



Ultimate Risk Solutions

The Right Technology, The Right Answers



November 2012
Vol. 5 - Issue 2

J. P. MORGAN ASSET MANAGEMENT LICENSES RISK EXPLORER™

J. P. Morgan Asset Management has licensed Risk Explorer™, the Dynamic Financial Analysis (DFA) software from Ultimate Risk Solutions. The software will be used in connection with J. P. Morgan's asset management services to clients in the property/casualty insurance industry. "We're gratified that the Columbus Fixed Income Group of J. P. Morgan Asset Management selected Risk Explorer™ to assist their clients after detailed review and testing of its capabilities," said **Alex Bushel**, Founder and CEO of URS.

Gary Madich, CFA, Global CIO, Columbus Fixed Income, said, "We're excited to have a new offering in our tool kit to help us build a complete balance-sheet approach to discussions with our insurance clients. Our Asset/Liability Solutions Group will use Risk Explorer™ in conjunction with our asset-side expertise to design and execute customized solutions. This will be done through a combination of liability and return-oriented strategies that consider the full range of balance-sheet outcomes. The Asset/Liability Solutions Group with its portfolio management, risk management, quantitative analysis and derivative capabilities, will help us bring our clients the most innovative solutions in the industry, and we're happy that URS could be a part of that delivery."

Among other analytical capabilities, Risk Explorer™ provides portfolio risk management, economic capital modeling and allocation, asset-liability matching, risk pricing and business strategy evaluation along with a full corporate view of risks.

J. P. Morgan Asset Management is a global leader in investment management with some \$1.8 trillion under management in 2010. The Company is owned by J. P. Morgan Chase, the largest bank in the U.S.

Tom Byrnes, URS Managing Director-North America, and **Mario DiCaro**, Managing Director-Technical, led the team that worked with **Dawn Silva**, Vice President & Client Portfolio Manager, J. P. Morgan Asset Management, and her associates, in the process of evaluating Risk Explorer™.

URS APPOINTS NORTH AMERICAN ADVISORY BOARD

Ultimate Risk Solutions has formed a board of senior industry executives to advise on the general promotion of URS products in the North American market, **Tom Byrnes**, Managing Director-North America, announced.

Serving on the Advisory Board will be: **John Gray, Jr.** who was for 25 years a Senior Treaty Account Executive/Manager at General Re; **Mike LaGreca**, a 30-year veteran of Swiss Re where he was a Senior Treaty Account Executive/Manager; and **Anthony Pulgine**, owner of MIC Insurance Group in Naperville, Illinois.

"We're especially pleased to draw upon the experience of these advisors. Each has a broad network of contacts in the industry along with deep knowledge of the markets," Byrnes said. The primary purpose of the Board will be to assist in the overall promotion and development of URS business in North America.



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DEVELOPING OUR PARTNER NETWORK

By Alex Bushel
Founder & CEO
Ultimate Risk Solutions, LLC

Our philosophy at Ultimate Risk Solutions is to concentrate exclusively on developing and supporting the best financial risk modeling software on the market. We pride ourselves not only on our technology, but importantly, on our independence. We do not offer URS software as an incentive to buy other products and services. At the same time, we find that many companies need third-party consulting services in order to integrate Risk Explorer™ into their risk management infrastructure.

Insurers and reinsurers sometimes lack experienced modeling capabilities or technical staff and need help with implementation. In response to this, we have over the years entered into a variety of cooperation agreements with individual consultants and with consulting firms who can provide those services. Some of these partners have acquired in-depth knowledge of our products over a period of time and are able to offer the full DFA modeling skills required to manage a Risk Explorer™ implementation on behalf of a client. Others offer services that complement the model-building exercise such as reserving, data cleansing, parameterization and model validation.

As URS extends its global footprint, we continue to seek new partnerships and alliances with consultants who can help our clients optimize the use of our technology. We would like very much to hear from firms or individuals who are interested in being part of this program. Please contact our Executive Director, **John Spencer** (jspencer@ultirisk.com) if you wish to inquire about partnering with us.

