

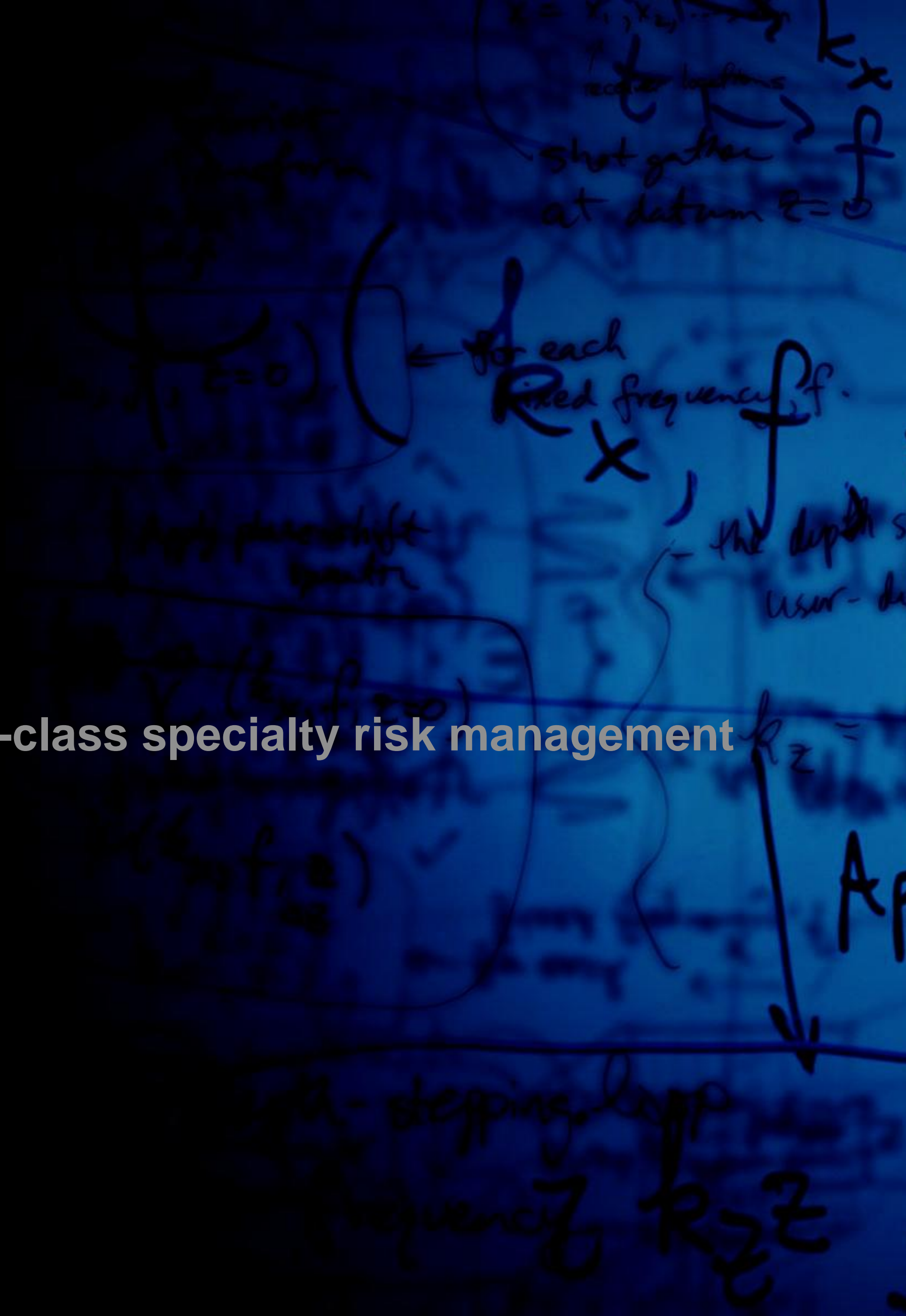


Russell

ALPS Enterprise - Framework for multi-class specialty risk management

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Russell Group Limited

2011



Introducing Russell

Positioning

- Leading provider of integrated risk management solutions for the specialty market

History

- Extensive claims and reserving pedigree following major projects with LMCS, Equitas, Lloyds Syndicates and International Insurance companies
- ALPS development began in 1999, launched in 2000 for Aviation and in 2011 is multi-class

Mission

- Provide a truly integrated approach to aggregate management, pricing and portfolio modelling by supporting insurance, reinsurance and retrocession needs across the specialty classes

Market

- ALPS supports aerospace, casualty, marine, energy, and non-marine lines



Why Russell

- Proven track record in the specialty markets
- Collaborative approach to problem solving
- Innovative solution design for specialty risk management
- Commitment to deliver service excellence



