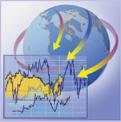




Ultimate Risk Solutions

Powerful,
Flexible,
User Friendly

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SPENCER JOINS ULTIMATE RISK SOLUTIONS AS NON-EXECUTIVE DIRECTOR

London, UK – **John Spencer**, a leader in the international insurance and reinsurance business, has joined Ultimate Risk Solutions as Non-Executive Director; **Alex Bushel**, Chief Executive Officer, announced. Spencer will serve as a senior advisor on the London market for insurance and reinsurance software and risk modeling technologies.

“John Spencer brings a wealth of experience to URS from his 28 years as a senior executive in the insurance and reinsurance business,” Bushel said. Spencer currently is a Senior Advisor to SFRi, LLC, a boutique merchant bank, and a Non-Executive Director of Argo Managing Agency at Lloyd’s. From 1997 to 2008, he was a member of the senior management team at BMS Group, the international insurance and reinsurance broker, serving as Group Chief Executive from 2002 to 2008.

From 1995 to 1997, he was employed by Lloyd’s as Head of Development & Operations for the Americas, in which capacity he worked closely with insurance and securities regulators and Lloyd’s investors, advisors, and customers to ensure continuation of Lloyd’s trading privileges in North America. Earlier, he practiced as a Lloyd’s broker specializing in US Accident & Health, Workers Compensation, and Specialty Casualty business. Spencer received his MA in Modern Languages and Law from Cambridge University and his MBA from Open University Business School.

NEW USERS OF RISK EXPLORER™

A growing list of insurers and reinsurers worldwide are selecting Risk Explorer™ as the DFA of choice for their modeling requirements:

General Reinsurance Corporation, one of the largest reinsurers worldwide with a global network of more than 45 locations and more than 1,900 employees; **Groupama**, the top mutual insurance company in France with 38,500 employees and revenue of €16.2 billion; **Houston Casualty Company**, a specialist in Accident & Health, Aviation, Directors & Officers, and Errors & Omissions insurance; **OdysseyRe**, a global underwriter of property and casualty treaty and facultative reinsurance plus specialty insurance; and **Eurasia Insurance Company**, the largest insurer in Central Asia.

“We welcome these premier insurers and reinsurers to the growing roster of companies using Risk Explorer™ and pledge to provide them, along with all our clients, the best training, support, and constant development to keep our models at the leading edge of technology,” said **Alex Bushel**, CEO of Ultimate Risk Solutions.

LOOK FOR US IN MONTE CARLO

Ultimate Risk Solutions will field a team of senior executives at the Rendez-Vous De Septembre in Monte Carlo, September 11-16. CEO Alex Bushel and Managing Directors that cover the US, EU, UK, Russia, and the Middle East will be available to meet with clients and companies interested in learning more about state-of-the-art financial risk modeling.

“We’ll be available to demonstrate **Risk Explorer™** and its vital function in Solvency II compliance and Enterprise Risk Management,” Bushel said. The Ultimate Risk Solutions team will be headquartered at Hotel De Paris. Contact isabella@ultirisk.com to arrange a meeting or contact us in Monte Carlo.

Mechlin Moore / Editor
mmoore7412@aol.com



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**LLOYD’S SYNDICATES IN VANGUARD
ON SOLVENCY II** on page 4.

HOW RISK EXPLORER™ CAN HELP YOU COMPLY WITH SOLVENCY II

By Mario DiCaro
URS Managing Director-North America

Any insurer or reinsurer preparing to comply with Solvency II should take a careful look at Risk Explorer™. Solvency II emphasizes the non-quantitative aspects of capital modeling: model limitations, assumptions, data quality, validation of inputs/outputs, and documentation of all those things. Risk Explorer™ has a proven, quantitative track record in addressing each of these issues.

All aspects of insurance underwriting activities and investments can be captured by our suite of standard components. **The software is easy to learn and use for those new to modeling and provides unlimited customization options for companies that need to build in custom behavior of underwriting or investment activities.** In this article I will focus on issues that modelers often have little time to think about because capital modeling sometimes turns into a programming exercise.

