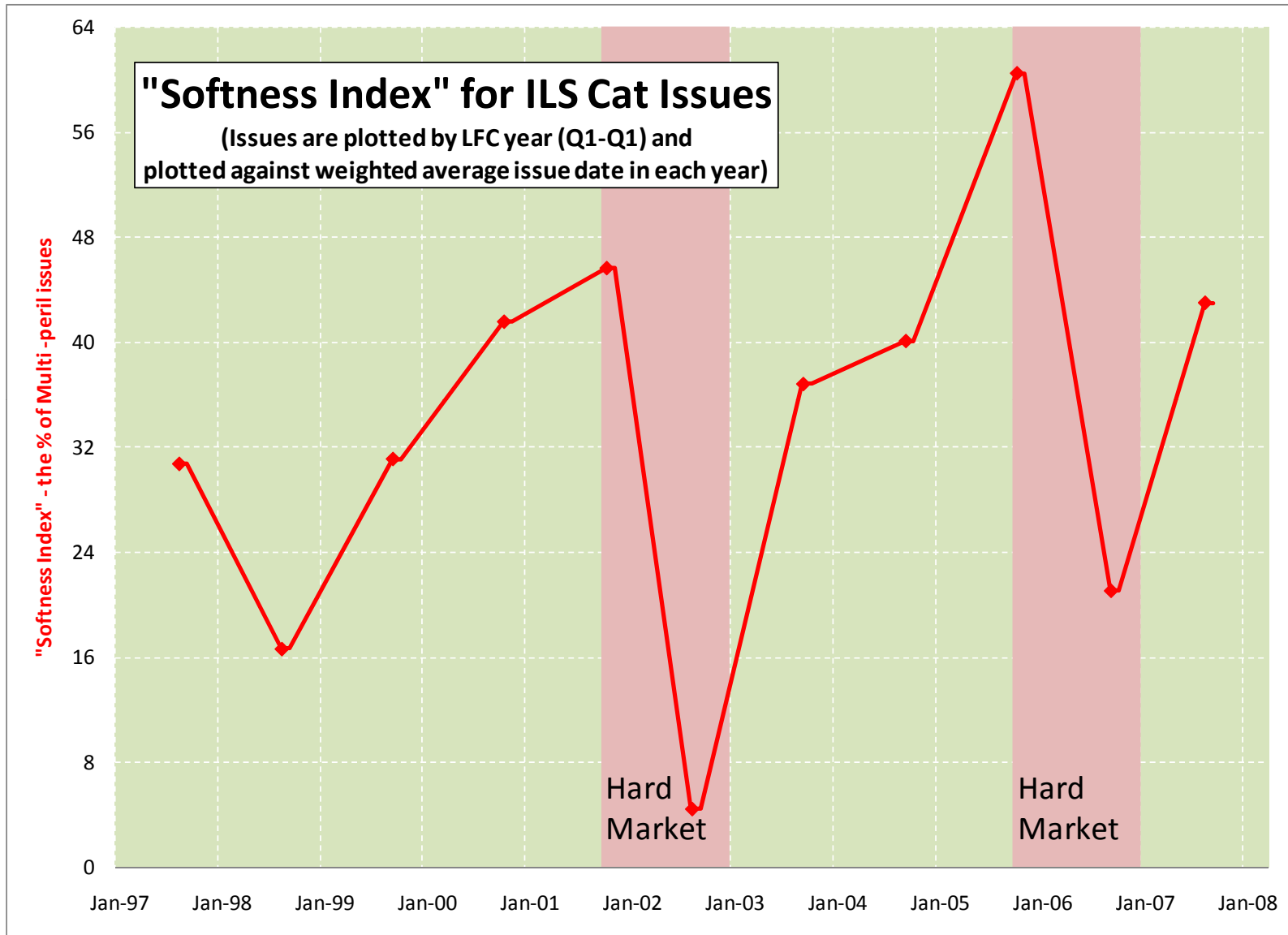


**Synthetic Price Index
and Q to Q % Changes**
(Average of Cat ILS, ILWs and Arbor/SIIA/SHCVI series)

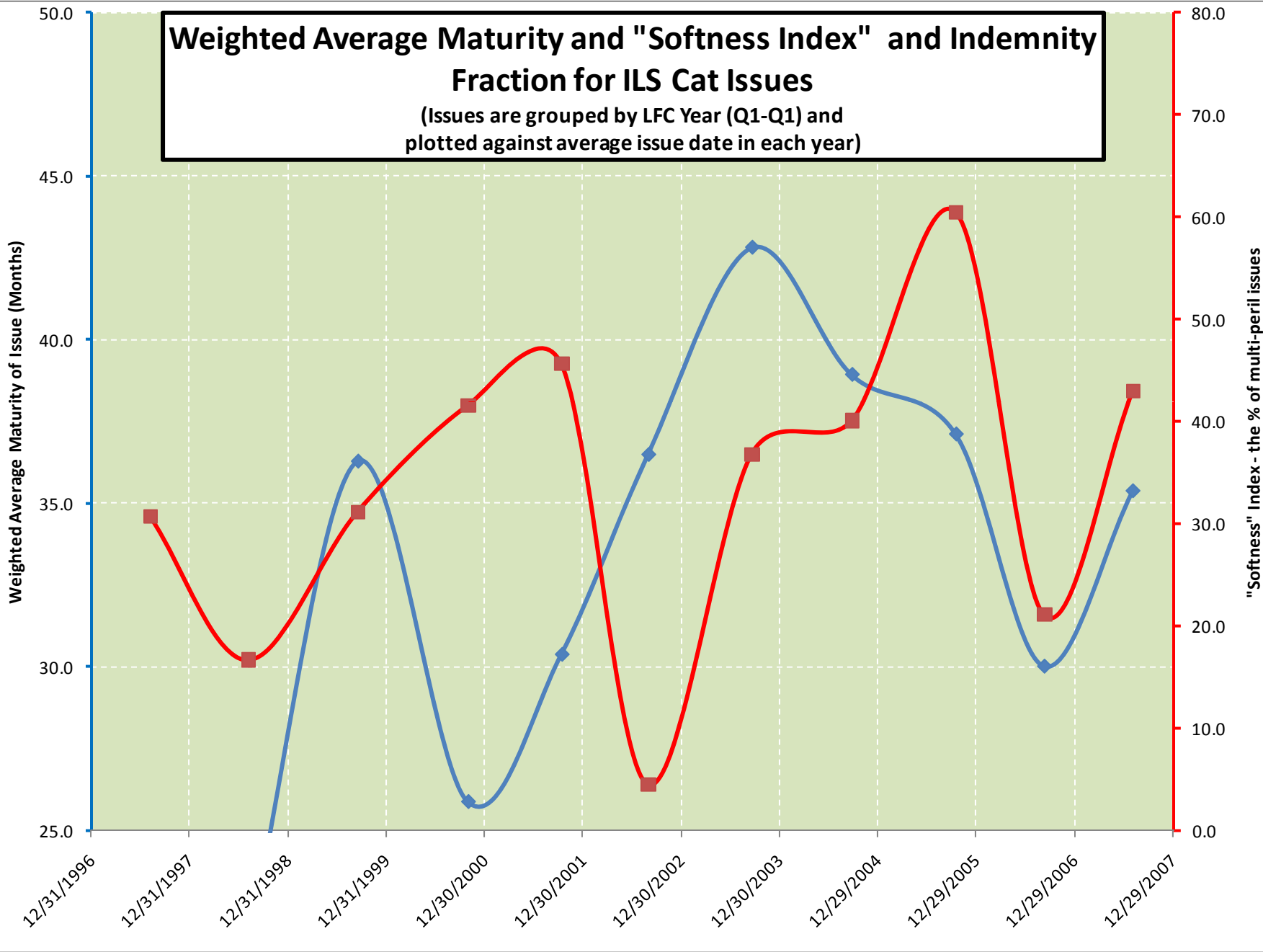


**Arithmetic Average Secondary Market
Yield Spreads and
Arithmetic Average Expected Losses
(as Issued)
on all Outstanding
Cat ILS 2002 - Q1/2008**





Weighted Average Maturity and "Softness Index" and Indemnity Fraction for ILS Cat Issues
 (Issues are grouped by LFC Year (Q1-Q1) and plotted against average issue date in each year)



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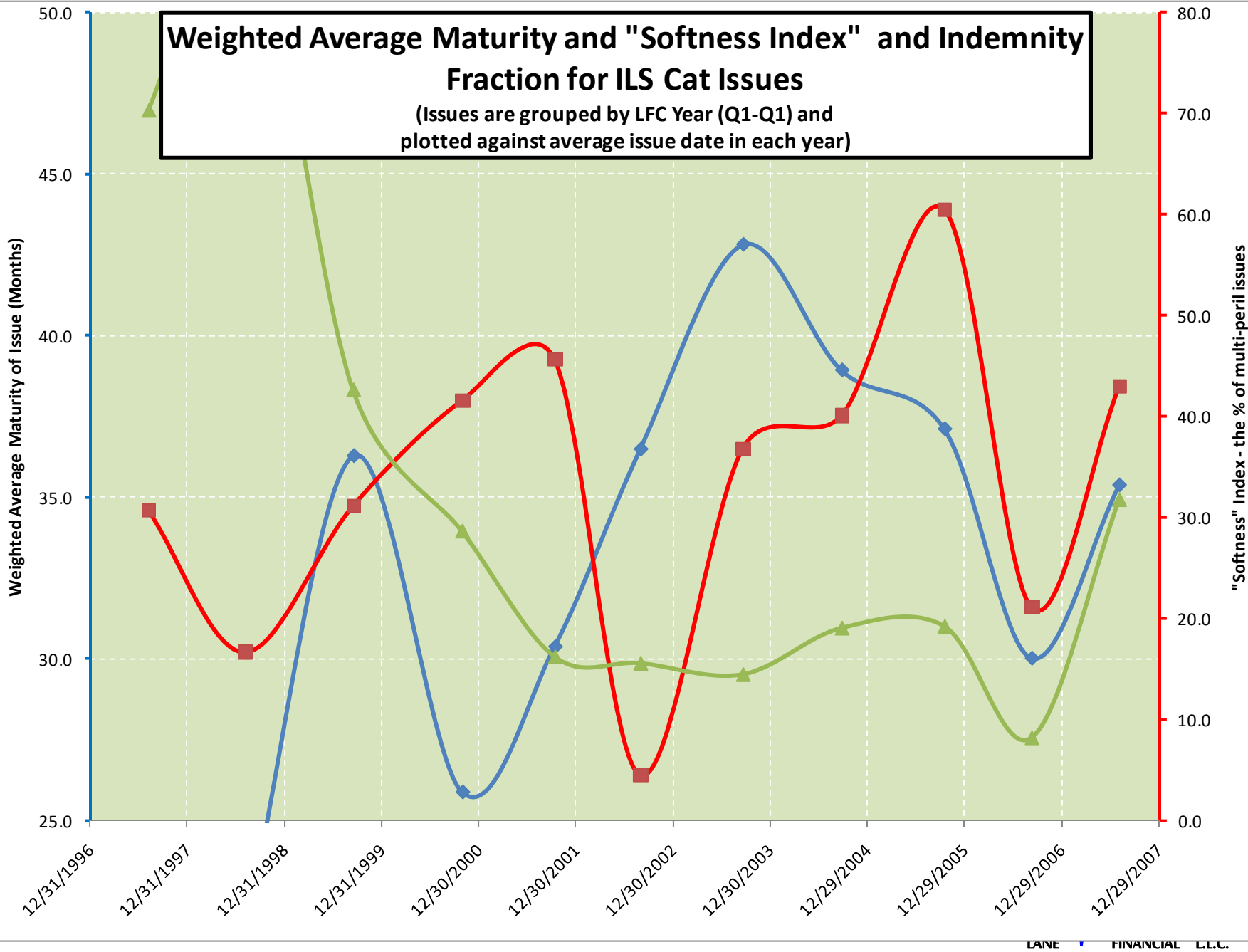
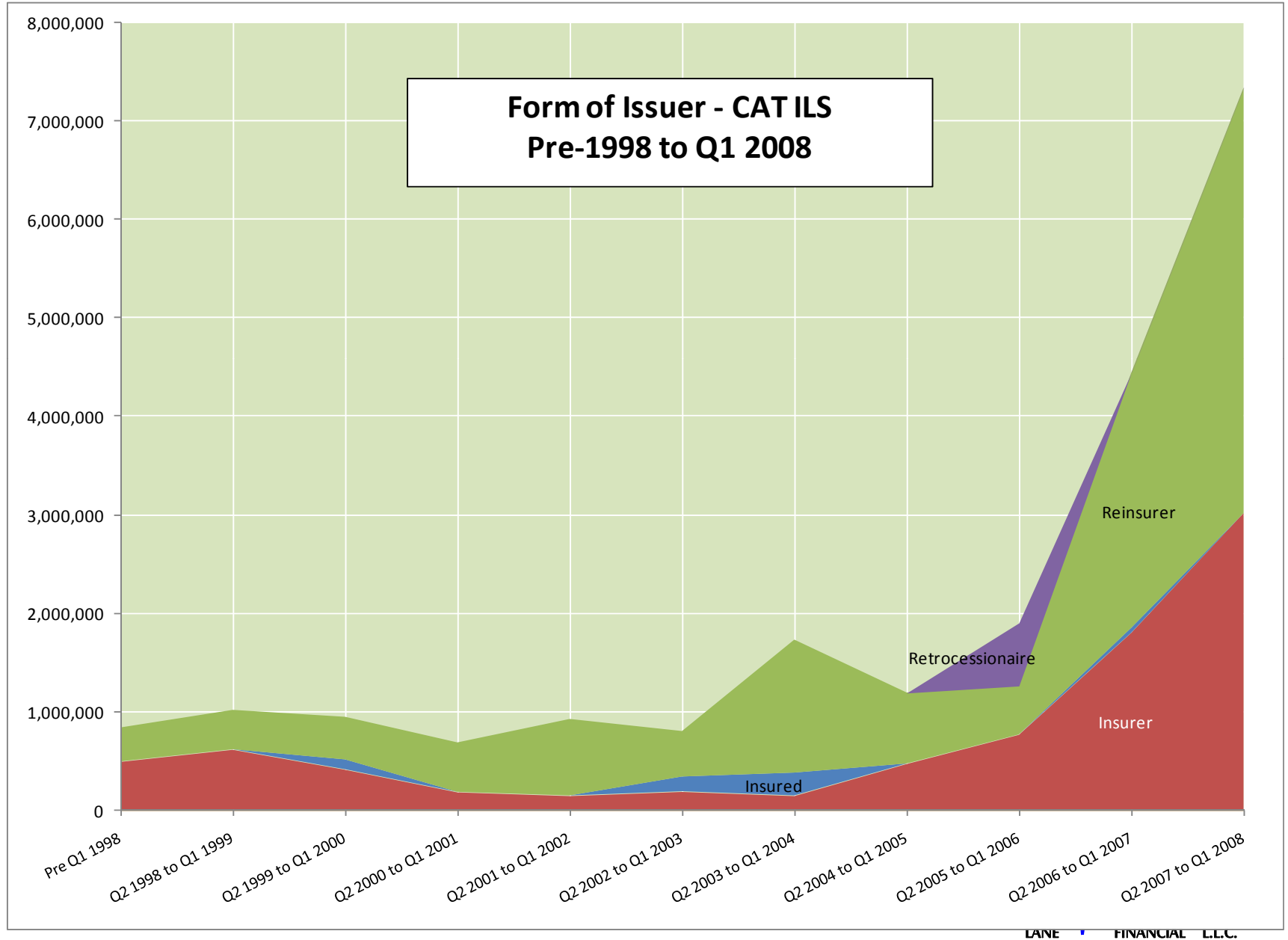
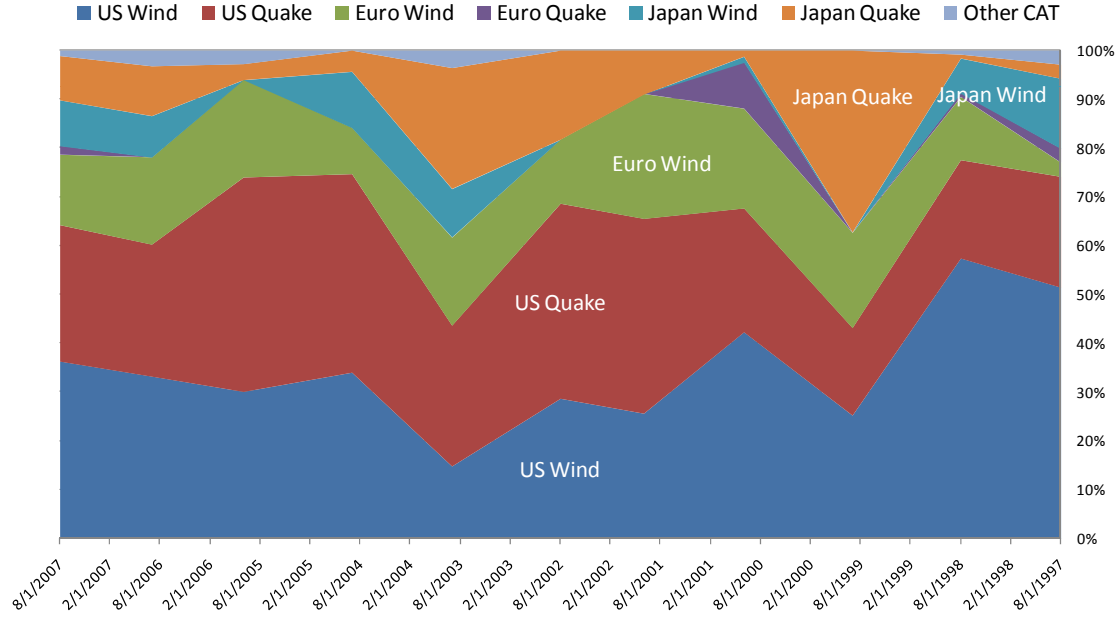