UPDATE ON LATIN AMERICAN MARKETS

Insurance industry leaders and regulators in Latin America are tuning in to the value of Dynamic Financial Analysis, reports **David O’Gorman**, URS Managing Director-Latin America.

“With all the activity in Europe over the last few years on solvency testing and the impending implementation of Solvency II in January, 2014, Latin American insurers are watching with great interest. They recognize the growing importance of DFA modeling and are looking to incorporate Risk Explorer™ into their business planning processes. We already have important clients in Brazil, Mexico and Costa Rica using Risk Explorer™, and a number of others are testing our software,” O’Gorman says.

Regulators and local associations in the region also see the benefits of DFA software. “In Brazil, we are working with the local insurance association as they develop a Risk Based Capital regime. Companies are presently required to report their underwriting, credit and operational risk, and credit is given for having an internal model, although the credit currently is not based on the model output. This is the first step in a broader move toward accepting internal models for calculation of economic capital,” O’Gorman notes.

“Not surprisingly, the Brazilian market is also where most Latin American insurance conferences are taking place. **David Piesse** and I recently attended the International Insurance Association Seminar in Rio de Janeiro on the Sustainability and Innovation of Insurance in Emerging Markets that coincided with the United Nations RIO+20 Conference on Sustainable Development. This culminated in 10 percent of the insurance industry leaders signing a Principles for Sustainable Insurance with the UN Undersecretary -- for the first time linking insurance and climate change in terms of product design and strategy.

Microinsurance was a theme of the conference, especially in relation to Brazil and other emerging markets, and we are working with the Brazilian insurance association on how we can model this important line of business in Risk Explorer™,” O’Gorman reports.

CLIENTS SHARE EXPERIENCE WITH URS SOFTWARE AT USER FORUM

A recent User Forum in New York City conducted by Ultimate Risk Solutions brought together more than 50 risk managers, actuaries, information technology professionals, analysts and consultants from client companies to share their experience with Risk Explorer™ and other URS products.

“The New York Forum is part of our commitment to learn from the people who work with our products everyday and to communicate the latest technical and strategic developments at URS,” said **John Spencer**, URS Executive Director, who came from London to host the Forum. He said similar gatherings of users will be held in various world regions where URS is active.

Professor **Asaaf Zeevi**, Vice Dean of Research at Columbia University, and **Thomas Mount**, Chief Actuary at A. M. Best, led a discussion of Economic Scenario Generators and capital modeling followed by interactive work sessions on Risk Explorer™. The conference was organized by **Tom Byrnes**, URS Managing Director-North America. Workshop sessions were moderated by **Mario DiCaro**, a Fellow of the Casualty Actuarial Society and URS Managing Director-Technical.

PRODUCT FEATURE -- PREDICTABLE DYNAMICS *The URS Global Economic Scenario Generator*

Achieving success in today’s volatile economic environment takes knowledge and foresight. **Predictable Dynamics**, our global economic model, helps planners test strategic alternatives under many possible future scenarios. It is an essential tool for evaluating policy options in different settings, including government agencies and ministries, regulatory bodies, financial institutions, insurance/reinsurance companies and multi-national corporations.

Predictable Dynamics supports a consistent, stochastic model of major macroeconomic variables over multiple economies and the currency exchange rates that arise from the ever-changing dynamics and trends in the global economy. The model also reflects the behavior of each economic zone as it responds to supply and demand shocks that create disturbances in the world economy.

To learn more about Predictable Dynamics, go to our website, www.ultirisk.com and click on *Products*.

BYRNES EXPLAINS RISK EXPLORER™ BENEFITS IN BEST'S REVIEW INTERVIEW

In an interview with A. M. Best Senior Associate Editor **John Weber**, URS Managing Director-North America **Tom Byrnes** made the case for why major insurers and reinsurers depend on Risk Explorer™ to identify and quantify the wide range of risks they face. Highlights of the interview appear in the October issue of *Best's Review Magazine* with the full text accessible at www.bestreview.com/issuesanswersarchive.asp.