Integration with Input Data Sources

Modeling teams store their assumptions and model inputs in Excel documents, access databases and other data storage facilities. Risk Explorer™ model components can be linked directly to external data sources such as access tables and data ranges in Excel. This enables modeling teams to create clean workflows from inputs and assumptions. Because copy/paste and direct data entry mistakes are avoided, the modeling process is much easier to audit.

Model Comprehension

When regulators or others open or audit a model there are a few questions they need to grapple with before they can trust the outputs. First, they need to understand the structure of the model. Risk Explorer™ provides a consistent model structure for every company using our system. The economic environment, catastrophic model, and corporate models always have the same relationship and are in the same place visually. This helps people feel immediately comfortable opening items to explore data, which brings us to our second item, assumptions.

Every object in Risk Explorer™ has a notes section. This means that everywhere numbers and switches can be set by users. The same users can leave notes to indicate the thought process behind selection of the various options. Risk Explorer can create reports where each object is listed along with its notes – producing a story of the model and the assumptions. Further, each underwriting object has the option to link to external documentation.

Documentation

Solvency II places great importance on documenting processes and assumptions. Using Risk Explorer™ allows the same team to spend

less time programming and more time documenting. Risk Explorer™ provides a consistent model-building experience; allows modelers to focus on parameterization; to fully document assumptions; to build models that can be understood (and run) by others who weren't involved in building the model; and frees the time of actuaries to focus on validating parameters.

Built-in Financial Reporting

Risk Explorer™ already has built in reporting of AM Best, S&P and NAIC statements on a stochastic basis so that users can calculate, for example, the probability of a BCAR score dropping below some threshold. Users soon will be able to do similar analyses based on the Standard Formula for Solvency II. This is in addition to the existing ability to create internal models and provide the various levels of granularity needed for Solvency II.

Solvency II Compliance

One of the Solvency II requirements is that the third party vendor has documented all assumptions and processes involved in generating outputs. Risk Explorer™ has been through this process. Our software has Solvency II compliant documentation. All assumptions, options, and processes are provided to clients.

Members of the URS team are available to meet with any company to demonstrate Risk Explorer™ and answer questions about using the model to comply with Solvency II. Contact us at info@ultirisk.com.

MODELING ACCEPTED AS CORE FUNCTION

More and more insurance and reinsurance companies today are accepting risk modeling as a core function essential to the planning process. When the downgrading of Greece's credit ratings caused a precipitous decline in the New York Stock Exchange, it became clear that world economies are more interdependent and interconnected than ever.

While no risk model can be expected to predict specific shocks, the process of Enterprise Risk Management using Dynamic Financial Analysis models gives senior management the tools to quantify the wide range of risks any company faces and to analyze business strategy options. An increasing number of insurance and reinsurance companies are integrating risk models into the corporate structure instead of outsourcing to consulting organizations.

Risk Explorer™ from Ultimate Risk Solutions™ provides companies a tool they can use to support the corporate decision making process without external involvement and consulting expense. The model becomes a part of the in-house risk evaluation. Comparative analysis of alternative strategies or capital allocations is fast and effective and can be determined at any level of data segmentation and granularity – line of business, subsidiary or business unit, geographical, and by underwriter or production source. With Risk Explorer™ you control the process in house.

WHY LICENSE YOUR DFA FROM AN INDEPENDENT SUPPLIER?

Editor's Note: With more insurers, reinsurers, and brokers selecting **Risk Explorer™** as their Dynamic Financial Analysis tool, we asked URS CEO **Alex Bushel** why. Here's what he had to say:

First and most important, Risk Explorer™ outperforms any other DFA modeling software on the market today. Put the URS model up against any of our competitors and you'll find that it's faster, easier to learn, more cost effective, and integrates most smoothly with users' internal systems.

Another major reason why companies select URS models is the fact that we are an independent financial risk software developer. We're not trying to sell you other products. At Ultimate Risk Solutions, we're not part of a big consultancy or brokerage firm with different agendas. We're an innovative company that's focused on only one thing and that is providing the absolute best software solutions for our clients. That's all we do.

The Right Technology. The Right Answers.