Figure 3

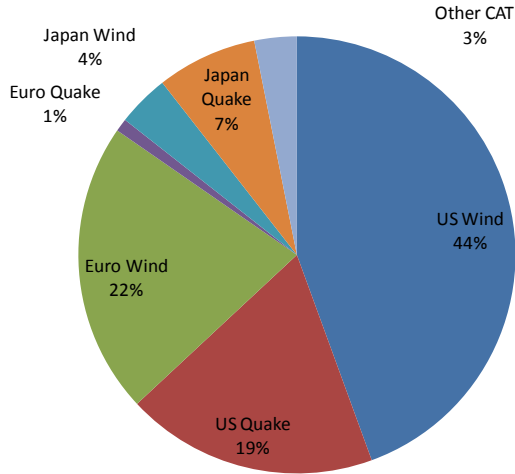


Figures 3A and 3B

**Share of Exposure by Potential Limits
of ALL Cat ILS 1997-Q1 2008**
LFC Year Q1-Q1



**Expected Loss Exposure by Region
- All Cat ILS 1997- Q1 2008**



Exposure by Potential Limit 1997-Q1 2008

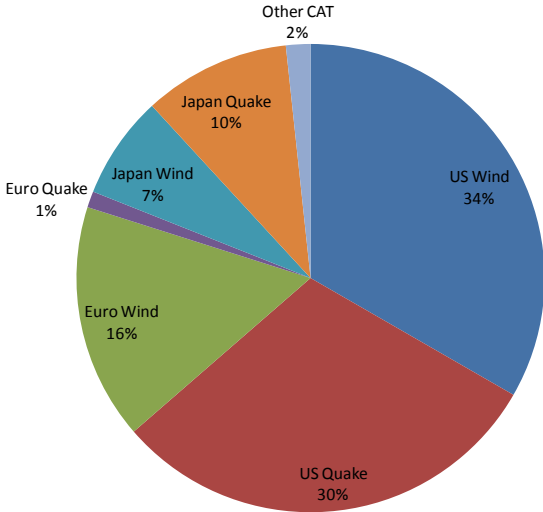
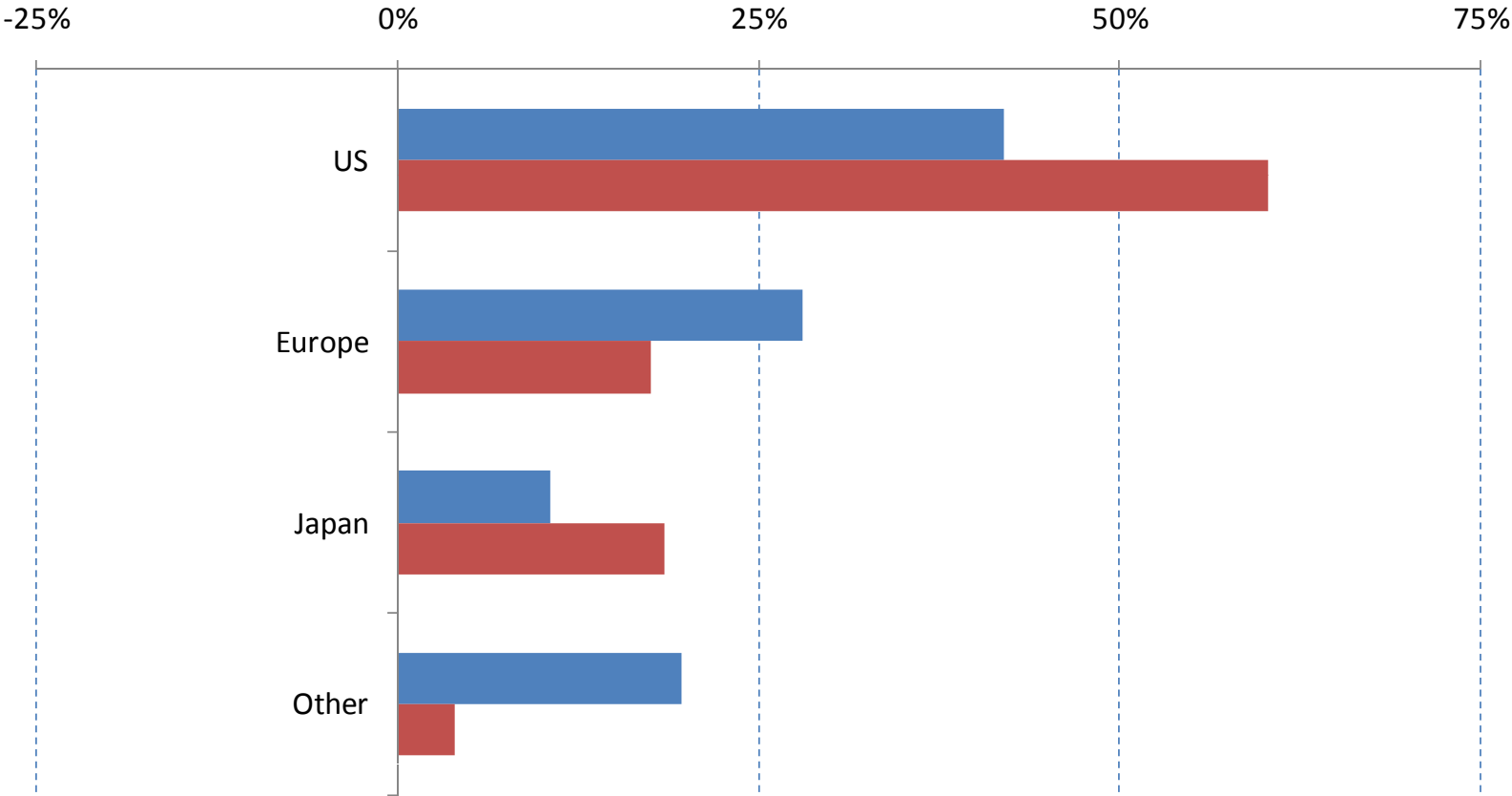


Figure 4

Fraction of Coverage in Traditional and ILS Market by Geographic Zone

Source: Guy Carpenter, Insurance Information Institute, Lane Financial ILS Data Base
Note also that ILS Limits are not Additive...



■ Protection Purchased in Traditional Market, 2006 ■ ILS Limits by Zone, All Cat ILS issued in Calendar 2006

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DISTINCTIVE FEATURES

- ❑ **Market Value Weighted**
 Price Weighted Indices overstate potential returns
- ❑ **Multiple Price Sources**
 Uses average available Price indications
- ❑ **All CUSIP-numbered ILS Included**
- ❑ **Monthly Rebalanced**
 Unambiguous calculation rules
- ❑ **Separate Insurance and Financial Returns**
- ❑ **Seasonality Identified**
 Historical seasonal price patterns revealed
- ❑ **Prospective Exposures Analysis**
 Derived Courtesy of AIR Worldwide Scenario Set
- ❑ **Sub Indices Available**

Entire Index 2008 Q1

	<u>Total Return</u>	<u>Insurance Return</u>	<u>Floating Return</u>
CAT Return	2.02%	0.93%	1.09%
Life Return	-0.76%	-1.86%	1.11%
Other Return	4.65%	3.63%	1.00%
Total	1.74%	0.65%	1.09%

Investment Grade Index

	<u>Total Return</u>	<u>Insurance Return</u>	<u>Floating Return</u>
CAT Return	-1.07%	-2.18%	1.13%
Life Return	-0.91%	-2.00%	1.11%
Other Return	2.14%	1.19%	0.95%
Total	-0.78%	-1.88%	1.11%

Sub-Investment Grade Index

	<u>Total Return</u>	<u>Insurance Return</u>	<u>Floating Return</u>
CAT Return	2.68%	1.59%	1.08%
Life Return	1.68%	0.57%	1.11%
Other Return	6.27%	5.21%	1.03%
Total	2.81%	1.73%	1.07%

LFIRI INDEX

❑ Methodology

Purchase every CUSIP-listed ILS in proportion to its outstanding market valuation