Here are some of the things Byrnes told *Best's Review* based on his experience working with users:

Why is Dynamic Financial Analysis technology important to insurers and reinsurers?

Simply put, any successful insurance Enterprise Risk Management program depends on solid, state-of-the-art DFA technology. Risk Explorer™ provides insight into a company's future balance sheets -- insight that is vastly superior to the current "what if scenarios" or "stress tests." Our DFA technology enhances the ability of corporate executives to make informed decisions by computing all potential risks inherent in any proposed course of action, including the impact of unanticipated events. The daunting list of risks confronting any insurer or reinsurer today requires more than traditional risk assessment tools to know the range of outcomes produced by different scenarios.

What are clients looking for from their financial risk modeling software?

They're looking for analytical power, speed, flexibility, user friendliness, cost efficiency and the ability to integrate the model into their corporate risk evaluation systems. Clients are seeking financial modeling software that provides a means to better knowledge about what can happen to their company and how to make it safer and more profitable. At the same time, they recognize that regulators and rating agencies expect companies to use models to identify and quantify risk. Bottom line, a company that is seriously implementing

financial modeling is a company that is more aware of its risks and, ultimately a better-managed company.

How does Risk Explorer™ address these concerns?

Risk Explorer™ enables insurers and reinsurers to model and analyze underwriting and investment risks; value reinsurance and retrocessional programs; allocate capital; and evaluate the volatility of income, surplus, reserves and cash flows. Risk Explorer™ enables a client to analyze standard scenarios, create models that run deterministically or as pure simulations. Parameters can be modeled with a variety of deterministic and stochastic techniques. Risk Explorer™ also is a powerful pricing tool. The model aids in isolating and analyzing less than desirable outcomes and allows the user to adopt alternate strategies to create the optimum risk-reward trade-off. Risk Explorer™ is used extensively by many of the world's leading reinsurance brokers, primary insurers and reinsurers, as well as by regulators, asset managers and consulting firms. The model is easy to learn and use with a clear, logical structure. It reduces the hidden costs of in-house development or the use of other, less evolved financial modeling tools.

Do small and mid-size companies have the same access to these tools that larger ones do?

Risk Explorer Express was created specifically to meet the modeling needs of smaller and mid-size insurers and reinsurers that do not need the computing power required by large companies. Our Express Edition incorporates many features of Risk Explorer™ but simplified and tailored to the specific needs of smaller undertakings. The Express Edition also is available to consultants and advisors on a flexible, short-term licensing basis where a client requires their advisors to have full access to their models. Unlike other offerings, where only a limited or restricted "audit-only" version is provided, the full, working version of Risk Explorer Express can be licensed by a consultant or advisor -- thus enabling the client to benefit from having the assistance of the client's regular and familiar consultant.

WHAT THEY'RE SAYING ABOUT RISK EXPLORER™

"What impressed us most about Risk Explorer™ was its ease of use, which allows average users to become productive in a relatively short time span."

– **Luigi Lubelli**, Deputy General Manager-Finance, MAPFRE S.A.

"The JLT Re team decided to use Risk Explorer™ because it provides a user-friendly yet flexible platform to meet their needs."

-- **JLT Reinsurance Brokers, Ltd.** in a product-user report that won a "Model Insurer Award" from Celent, a global research and consulting firm focused on the application of information technology in the financial services industry.

FINANCIAL RISK SOFTWARE FOR THE 21ST CENTURY

Risk Explorer™ -- A Dynamic Financial Analysis (DFA) software solution featuring powerful analytics, high-performance simulation technology, a flexible and extensible model structure along with seamless integration with your company's IT infrastructure.

Risk Explorer Express -- A DFA software solution for regional and smaller companies that contains most of the features of Risk Explorer™ but without the need for capacity to handle the massive volumes of data required by larger companies.

Predictable Dynamics -- A global economic model that helps planners prepare for the future by allowing them to test strategic alternatives under many possible future economic scenarios.