That's our promise to clients and prospects. We have a research and development staff devoted exclusively to upgrading our models constantly to keep them state-of-the-art with new features that incorporate emerging technology. We focus intensely on the wide spectrum of risks faced by insurers, reinsurers, and financial services companies to insure that our models can address all the uncertainties our clients face in their own businesses. We make sure URS models meet regulatory and rating agency standards in connection with Enterprise Risk Management Programs; and Risk Explorer™ clearly is the best risk analysis software for companies preparing to meet Solvency II requirements at the end of October 2012.

Our latest product, **URS Real World™** is a global economic model that employs revolutionary, new technology to help corporate executives measure the impact of macro-economic volatilities on financial results of their companies in multiple economies where they do business. These scenarios include the simulated values of GDP growth, inflation, unemployment, and wage growth rates, along with investment rate, interest rate yield curves, stock market indexes, and exchange rates. Each scenario can include any number of future years.

Single Minded Dedication

We believe our single minded dedication to designing, implementing, and maintaining the best models in the market is why more companies are turning to URS. We have no other priorities. The URS R & D staff is free to concentrate on creating analytical products that meet emerging needs in today's interdependent, international economy. We have Managing Directors who are well versed in the business climates, financial services industries, and distinctive cultures of world regions so please call on us for a demonstration of URS models.

URS TEAM EXPANDS TO SERVE GROWING MARKET

The marketing and technical support staff is expanding to meet the growing demand for **Risk Explorer™** and other URS products.

Vladimir Butkov, Managing Director Sales-Eastern Europe, joined URS after several years as an entrepreneur in the New York metropolitan area. A native of Russia, Butkov came to the United States in 1991. He has managed development and implementation of various software projects. Butkov holds a degree in Physics from the National University of Science & Technology in Russia and a Master's in Philosophy from Kyiv National University in Ukraine. At URS, he is responsible for sales in countries of the former Soviet Union, as well as India and China.

Samuel Brumberg, Managing Director Sales-Middle East, held senior management positions at companies in Jordan, Russia, and the United States before joining URS. He was a Founder and Director of Industrial Development Formation, LTD in Amman, Jordan, supplier of protective gear, armored vehicles, and security systems to Middle Eastern clients. Earlier, he was Partner and Director of The Schorr Organization where he negotiated acquisition of industrial/commercial businesses in the Middle East and Central Asia. In Moscow, he was CEO of Industrial Development Foundation where he oversaw an oil refining and petroleum product distribution company. He spent four years in the US as Director of International Sales for Usher Transport, Inc., Louisville, Kentucky.

Mario DiCaro, Managing Director Technical-North America came to URS from Towers Perrin-Tillinghast where he was product manager of dynamic financial analysis software. He is an expert in modeling catastrophe risk, pricing reinsurance contracts, and insurance-linked securities. Earlier, DiCaro was with Tokio Millennium Re. He holds a Bachelor's Degree in Mathematics from California State University at Fullerton and is a Fellow of the Casualty Actuarial Society.

Patrick Grealy, Managing Director Technical-Europe, is a Fellow of the Institute of Actuaries in the UK. He has more than 20 years of experience in property/casualty insurance and reinsurance, having worked at the Imaging Group, XL Capital, PriceWaterhouseCoopers, and Tillinghast, Towers Perrin. An expert in DFA model programming and implementation. Grealy worked on DFA consulting assignments for London market companies including the original Equitas DFA model in the 1990's. He is a graduate of Trinity College, Dublin, with a degree in mathematical science.

David O'Gorman, Managing Director, came to URS from Aon Benfield where he headed analytics for Latin America and the Caribbean. His responsibilities included marketing Benfield's analytical and transactional capabilities in Spanish and Portuguese plus marketing, structuring, and pricing Alternative Risk Transfer/Structured Products solutions to clients in Spain, Portugal and throughout Latin America. Earlier, he was with Centre Reinsurance in Dublin. O'Gorman is an Associate of the Institute of Actuaries in the UK. He holds a Bachelor of Science degree with honors in Applied Mathematical Sciences from Dublin City University.