Purchase at existing Secondary Market Prices, at beginning of each month

Hold for Month

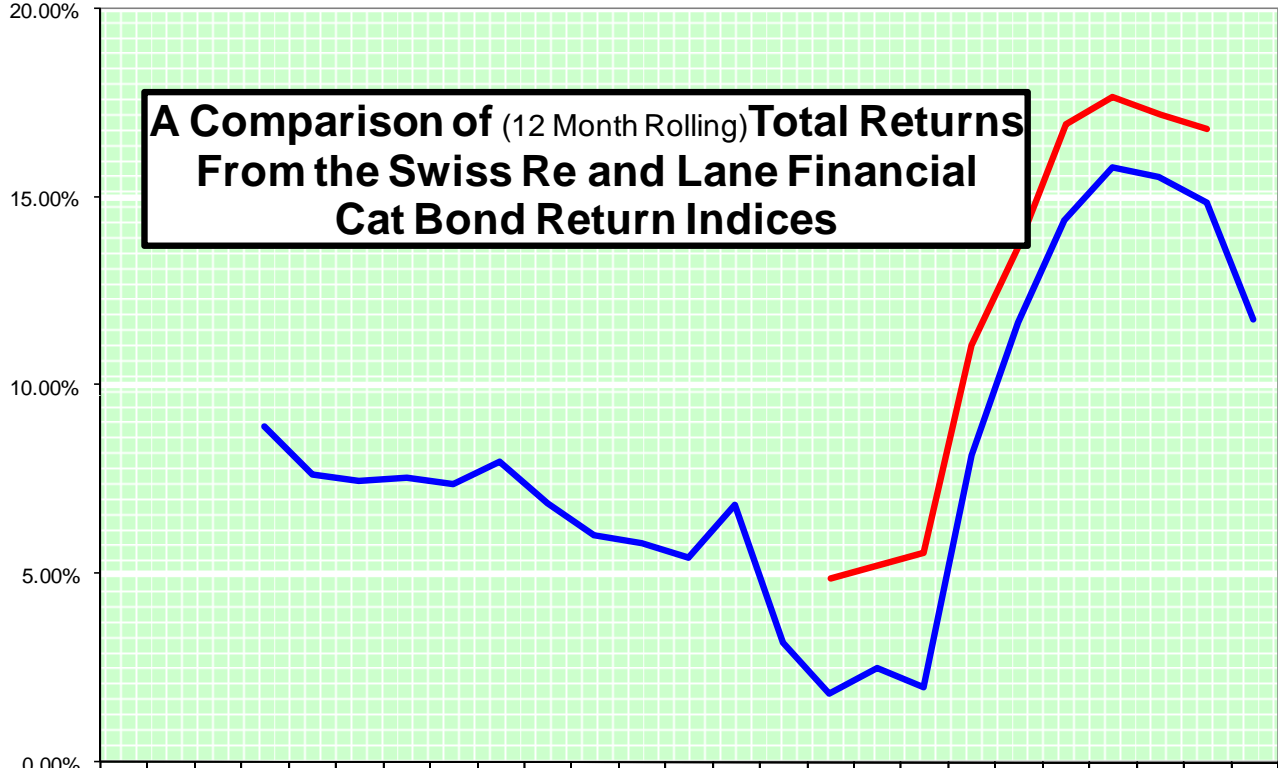
Sell (or value) at month-end at the then prevailing Secondary Market Prices

Calculate the holding period returns

Rebalance to allow for new issues, maturities and changing secondary prices

Continue and Compound

A Comparison of (12 Month Rolling) Total Returns From the Swiss Re and Lane Financial Cat Bond Return Indices



	2002 End Mar	2002 End Jun	2002 End Sep	2002 End Dec	2003 End Mar	2003 End Jun	2003 End Sep	2003 End Dec	2004 End Mar	2004 End Jun	2004 End Sep	2004 End Dec	2005 End Mar	2005 End Jun	2005 End Sep	2005 End Dec	2006 End Mar	2006 End Jun	2006 End Sep	2006 End Dec	2007 End Mar	2007 End Jun	2007 End Sep	2007 End Dec	2008 End Mar
LFI	0	0	0	8.91%	7.65%	7.47%	7.55%	7.41%	7.99%	6.90%	6.04%	5.82%	5.46%	6.85%	3.18%	1.84%	2.50%	2.00%	8.17%	11.69%	14.42%	15.81%	15.55%	14.86%	11.78%
SRe Total Return Index	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	4.89%	5.21%	5.55%	11.08%	13.69%	16.96%	17.68%	17.20%	16.81%	

Total Return

Current Market Portfolio Index Characteristics

3/31/2008

All Cat ILS

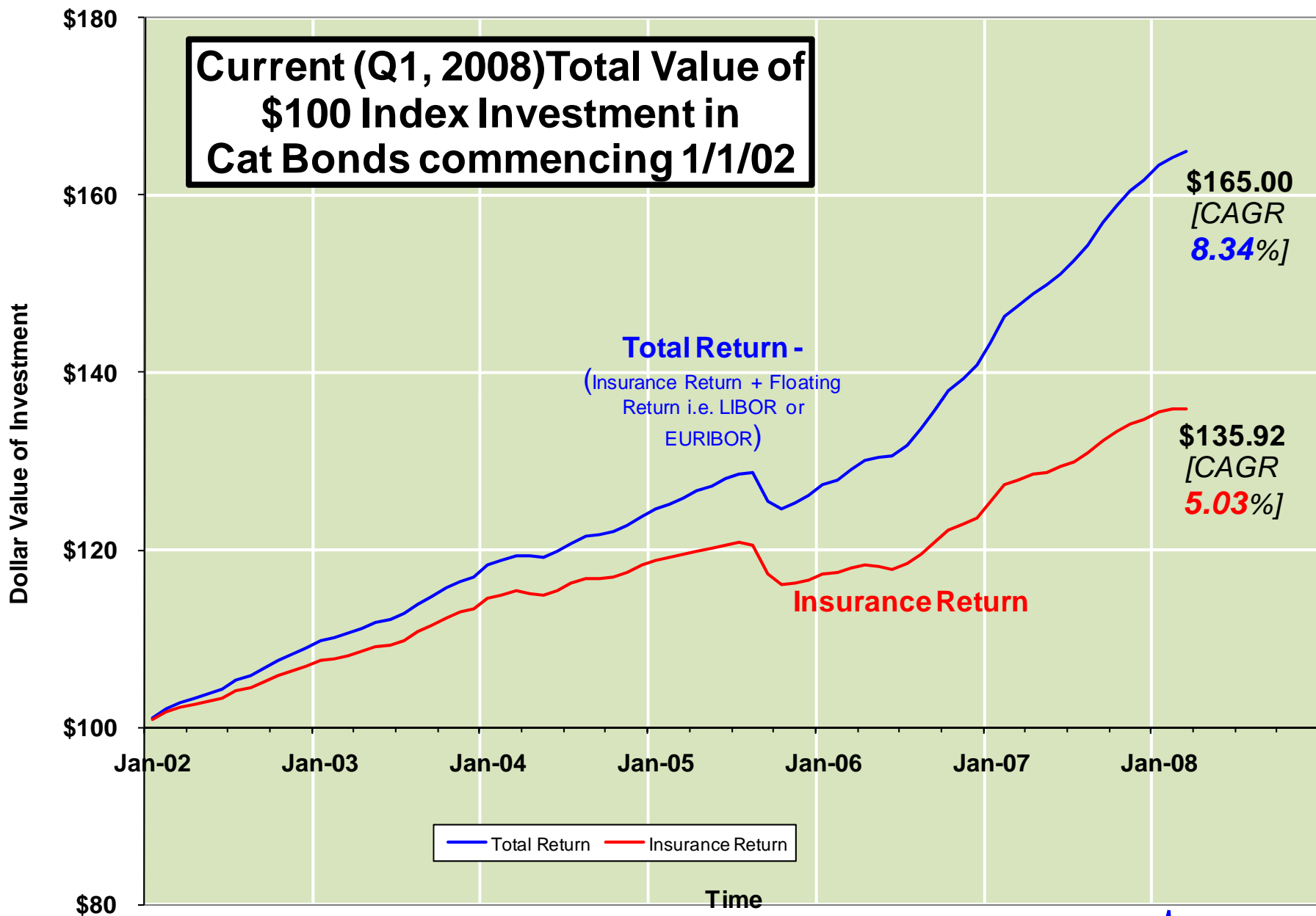
No of ILS in Current Index 114

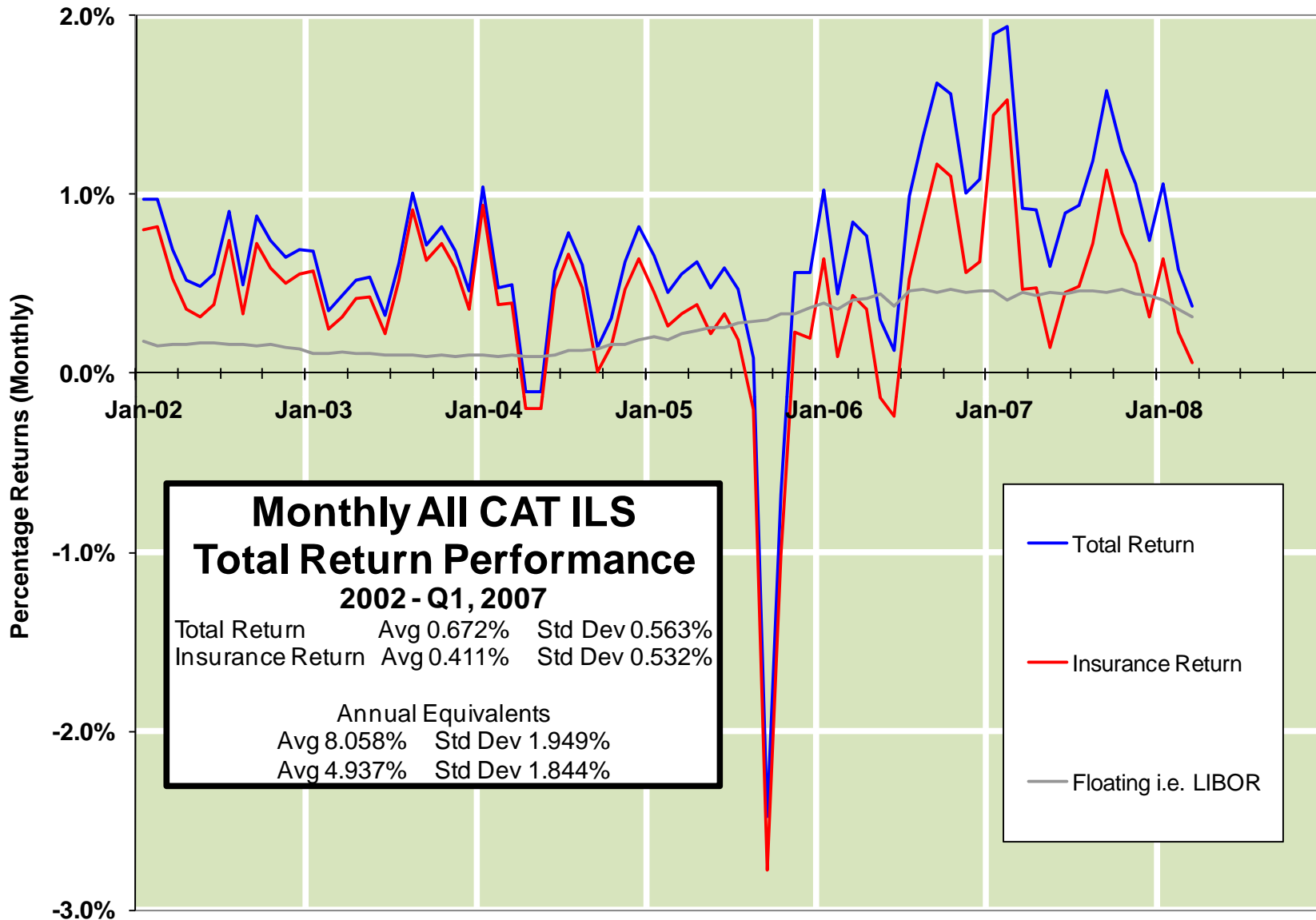
Matured in Month 0

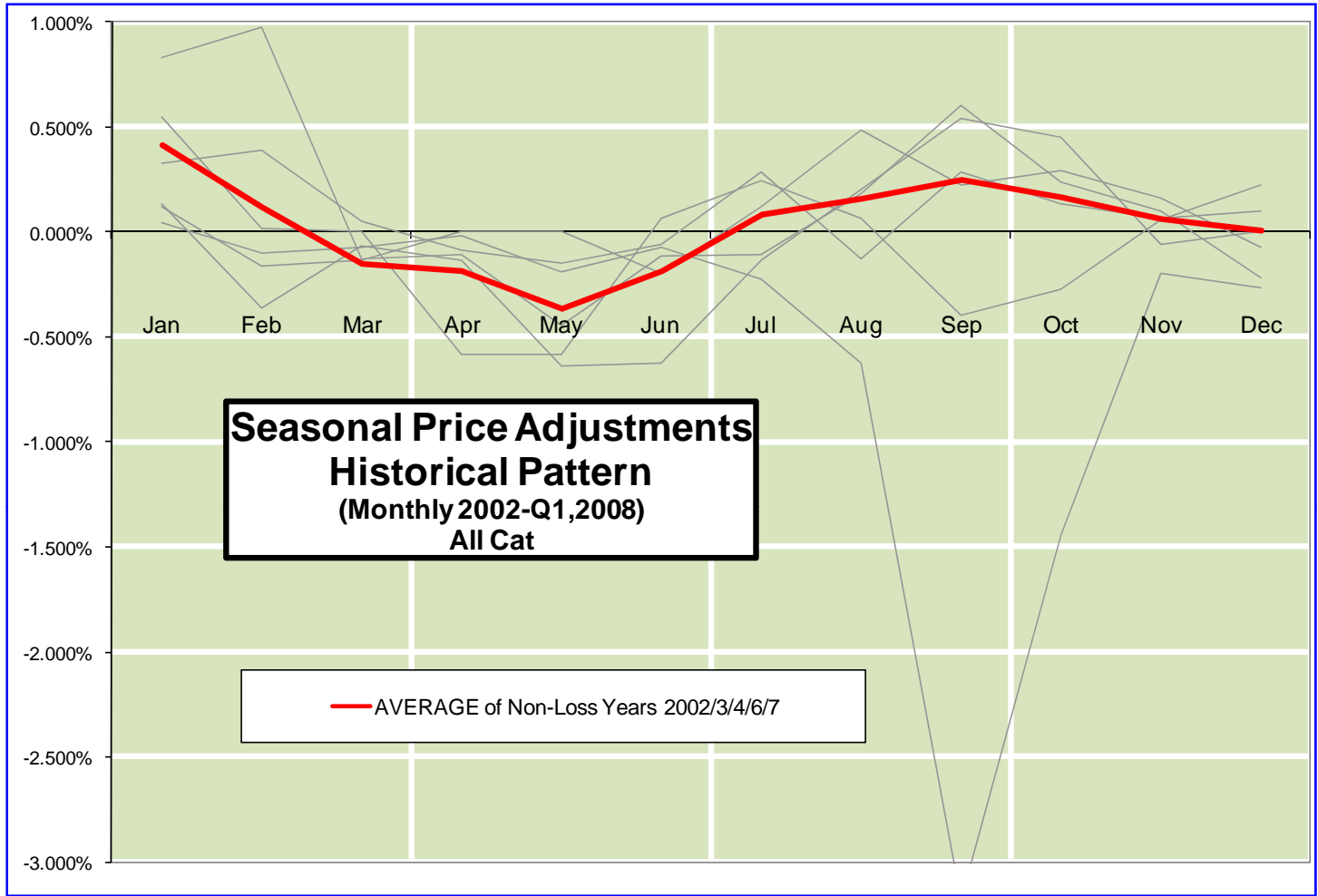
New in Month 5

Market Size	Outstanding	In Current Index
Par Value	\$13,550,701	\$13,085,701
Market Value	\$13,191,017	\$12,830,794