Our Clients



Allianz 

AON

CATHEDRAL
CAPITAL LIMITED
CATHEDRAL FUND

hannover re[®]

 Liberty
Syndicates

Munich RE 

PARIS RE 

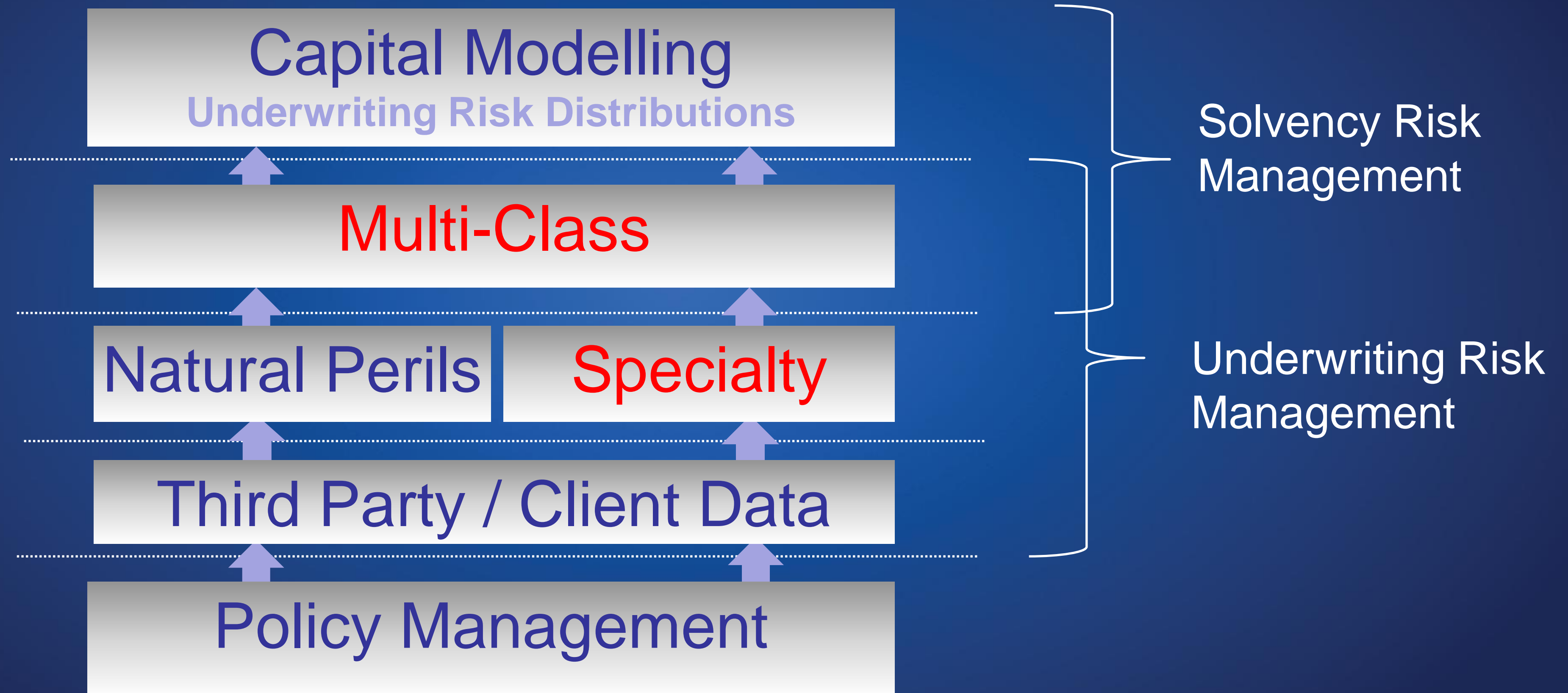
 QBE

 SIRIUS
INTERNATIONAL
CORPORATION

 TALBOT
VALIDUS GROUP

Willis

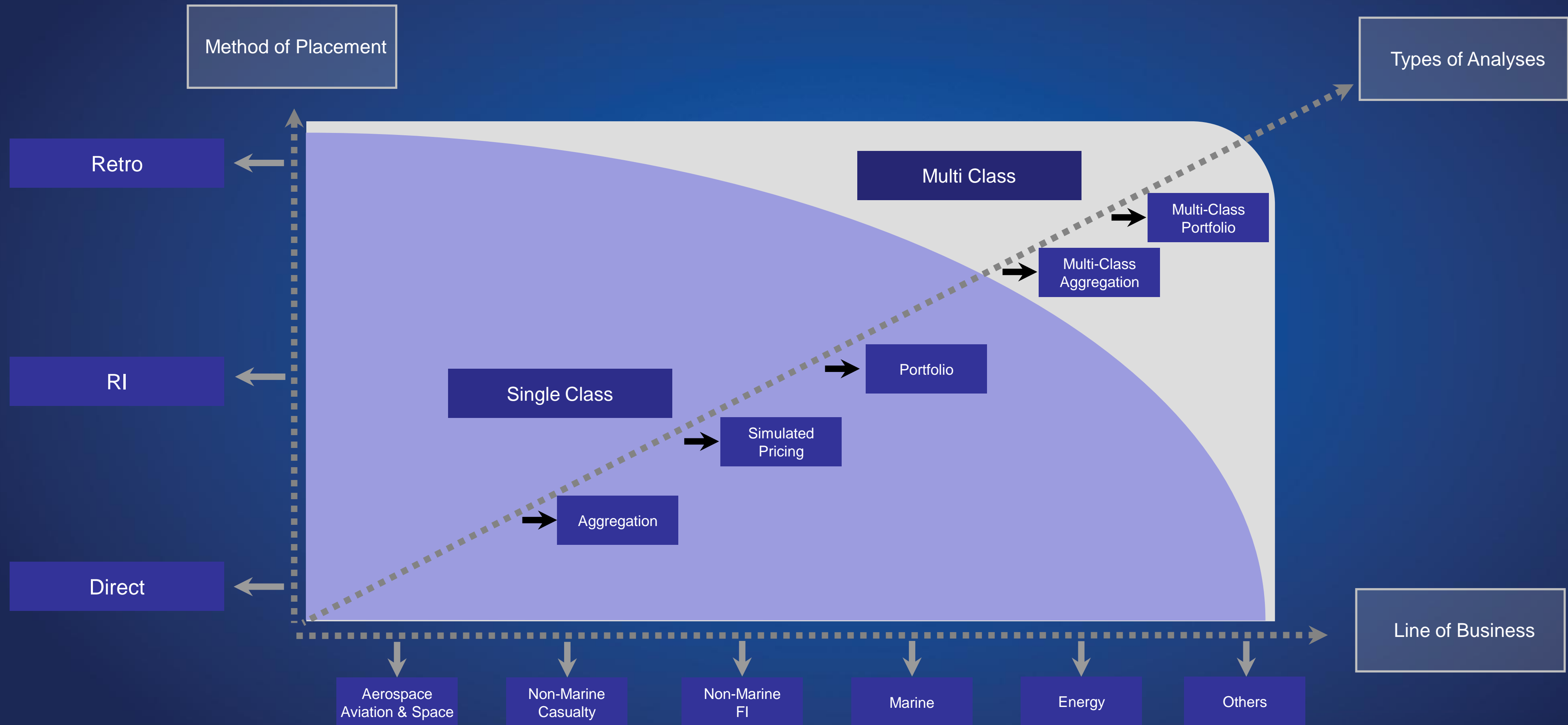
Specialty Classes Within The Risk Landscape



Specialty Class Characteristics

- Diverse classes of business e.g. Aerospace, Casualty & FI, Energy, Marine, Non-Marine.
- Varying levels of data quality, volume and transparency across classes.
- Varying approaches to pricing.
- Complex methods of acceptance for insurance, reinsurance and retrocession.
- Varying levels of sophistication for analytics across classes.

Proposed Solution For The Specialty Classes



ALPS Enterprise Outline

- Framework
 - Global Assumptions
 - Risk Models
- Data
 - Portfolio Capture
 - Underlying Exposure
 - User/Third Party Event Set
- Analysis
 - Aggregate Analysis
 - ALPS Simulated Event Sets
 - Pricing
 - Portfolio Analysis
 - Enterprise Analysis