LLOYD'S SYNDICATES IN VANGUARD ON SOLVENCY II

By John Spencer
URS Non-Executive Director

As insurance carriers across Europe start getting to grips with the requirements of Solvency II, syndicates at Lloyd's are already at an advanced stage of preparation. Lloyd's authorities concluded that use of the 'default' Standard Formula for solvency purposes would result in additional capital demands on the market, and decided to seek regulatory approval for a Lloyd's 'internal model' tailored to the market's overall exposures. In order to ensure that there is plenty of time to develop and test this market-wide model, Lloyd's insisted that the 80 syndicates trading in the market complete the development of their own internal models during 2010.

Most Lloyd's managing agencies have chosen to embrace the Own Risk & Solvency Assessment (ORSA) requirements of Solvency II, seeing them as an opportunity to gain competitive advantage through improved governance and decision-making, rather than simply as an exercise in regulatory box-ticking, and this growing familiarity with the principles of Solvency II has highlighted two interesting considerations in relation to capital modeling:

Modeling Now at Heart of Board Room Deliberations

First, Article 120 of the Solvency II Directive requires (re)insurers "to demonstrate that the internal model is widely used, and plays an important role, in its system of corporate governance and risk management" – the so-called 'Use Test'. By the same token, senior management and the board must demonstrate an understanding of the internal model's structure, methodology and dynamics. In other words, in the Solvency II environment risk evaluation and capital modeling, for so long viewed as back office activities, must now take their place at the heart of boardroom deliberations.

Second, Article 49 states that "out-sourcing of important operational functions shall not be undertaken in such a way as to increase operational risk". The majority of Lloyd's managing agencies have understandably relied on support from third parties to meet the demands of the Lloyd's timetable, both in building their capital models and in upgrading their governance and risk management frameworks. Consulting actuaries and the larger reinsurance brokers have been particularly involved, often promoting their own software solutions as part of the offering. Looking ahead, there is recognition that this reliance on third parties will need to change: capital modeling is now a core function and as such is not suited to being out-sourced.

Linked to this and with a view to passing the ongoing Use Test, many Lloyd's businesses are now contemplating the migration of their internal models to independent, Solvency II-compliant DFA platforms such as URS's Risk Explorer™. With the hard tasks of data gathering and parameterization now completed, the choice of software need no longer be linked to the provision by third parties of consulting and programming services, and can instead be based on considerations

such as ease of use, low maintenance costs and accessibility for senior management.

THE URS FAMILY OF PRODUCTS

Risk Explorer™

is the industry leader in Dynamic Financial Analysis software known for powerful analytics, high-performance simulation technology, flexible and extensible model structure, and seamless integration with client's information technology infrastructure. The model is used for portfolio risk management and modeling; economic capital estimation and allocation; evaluation of ceded reinsurance and other management strategies; plus cash flow analysis, financial statement modeling, and projections.

URS Real World™

is a one-of-a-kind global economic model that simulates the behavior of macroeconomic variables in multiple economies. The model simulates economic scenarios for GDP growth rate, inflation, unemployment, wage growth, investment as a percent of GDP, interest rate yield curves, stock market indexes, and exchange rates. The economic scenarios generated by the model are used in evaluating policy options in many different settings, including government agencies, regulatory bodies, financial institutions, insurance companies, and other lines of business.

Ultifit™

is a sophisticated, easy-to-use tool for fitting statistical distributions to actual data used in financial modeling and risk management applications. **Ultifit™** is designed for the insurance, reinsurance, credit, and other industries that require both short-and-long tailed distributions for modeling. This product provides practical support for model calibration using available data, no matter how plentiful or sparse.

URS Translator™

for Excel is a unique spreadsheet compiler that converts Excel models into fast-running executable programs. With **URS Translator™** you can create new custom models, custom reinsurance arrangements and other custom components using calculations contained in Excel spreadsheets. Just specify the new functionality in an Excel or Excel/VBA model and use **URS Translator™** for Excel to convert your spreadsheet calculations to a fast, stand-alone, machine-code Dynamic Linked Library that becomes an extension of **Risk Explorer™** that is independent of Excel.

Res-Solver™

is a powerful software package that can help improve your loss reserve estimation process and gain a better understanding of the uncertainty in your reserves. It helps you introduce stochastic loss reserve analysis models into your loss reserving process in a natural way. The system does not abandon traditional reserving approaches but extends and generalizes them to work in a stochastic modeling framework.