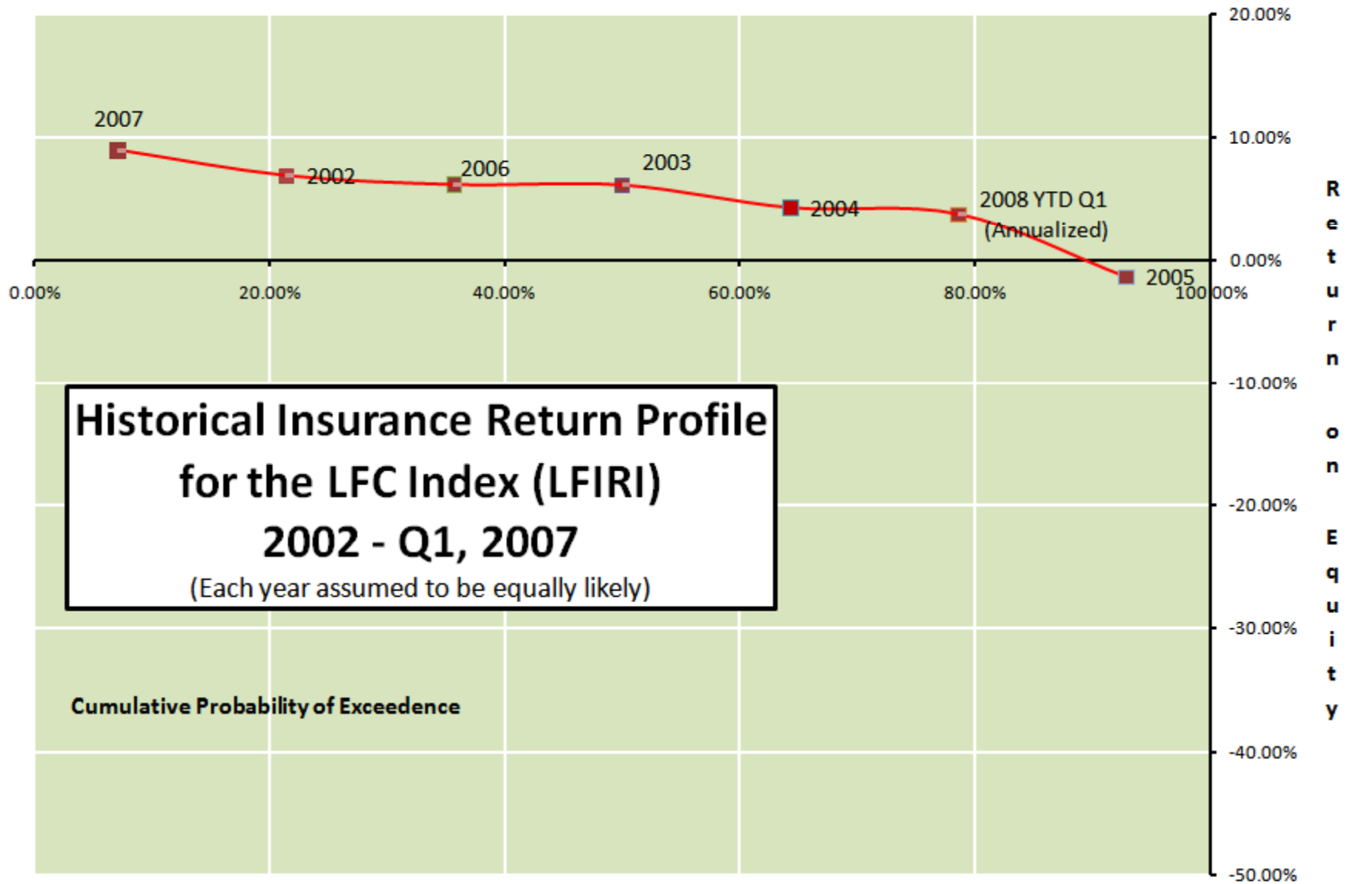
**Current (Q1, 2008) Total Value of
\$100 Index Investment in
Cat Bonds commencing 1/1/02**







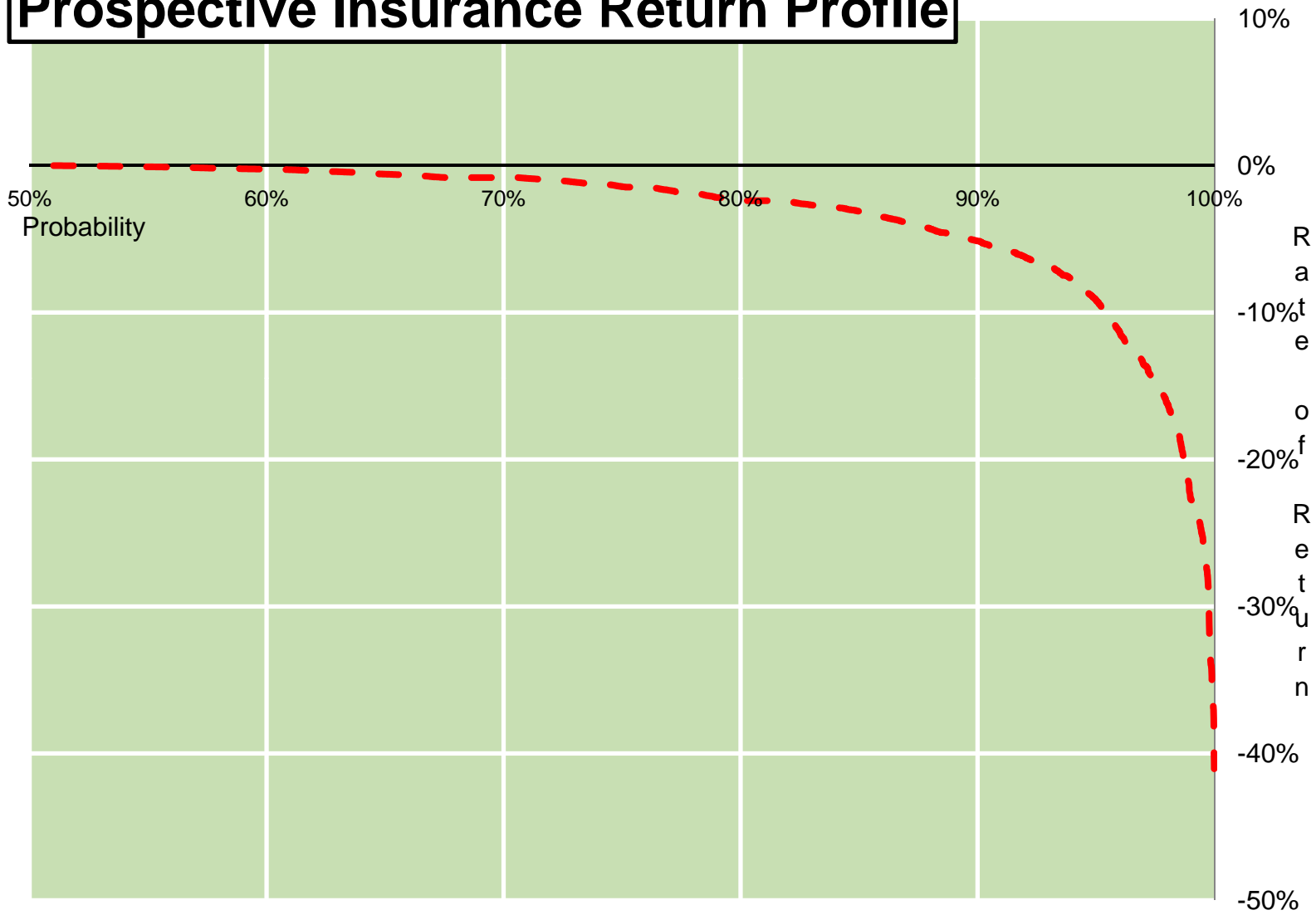
Seasonal Price Shifts	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Avg 2002/3/4/6/7/08	0.417%	0.121%	-0.147%	-0.181%	-0.363%	-0.187%	0.083%	0.164%	0.251%	0.170%	0.066%	0.007%