ALPS Enterprise – Single Class

Global Assumptions

1st Line of Business

Portfolio Capture

Exposure

Aggregate Analysis

Event Set

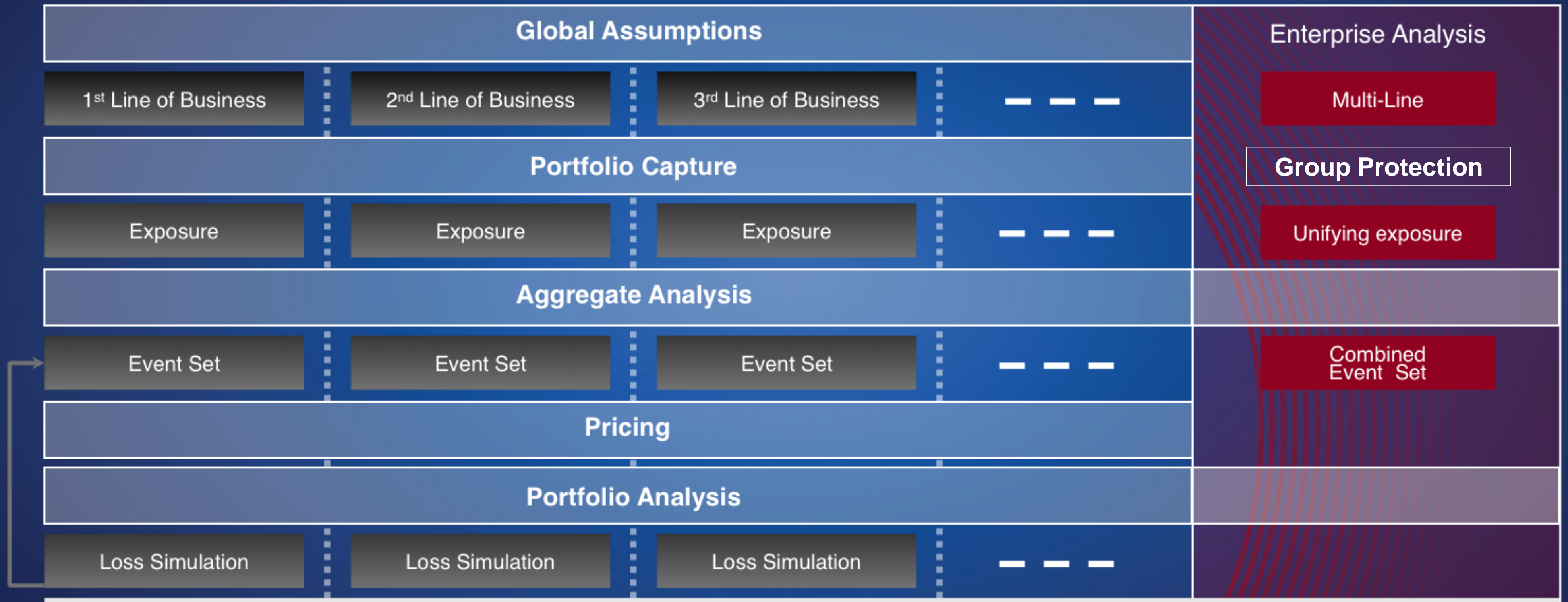
Pricing

Portfolio Analysis

Loss Simulation



ALPS Enterprise – Multi Class



Underlying Exposure

- For each LOB ALPS Enterprise captures exposure information relevant to that portfolio:
 - Direct and Facultative captures underlying risk data (e.g. airline fleet details).
 - Treaty reinsurance captures underlying client questionnaire (e.g. insurer participations on airlines).
 - Retrocession captures underlying client banded questionnaire. (e.g. reinsurer exposure per risk at increasing market loss levels).

Generic Aggregate Analysis

- For each LOB two mains aggregate reports, produced gross and net.
 - Impact Analysis
 - Risk and clash loss analysis
 - Actual Loss or Realistic Disaster Scenario
 - Banded Exposure
 - Per risk profiled exposure at varying market loss levels

Bespoke Event Sets

- User has option of using own event set and/or utilising one of the ALPS line of business specific simulation engines.
- ALPS event simulation engines combine third party data with user pricing parameters to create sample data.
- Simulation parameters fully user configurable and transparent.

Generic Pricing

- Market event set(s) for each line of business.
- Consistent pricing across entire portfolio.
- Standard pricing report and approach across lines.
- ALPS LOB specific simulation models to produce event set OR user defined.



Generic Portfolio Analysis

- Uses pricing event set(s) (or amended version depending on purpose of analysis).
- Provides statistics for entire portfolio selected (aggregate and per risk loss distributions, mean, SD, percentiles etc)
- Gross and net analysis.
- Outwards reinsurance efficiency analysis.

Enterprise Analysis

- Ability to combine all lines of business and look at analysis at company level.
 - Migration of ALPS LOB's and Non ALPS LOB's.
 - Can be top-down or bottom-up implementation.
 - Unified/correlated data at group level.
- Enterprise Aggregate Analysis.
 - Impact analysis and band analysis across multiple LOB's.
- Enterprise Portfolio Analysis.
 - Combine Event Sets with statistical or empirical correlations – at Event or Scenario level.
 - Portfolio statistics for multiple LOB's and analysis of group outwards reinsurance.
 - Reverse engineered Impact Analysis from results distribution.
- Re-aligns internal resources to focus on creating value in EVENT SETS.



ALPS Enterprise Benefits

- Better understanding of assumed and ceded risk.
- Better understanding of underlying risk prior to capital commitment.
- Ensures efficient use of capital leading to improved underwriting results.
- Timely and consistent information on exposure.
- Valid logic integrated within the underwriting process reduces operational risk.
- Improved quality and efficiency of risk management across specialty classes.



Thank you