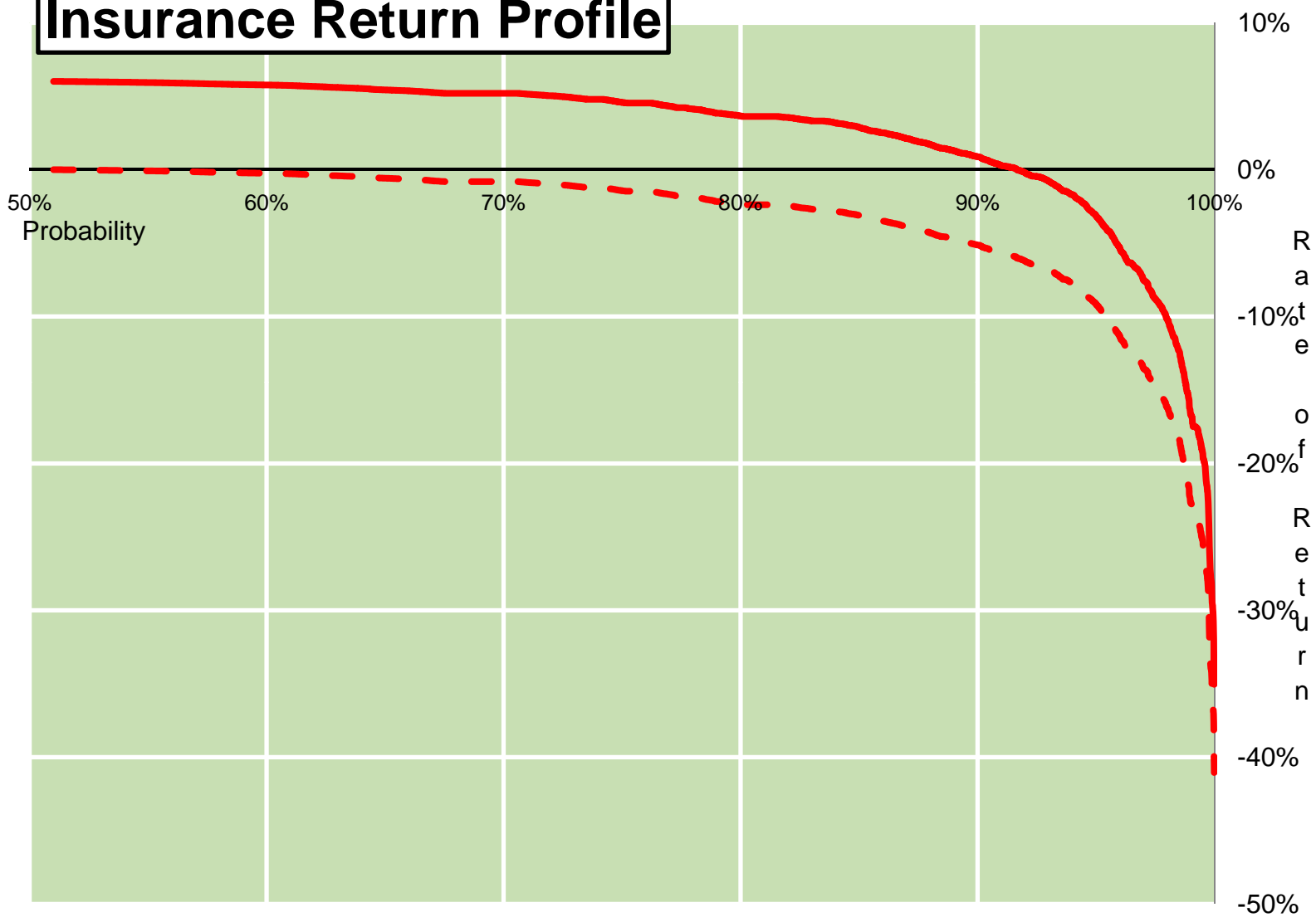
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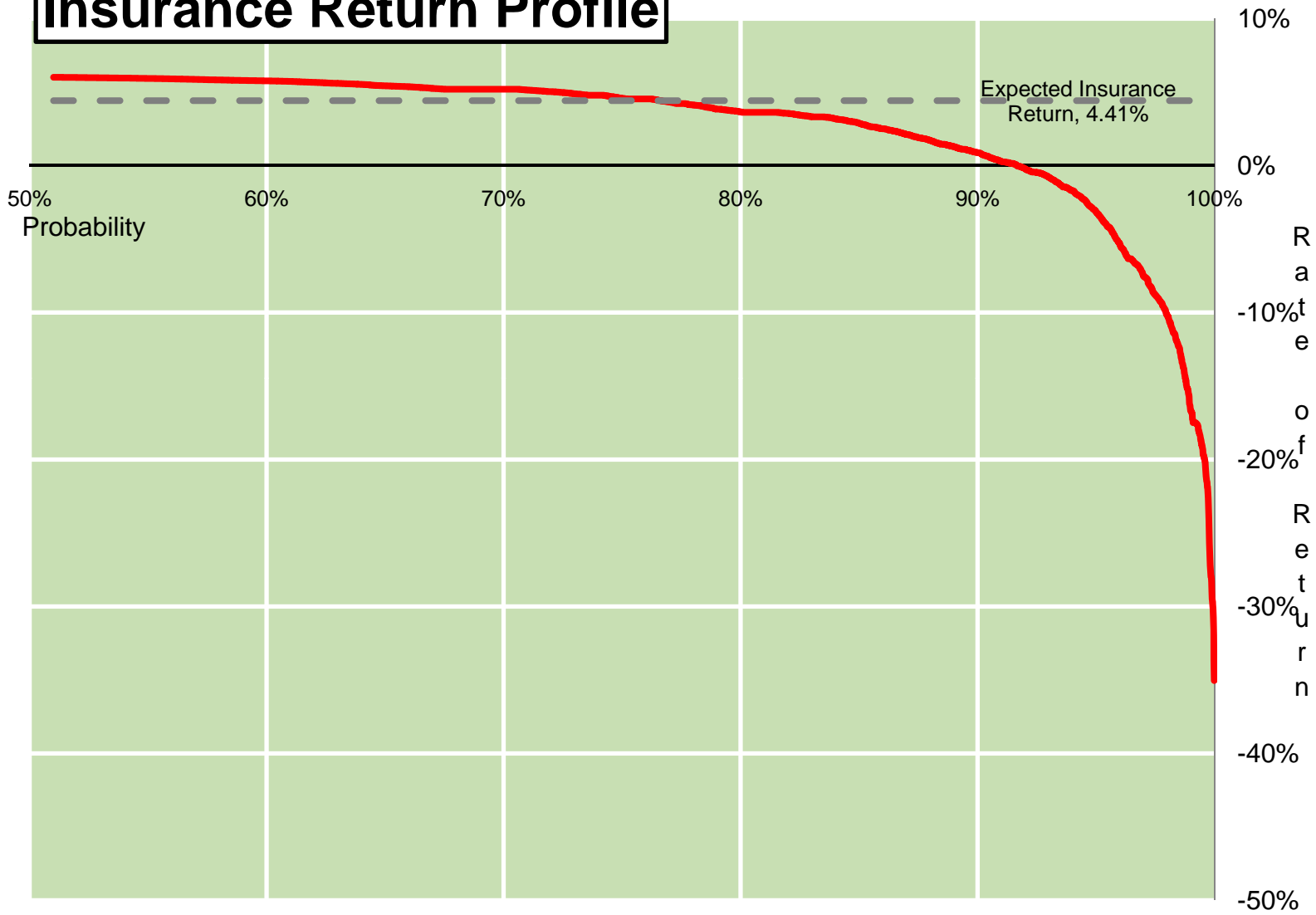
Prospective Insurance Return Profile



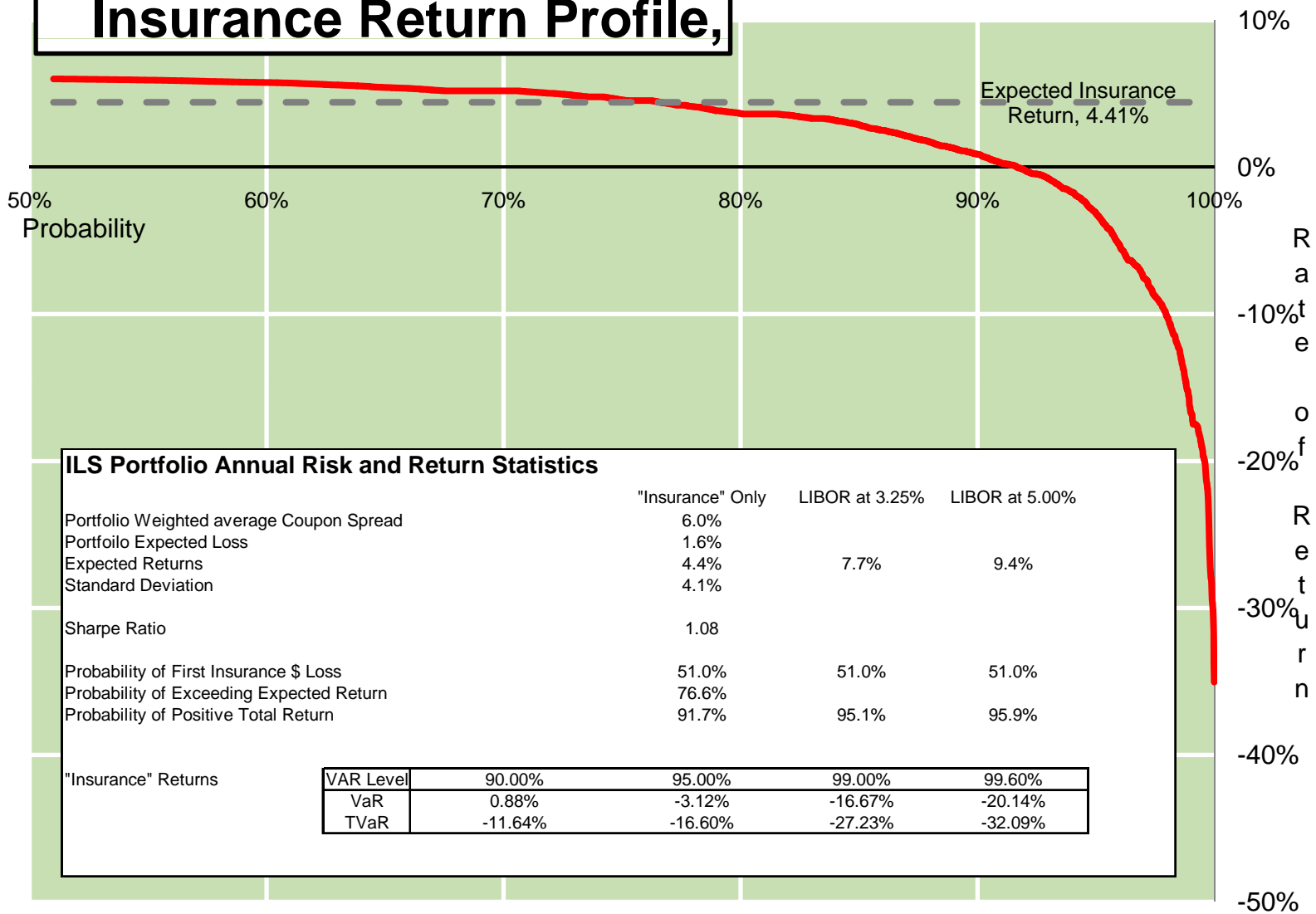
Insurance Return Profile



Insurance Return Profile



Insurance Return Profile,

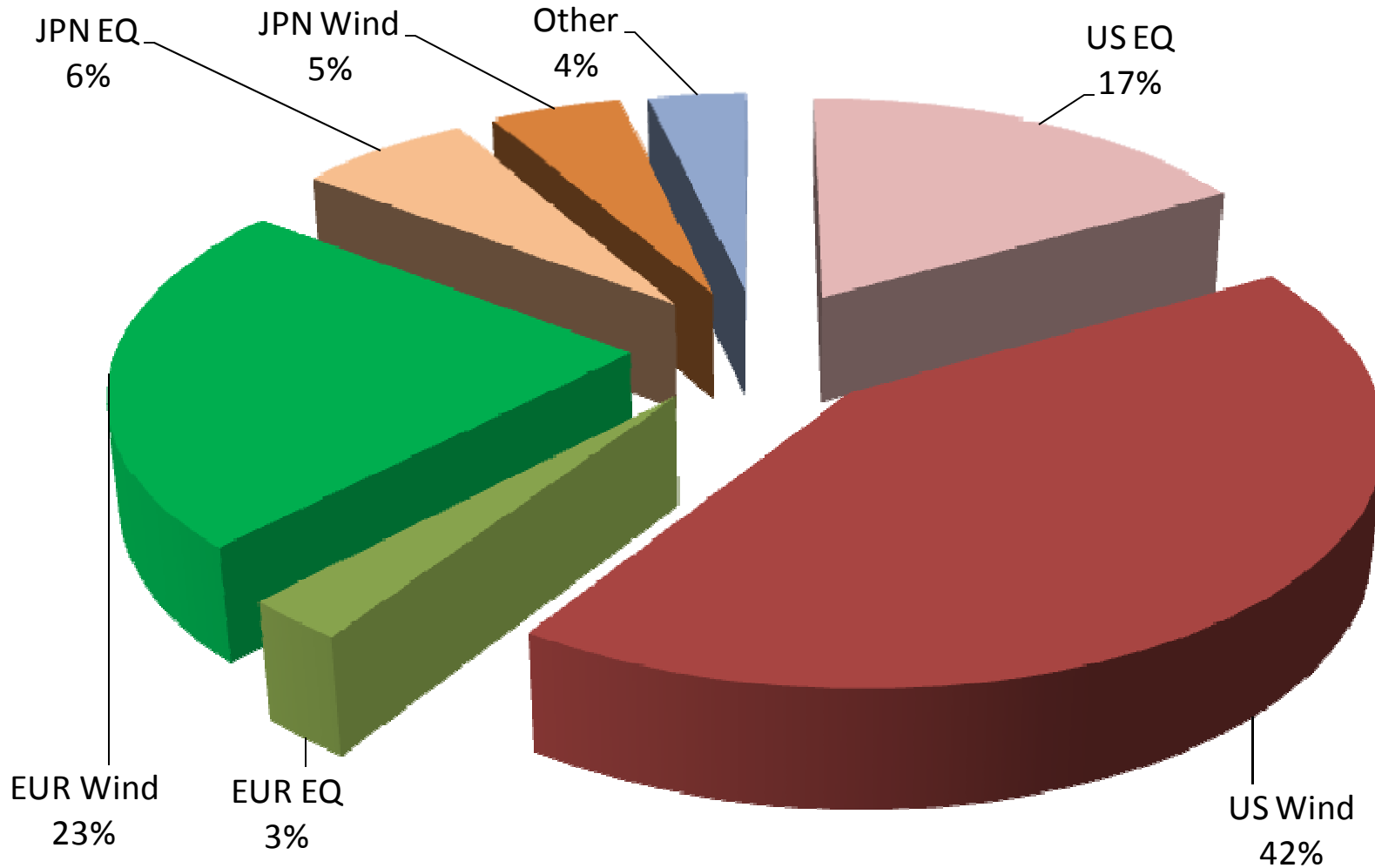


ILS Portfolio Annual Risk and Return Statistics

	"Insurance" Only	LIBOR at 3.25%	LIBOR at 5.00%
Portfolio Weighted average Coupon Spread	6.0%		
Portfolio Expected Loss	1.6%		
Expected Returns	4.4%	7.7%	9.4%
Standard Deviation	4.1%		
Sharpe Ratio	1.08		
Probability of First Insurance \$ Loss	51.0%	51.0%	51.0%
Probability of Exceeding Expected Return	76.6%		
Probability of Positive Total Return	91.7%	95.1%	95.9%

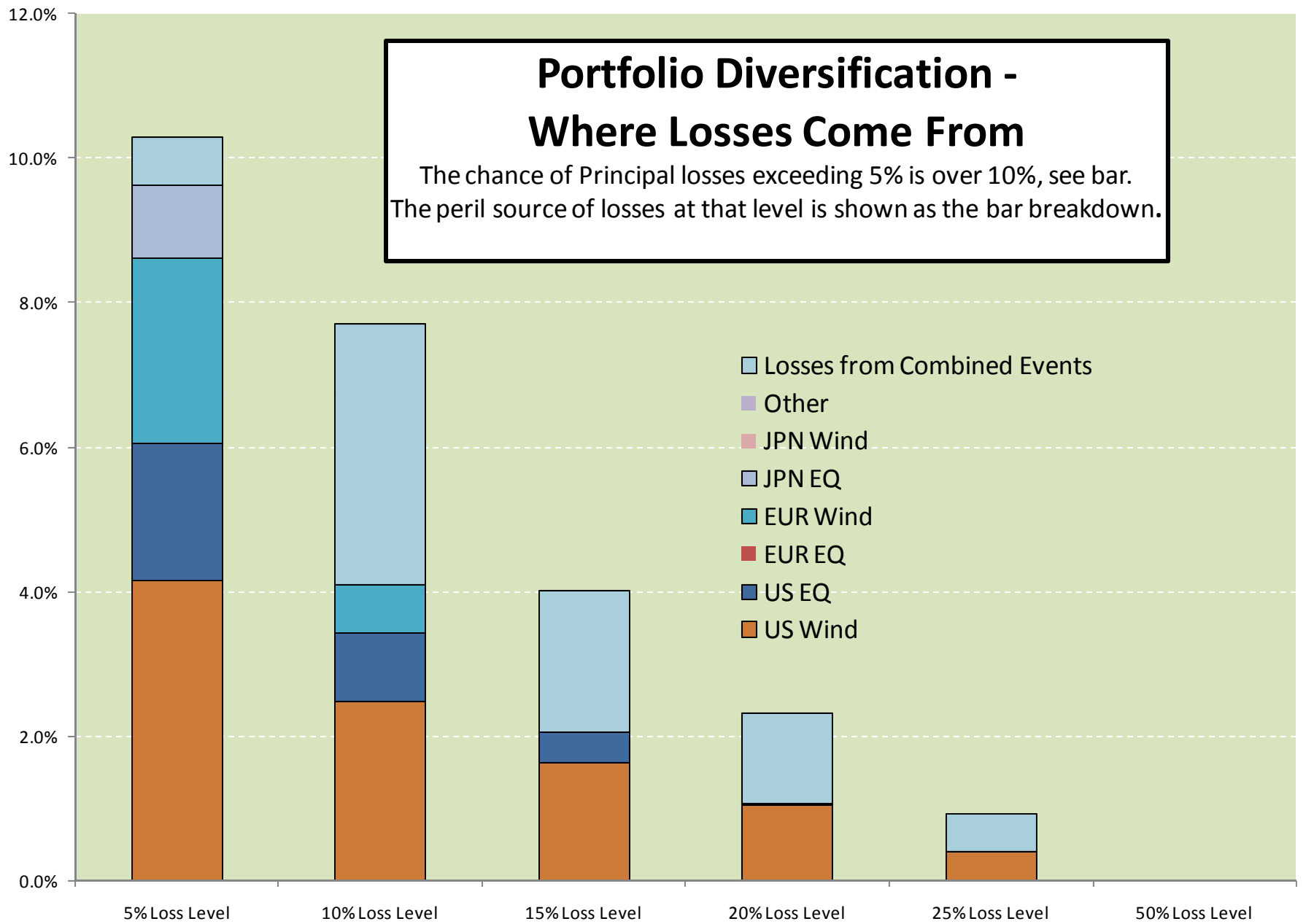
"Insurance" Returns	VAR Level	90.00%	95.00%	99.00%	99.60%
	VaR	0.88%	-3.12%	-16.67%	-20.14%
	TVaR	-11.64%	-16.60%	-27.23%	-32.09%

Peril Share of Expected Loss
Portfolio Exp Loss 1.59%

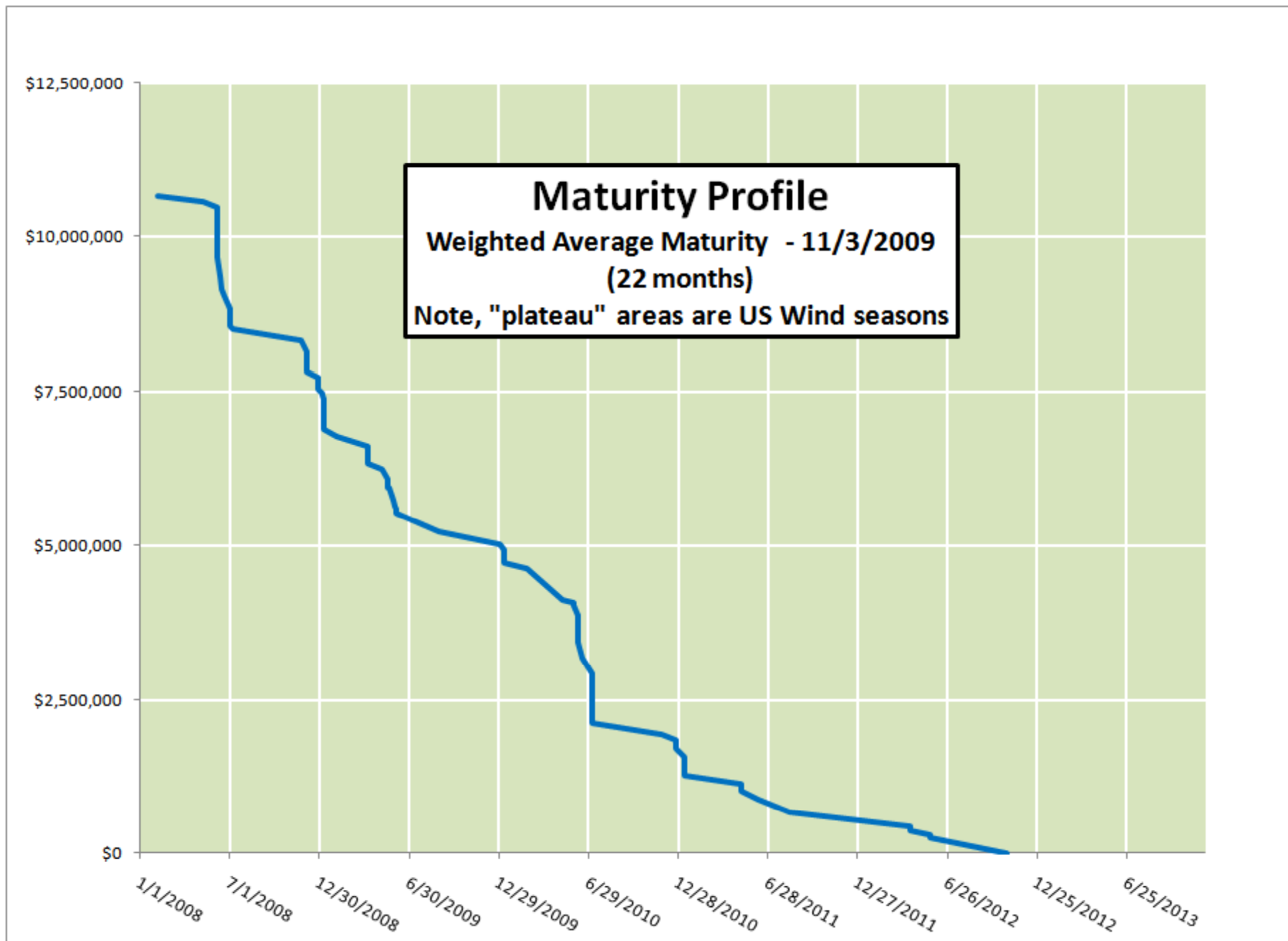


Portfolio Diversification - Where Losses Come From

The chance of Principal losses exceeding 5% is over 10%, see bar.
The peril source of losses at that level is shown as the bar breakdown.



Reinvestment Risk



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ReA/L RisKontroller™

- ❑ Combining ReA/L RisKontroller and the AIR Worldwide Catastrophe Scenario Set to Optimize ILS Portfolios

ReAL¹ RisKontroller Optimizer – joint venture of Lane Financial LLC and RisKontroll Group GmbH

- ❑ Maximize expected return of 10,000 year scenario set

Choose among all outstanding ILS

Allow writing or ceding of OLWs

Scenario set available for ILS and OLWs or Traditional Treaties

Construct a portfolio such that it satisfies a multi-layered set of CVaR (a.k.a. TVaR) or VaR constraints

¹ ReAL is Re-insurance Asset Liability Optimizer

- ❑ Comment – AIR Worldwide or any re-modeler may have less information on those ILS that it did not originally model (Ditto RMS or Eqecat).

- ❑ Re-modelers therefore tend to be more conservative in their loss estimates on remodeled deals (i.e. higher than PPM provided expected losses) but not always so.

- ❑ ReA/L RisKontroller can be used with scenario sets from RMS or Eqecat, or with a custom designed or combination of scenario sets.

Sample Problem

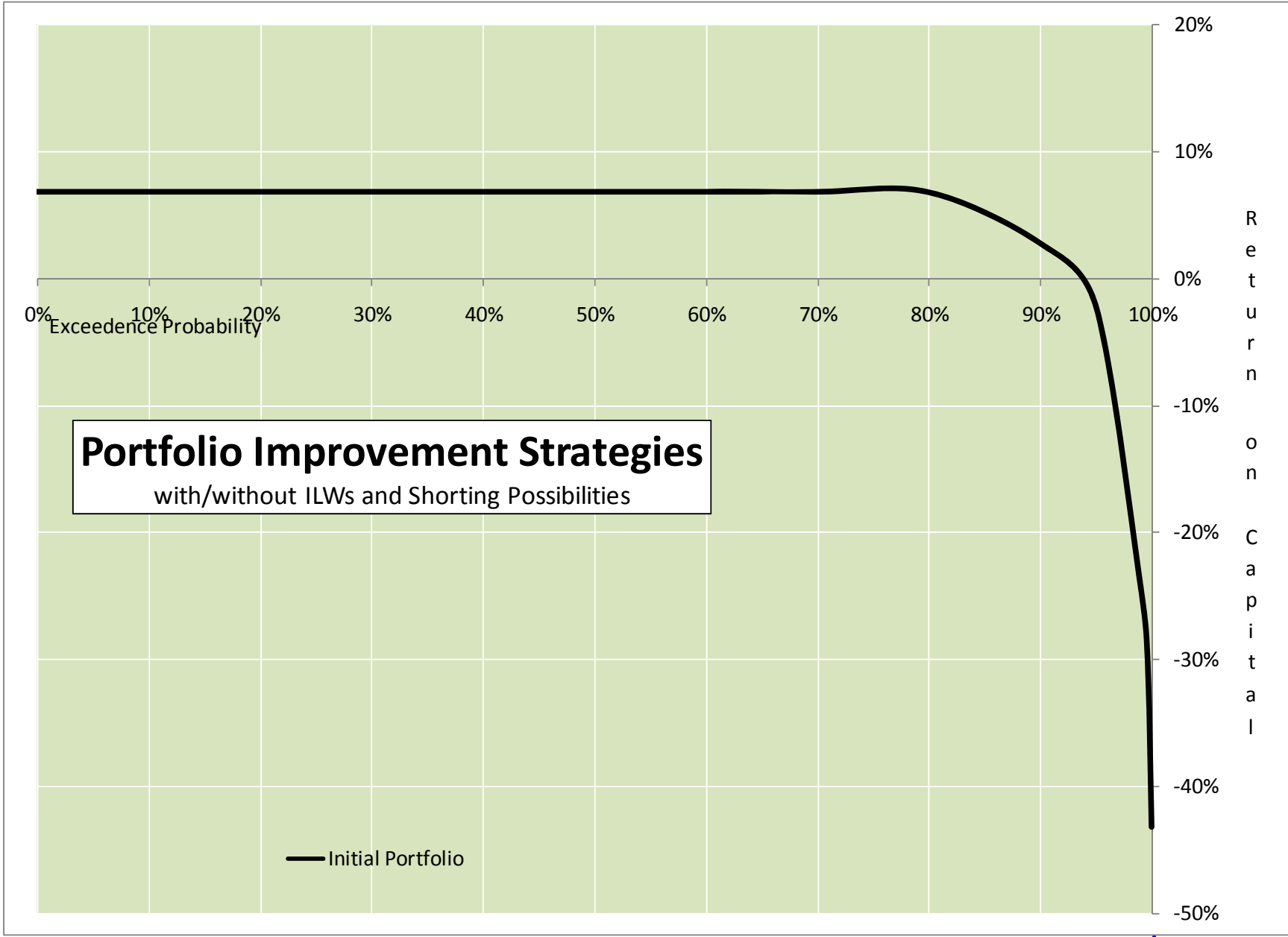
Maximize Expected Return on Capital (over the 10,000 year scenario set)

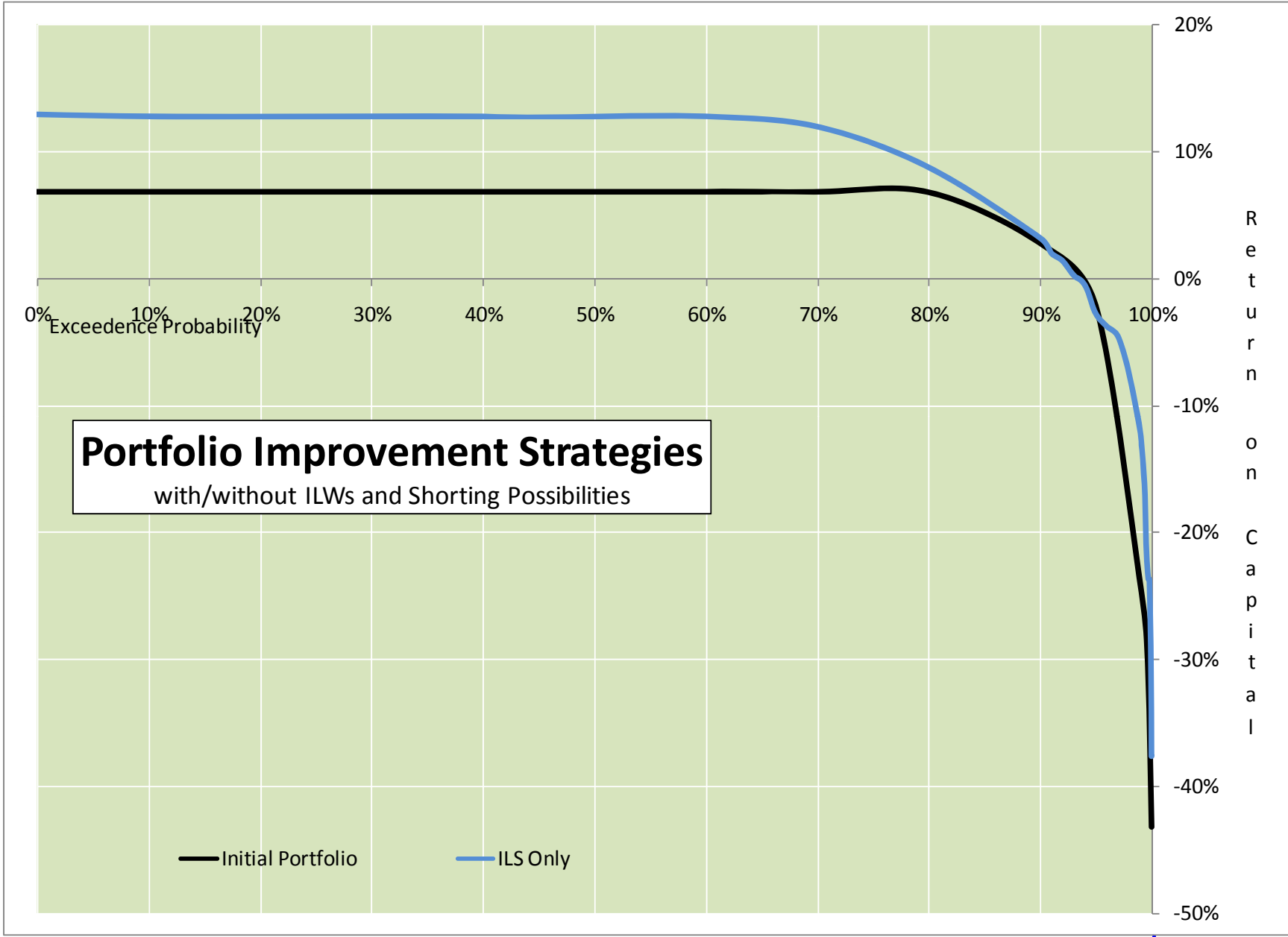
Subject to,

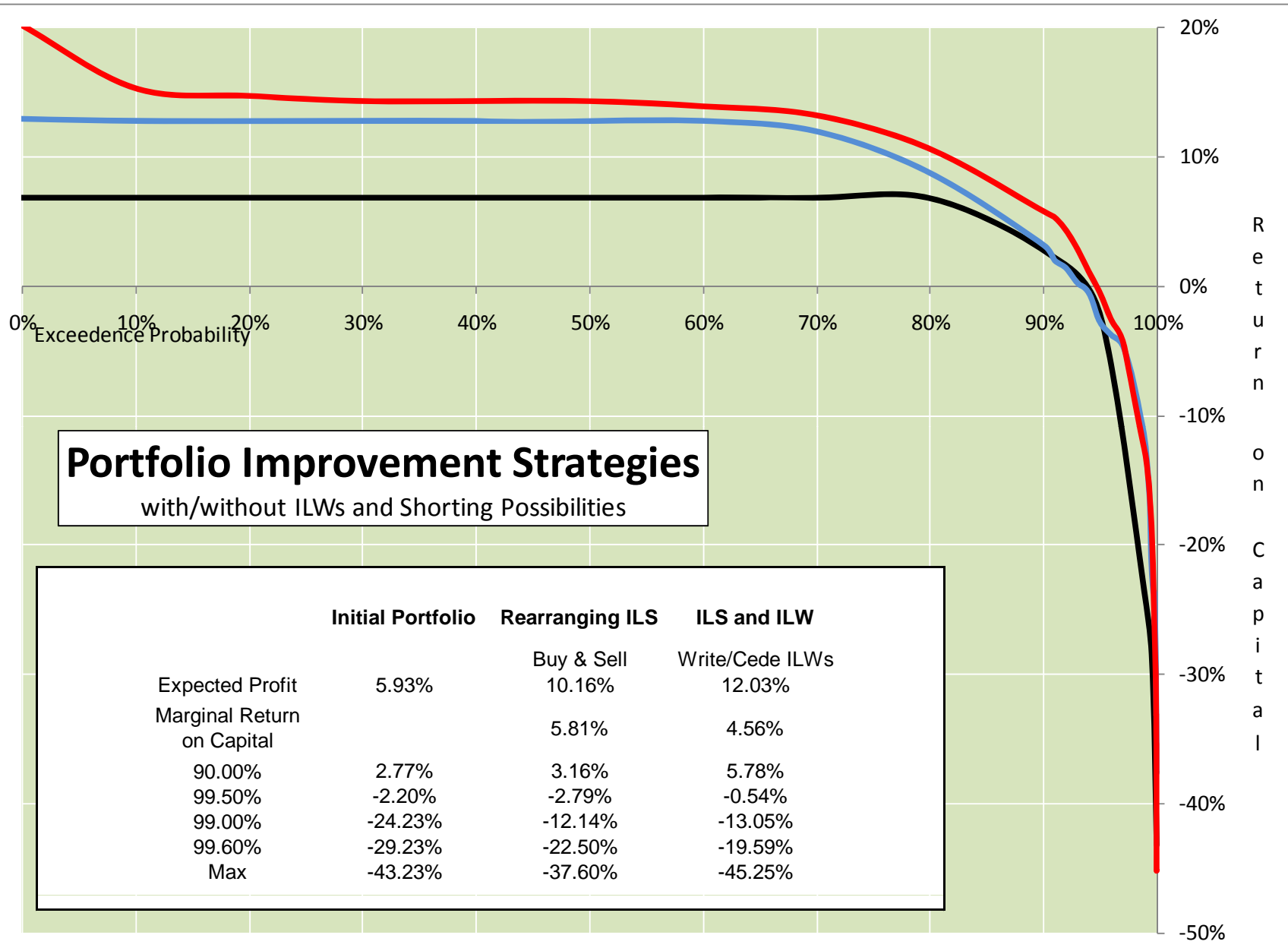
- a) for the worst 4% of scenarios (400), the expected loss should not exceed
10%
(i.e. 96% TVAR \leq 10% Loss)
- b) for the worst 1% of scenarios (100), the expected loss should not exceed
20%
(i.e. 99% TVaR \leq 20% loss)
- c) for the worst 0.1% of scenarios (10), the expected loss should not exceed
40%
(i.e. 99.9% TVaR \leq 40% loss)
- d) Limits on purchasing and selling activity of ILS, writing or retroceding of
ILWs
- e) Financing restrictions if any.

The Opportunity Set

DEAL	Size	Spread	Mkt Premiur	% of Premium	remiur%	of Premium
1 Aiolos	\$146.17	0.0475	\$6.94	\$0.69		
2 AJAX	\$100.00	0.0625	\$6.25	\$0.63		
3 Akibare A	\$90.00	0.0295	\$2.66	\$0.27		
4 Akibare B	\$30.00	0.0315	\$0.95	\$0.09	94	\$0.69
5 Australis	\$100.00	0.04	\$4.00	\$0.40	25	\$0.63
6 Blue Fin Ltd A	\$205.97	0.0455	\$9.37	\$0.94	66	\$0.27
7 Blue Fin Ltd B	\$86.38	0.04	\$3.46	\$0.35	95	\$0.09
8 Calabash A-1	\$100.00	0.085	\$8.50	\$0.85	00	\$0.40
9 Calabash Re II A-1	\$100.00	0.084	\$8.40	\$0.84	37	\$0.94
10 Calabash Re II D-1	\$50.00	0.096	\$4.80	\$0.48	46	\$0.35
11 Calabash Re II E-1	\$100.00	0.109	\$10.90	\$1.09	50	\$0.85
12 Carillon 1 A-1	\$51.00	0.1	\$5.10	\$0.51	40	\$0.84
13 Carillon 2	\$150.00	0.1525	\$22.88	\$2.29	80	\$0.48
14 Cascadia	\$300.00	0.03125	\$9.38	\$0.94	90	\$1.09
15 Cascadia II	\$300.00	0.04	\$12.00	\$1.20	10	\$0.51
16 CAT-Mex A	\$150.00	0.0235	\$3.53	\$0.35	2.88	\$2.29
17 CAT-Mex B	\$10.00	0.023	\$0.23	\$0.02	38	\$0.94
18 Champlain A	\$75.00	0.1275	\$9.56	\$0.96	2.00	\$1.20
19 Champlain B	\$15.00	0.135	\$2.03	\$0.20	53	\$0.35
20 East Lane Re A	\$135.00	0.06	\$8.10	\$0.81	23	\$0.02
21 East Lane Re B	\$115.00	0.07	\$8.05	\$0.81	56	\$0.96
22 Euruc	\$160.00	0.0626	\$9.38	\$0.94	03	\$0.20
23 Fhu-Jin B	\$200.00	0.039	\$7.80	\$0.78	10	\$0.81
24 Foundation Re A	\$180.00	0.041	\$7.38	\$0.74	05	\$0.81
25 Foundation Re D	\$105.00	0.0725	\$7.61	\$0.76	38	\$0.94
26 Foundation Re II A	\$180.00	0.0675	\$12.15	\$1.22	80	\$0.78
27 Foundation Re II G	\$67.50	0.098	\$6.62	\$0.66	38	\$0.74
28 Fusion A	\$30.00	0.08	\$2.40	\$0.24	61	\$0.76
29 Fusion B	\$80.00	0.06	\$4.80	\$0.48	2.15	\$1.22
30 Fusion C	\$30.00	0.03	\$0.90	\$0.09	62	\$0.66
31 GI Capital	\$125.00	0.0315	\$3.94	\$0.39	40	\$0.24
32 Green Valley Ltd	\$265.77	0.036	\$9.57	\$0.96	80	\$0.48
33 Lakeside	\$190.00	0.065	\$12.35	\$1.24	90	\$0.09
34 Longpoint Re	\$500.00	0.0525	\$26.25	\$2.63	94	\$0.39
35 MedQuake A	\$50.00	0.0355	\$1.78	\$0.18	57	\$0.96
36 MedQuake B	\$50.00	0.051	\$2.55	\$0.26	2.35	\$1.24
37 Merna Re A	\$256.00	0.0065	\$1.66	\$0.17	5.25	\$2.63
38 Merna Re B	\$647.60	0.0175	\$11.33	\$1.13	78	\$0.18
39 Merna Re C	\$155.00	0.0275	\$4.26	\$0.43	55	\$0.26
40 MIDORI	\$260.00	0.0275	\$7.15	\$0.72	66	\$0.17
41 Mystic Re A-1	\$200.00	0.07	\$14.00	\$1.40	1.33	\$1.13
42 Mystic Re A-2	\$200.00	0.063	\$12.60	\$1.26	26	\$0.43
43 Mystic Re B-1	\$125.00	0.09	\$11.25	\$1.13	15	\$0.72
44 Mystic Re II	\$150.00	0.1	\$15.00	\$1.50	1.00	\$1.40
45 Newton Re A	\$87.50	0.0465	\$4.07	\$0.41	2.60	\$1.26
46 Newton Re B	\$137.50	0.0695	\$9.56	\$0.96	1.25	\$1.13
47 Phoenix Quake	\$192.50	0.0245	\$4.72	\$0.47	5.00	\$1.50
48 Phoenix Quake Wind	\$192.50	0.0245	\$4.72	\$0.47	07	\$0.41
49 Phoenix Quake Wind II	\$65.00	0.035	\$2.38	\$0.24	66	\$0.96
50 Pylon A	\$93.02	0.015	\$1.40	\$0.14	72	\$0.47
51 Pylon B	\$159.46	0.039	\$6.22	\$0.62	72	\$0.47
52 Redwood Capital VII	\$160.00	0.0525	\$8.40	\$0.84	98	\$0.30
53 Redwood Capital VIII	\$65.00	0.0525	\$3.41	\$0.34	40	\$0.14
54 Redwood IX Class A	\$125.00	0.0625	\$7.81	\$0.78	22	\$0.62
55 Redwood IX Class B	\$125.00	0.0675	\$8.44	\$0.84	40	\$0.84
56 Redwood IX Class C	\$18.00	0.024	\$0.43	\$0.04	41	\$0.34
57 Redwood IX Class D	\$20.00	0.0775	\$1.55	\$0.16	81	\$0.78
58 Redwood IX Class E	\$12.00	0.145	\$1.74	\$0.17	44	\$0.84
59 Redwood X Class A	\$25.00	0.019	\$0.48	\$0.05	43	\$0.04
60 Redwood X Class B	\$227.70	0.036	\$8.20	\$0.82	55	\$0.16
61 Redwood X Class C	\$50.20	0.0475	\$2.38	\$0.24	74	\$0.17
62 Redwood X Class D	\$130.50	0.0465	\$6.07	\$0.61	48	\$0.05
63 Redwood X Class E	\$45.20	0.0925	\$4.18	\$0.42	30.20	\$0.82
64 Redwood X Class F	\$20.00	0.1325	\$2.65	\$0.475	\$2.38	\$0.24
65 Residential Re 2005 A	\$91.00	0.0545	\$5.07	\$0.465	\$6.07	\$0.61
66 Residential Re 2005 B	\$85.00	0.0845	\$7.03	\$0.675	\$4.18	\$0.42
67 Residential Re 2006 A	\$47.50	0.1200	\$5.70	\$0.545	\$2.65	\$0.42
68 Residential Re 2006 C	\$75.00	\$91.00	\$1.78	0.0545		
69 Residential Re 2007 Class 1	\$145.00	\$85.00	0.0845			
70 Residential Re 2007 Class 2	\$125.00	\$47.50	0.1			
71 Residential Re 2007 Class 3	\$75.00	\$75.00				
72 Residential Re 2007 Class 4	\$155.00	\$145.00				
73 Residential Re 2007 Class 5	\$100.00	\$125.00				
74 Shackleton Re Class A	\$125.00	\$75.00				
Spinnaker Sr 1	\$155.00	\$155.00				
Spinnaker Sr 2	\$100.00	\$100.00				
Spinnaker Sr 1	\$125.00	\$125.00				
Spinnaker Sr 2	\$125.00	\$125.00				







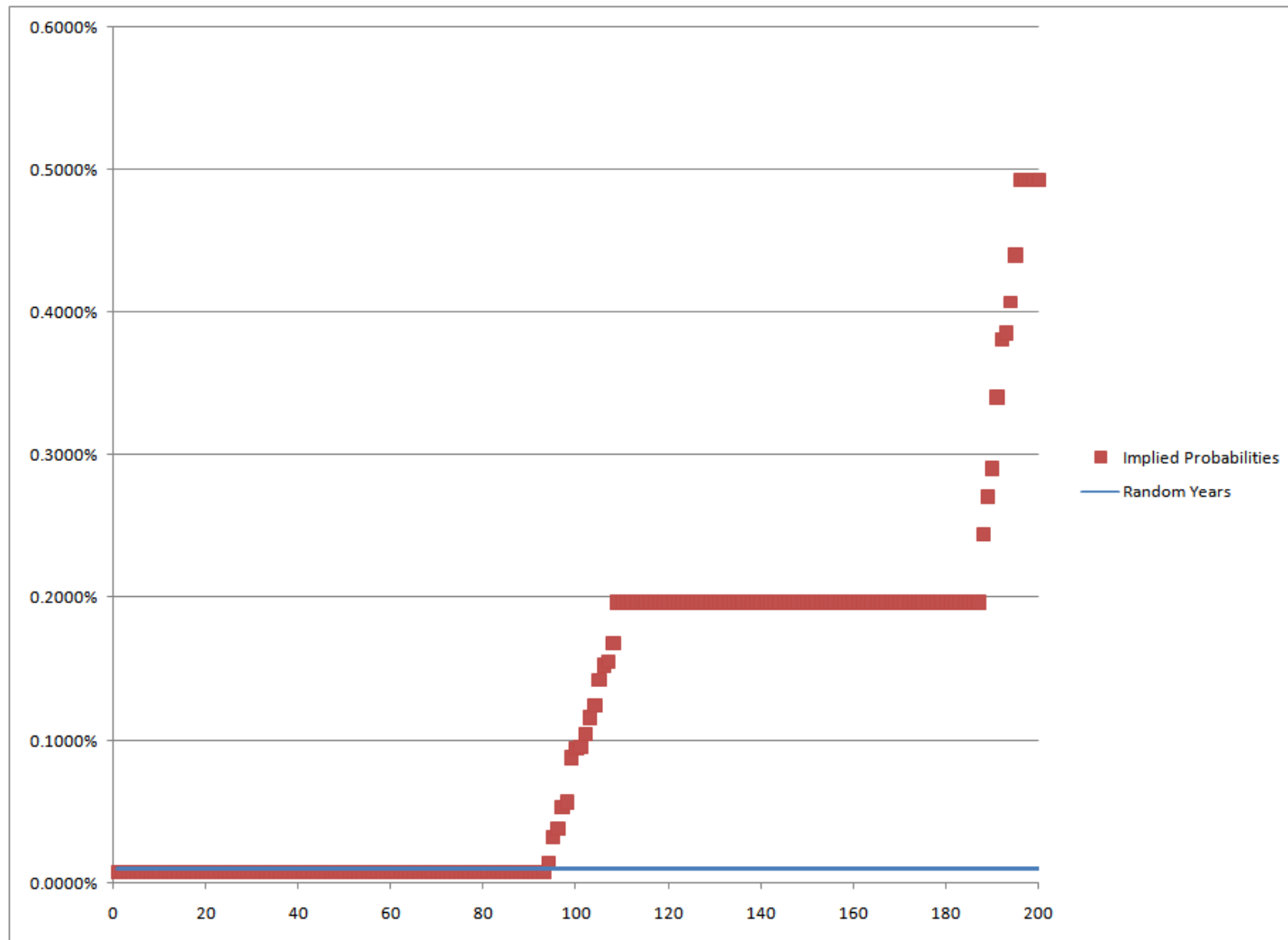
The Optimal Solution Reports,

- The ILS in the optimal portfolio
- The set of buy sell transactions to effect the optimum
- The rank ordering of the deals to buy (B-T-W) and deals to sell
- Marginal prices at which non-optimal deals can be bought or sold
- Sets of Risk-adjusted prices
- Reports showing risk profile, marginal return on capital
- Implied Probabilities
- Problematic scenario ranking
- Expected Balance sheets, Income Statements
- Expected Underwriting and leverage reports

CEDED TRANSACTIONS

Deal Name	IS	IS	IS	IS	IS	IS	IS	IS	IS	IS	IS	IS	IS	IS
Blue Fox Ltd B	6.5	7	134.82%	0.346	2.455	-103.99%	-134.82%	2.0837						
Foundation Re A	6.5	24	111.64%	0.728	7.308	61.39%	-114.68%	1.8726						
Residential Re 2000 B	6.5	66	109.97%	0.718	7.181	41.45%	-109.97%	1.8104						
Blue Fox Ltd A	6.5	6	103.96%	0.937	9.372	78.87%	-103.96%	1.8955						
Residential Re 2006 A	6.5	65	83.37%	0.436	4.360	60.72%	-83.37%	1.7287						
Foundation Re D	6.5	35	88.24%	0.951	7.613	86.28%	-88.24%	1.6862						
LW US T&P Quake 400	6.5	187	83.23%	0.763	8.725	66.26%	-83.23%	1.6613						
LW US T&P Quake 300	6.5	183	79.49%	0.653	6.528	61.14%	-79.49%	1.6212						
LW US T&P Wind 200	6.5	187	67.79%	0.866	8.666	59.29%	-67.79%	1.4489						
LW US T&P Wind 300	6.5	203	65.25%	0.653	6.528	71.42%	-65.25%	1.4718						
LW US T&P Wind 400	6.5	196	-68.48%	0.165	1.650	28.97%	-68.48%	1.3943						
LW Virginia/MAine Wind 400	6.5	211	-43.78%	0.637	6.379	86.49%	-43.78%	1.5422						
LW Virginia/MAine Wind 200	6.5	209	-43.61%	0.623	6.225	86.57%	-43.61%	1.5408						
LW US T&P All Natural 500	6.5	179	-43.39%	1.115	1.150	61.10%	-43.39%	1.3281						
LW US T&P Quake 200	6.5	186	-42.44%	0.678	6.778	57.81%	-42.44%	1.3317						
LW Virginia/MAine Wind 300	6.5	212	-42.37%	0.628	6.278	86.90%	-42.37%	1.5388						
LW US T&P All Natural 300	6.5	180	-41.67%	0.780	1.560	89.29%	-41.67%	1.3248						
Redwood & Coats D	6.5	62	-40.60%	0.667	6.668	74.47%	-40.60%	1.3179						
LW California Quake 300	6.5	188	-39.30%	0.648	6.478	78.11%	-39.30%	1.3271						
LW US T&P Quake 400	6.5	189	-37.79%	0.661	6.610	78.89%	-37.79%	1.2954						
LW US T&P All Natural 100	6.5	181	-36.96%	0.885	8.854	72.71%	-36.96%	1.2889						
LW US T&P All Natural 400	6.5	178	-35.87%	0.551	1.553	64.12%	-35.87%	1.28						
LW US T&P Quake 600	6.5	192	-34.89%	0.655	6.555	79.71%	-34.89%	1.2727						
LW US T&P All Natural 200	6.5	184	-34.82%	0.990	1.980	57.88%	-34.82%	1.2718						
LW US T&P All Natural 600	6.5	191	-34.82%	0.648	6.478	64.64%	-34.82%	1.2889						
LW US T&P All Natural 800	6.5	181	-34.82%	0.995	9.955	8.95%	-34.82%	1.2827						
LW US T&P All Natural 1200	6.5	181	-34.82%	1.465	14.655	79.05%	-34.82%	1.28						
LW Euro & Japan All Nat	6.5	121	-29.14%	0.243	2.425	-19.89%	-29.14%	1.2432						
LW US T&P Quake 500	6.5	185	-25.24%	0.640	6.400	77.71%	-25.24%	1.1977						
LW Euro & Japan All Nat 200	6.5	120	-22.97%	0.080	0.800	26.63%	-22.97%	1.1795						
LW California Quake 200	6.5	187	-21.61%	0.660	6.600	88.33%	-21.61%	1.1681						
LW US T&P Quake 600	6.5	195	-20.44%	0.360	3.600	27.20%	-20.44%	1.1937						
LW US T&P All Natural 350	6.5	176	-20.38%	0.230	2.300	35.22%	-20.38%	1.1993						
LW Virginia/MAine Wind 300	6.5	206	-18.79%	0.665	6.650	79.85%	-18.79%	1.1488						
LW Euro & Japan All Nat 12.5	6.5	118	-17.37%	0.120	1.200	8.92%	-17.37%	1.1357						
LANE	6.5	1	-16.97%	0.000	0.000	65.07%	-16.97%	1.1113						
LW US T&P Quake 700	6.5	198	-16.97%	0.678	6.778	79.19%	-16.97%	1.1347						
LW US T&P All Natural 450	6.5	182	-16.97%	0.655	6.555	78.59%	-16.97%	1.1196						
LW California Quake 400	6.5	189	-16.97%	0.655	6.555	78.59%	-16.97%	1.1136						
LW California Quake 500	6.5	189	-16.97%	0.340	3.400	23.52%	-16.97%	1.1037						
Newton Re B	6.5	46	-14.92%	0.916	9.166	79.71%	-14.92%	1.1096						
LW US T&P All Natural 10	6.5	173	-14.64%	0.340	3.400	23.52%	-14.64%	1.1037						
LW Euro & Japan All Nat 100	6.5	117	-12.91%	0.153	1.525	5.25%	-12.91%	1.1009						
LW US T&P All Natural 200	6.5	175	-12.86%	0.270	2.700	68.36%	-12.86%	1.1006						
LW California Quake 600	6.5	192	-12.85%	0.633	6.325	86.77%	-12.85%	1.0957						
LW Europe All Natural 100	6.5	125	-12.17%	0.080	0.800	6.33%	-12.17%	1.0846						
LW California Quake 200	6.5	186	-11.73%	0.670	6.700	61.67%	-11.73%	1.1009						
LW US T&P Wind 700	6.5	200	-11.17%	0.678	6.778	78.19%	-11.17%	1.0911						
LW US T&P Wind 800	6.5	200	-11.17%	0.678	6.778	78.19%	-11.17%	1.0911						
LW US T&P Wind 900	6.5	200	-11.17%	0.678	6.778	78.19%	-11.17%	1.0911						
LW US T&P Wind 1000	6.5	200	-11.17%	0.678	6.778	78.19%	-11.17%	1.0911						
LANE	6.5	37	-11.17%	0.678	6.778	78.19%	-11.17%	1.0911						
LW California Quake 300	6.5	190	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW California Quake 400	6.5	190	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW US T&P Wind 600	6.5	201	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
CAT Mex B	6.5	17	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW US T&P Quake 10	6.5	191	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW Japan Quake 200	6.5	192	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW Japan Quake 300	6.5	193	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
Conan Valley Ltd	6.5	32	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW Virginia/MAine Wind 12.5	6.5	206	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LANE	6.5	44	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
Conan Valley Ltd	6.5	184	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LW Virginia/MAine Wind 12.5	6.5	206	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						
LANE	6.5	184	-10.81%	0.678	6.778	78.19%	-10.81%	1.0828						

Implied Probabilities – Worst 2% of scenarios



Other Applications of ReA/L RiskController

Portfolio Selection

- ❑ Traditional Reinsurers' Portfolio (including ILS, ILWs)
- ❑ Simultaneously Ceding and Pricing Retrocessional cover

Replication strategies

- ❑ Best ILWs to represent particular ILS
- ❑ Minimizing basis risk

Capital Structure

- ❑ Optimal capital structure for Insurance CDO's
- ❑ Capital allocation Rules

Insurance

- ❑ Insurance company allocation of sales efforts

OUTLINE

- ❑ Current State of the ILS Market
 - Growth, Price Trends, and Non-Price Trends
- ❑ Returns in the ILS Market
 - Measurement, Historic and Prospective
 - Risk and Exposures in the Index Portfolio
- ❑ Beyond Convergence, towards Integration
 - Remodeling and Scenarios/Event Sets
- ❑ Optimizing with the Scenario Sets
 - ILS Portfolio Management subject to a Risk Profile
 - Adding OLWs or Traditional Treaties to the Portfolio
- ❑ Concluding Remarks

END

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