Res-Solver™ -- Loss reserve estimation and modeling framework using state-of-the-art deterministic and stochastic reserving software.

Translator++™ -- Advanced software to create custom models using calculations contained in Excel spreadsheets.

UltiFit™ -- Sophisticated, statistical distribution software to calibrate Risk Explorer™ parameters.

We'll be pleased to demonstrate any of our products and discuss how they can meet your financial risk software needs. Send an email to info@ultrisk.com and we'll contact you promptly.

ASIA INSURANCE MARKET REPORT

By David Piesse
Managing Director-Asia Pacific

Asia in the 21st century is an economic powerhouse. Asian companies compete aggressively for global business while the middle class in Asia is growing at remarkable speed. In this environment, insurers and reinsurers require more sophisticated analytical tools than ever before to make business decisions with full knowledge of all the complex risks and emerging exposures they face.

We're finding that insurers and reinsurers in Asia are adopting financial risk software more than ever before as they compete in the fast growing domestic markets of Asian countries. Since extending our global reach to Asia a couple of years ago, we have established URS offices in Hong Kong, Bangkok and Singapore. We are working with companies, brokers and regulators in the region to bring the benefits of Dynamic Financial Analysis (DFA) to the industry.

One of our Asian clients, JLT Reinsurance Brokers, Ltd. in Singapore and Hong Kong, won the prestigious Celent Model Insurer Award for integrating our DFA model, Risk Explorer™ "into the analytical

services it provides to clients. JLT Re was one of only 17 winners and the only one in its category out of 200 submissions. Bottom line benefits from using Risk Explorer™, as cited by JLT Re, include increased revenue or market share, higher productivity, lower staff expenses, better decisions, more accurate pricing, reduced losses and improved broker/customer satisfaction.

Major companies in Asia are accepting Risk Explorer™ as the industry-standard DFA software solution because of its high-performance simulation technology and a flexible, extensible model structure that can be integrated seamlessly into a company's technology infrastructure. Risk Explorer™ supports a wide range of DFA modeling that is increasingly required by Asian companies, including portfolio risk management and modeling; economic capital estimation and allocation; evaluation of ceded reinsurance and other management strategies; cash flow analysis; along with financial statement modeling and projections. Risk Explorer™ also functions as a powerful risk-pricing tool to identify and quantify the cost of risk.

Predictable Dynamics, our global economic model, also is drawing interest from Asian companies subject to macroeconomic uncertainty in the various regions where they do business. The model helps planners prepare for the future by allowing them to test strategic alternatives under many possible future economic conditions. Scenarios generated by the model can be used to evaluate policy options in many different settings including government agencies and ministries, regulatory bodies, financial institutions, insurance companies and multi-national corporations. Predictable Dynamics supports a consistent, stochastic model of major macroeconomic variables over multiple economies and the currency exchange rates that arise from the ever-changing dynamics and trends in the global economy.

Our URS team is available to discuss your financial risk software needs at any time. We're working with companies throughout Asia and actively participating in conferences to explain URS products and services. Our technical directors also are standing by to help companies design the specific combination of analytical tools best suited to each company's business. For more information, please visit our website, www.ultrisk.com or send me an email at dpiesse@ultrisk.com. I'll get back to you right away.

LOOK FOR US AT MAJOR ASIAN CONFERENCES IN 2013

David Piesse, Managing Director-Asia, and **Chris Venvell**, Business Development Director-Asia Pacific along with other senior members of the URS team will be attending major industry conferences in the region next year. Our current schedule includes:

The **India Rendezvous** in Mumbai, January 21-23, where URS will be a sponsor and participate in the program; the **Non-Life General Insurance Summit**, April 25, in The Philippines; and the **International Insurance Society's 49th Annual Seminar**, June 16-19, in Seoul.

PROUD TO BE INDEPENDENT

Many companies turn to URS because we are the only company devoted exclusively to research, development and production of financial risk modeling software. We're not trying to sell you other products or services. URS is an independent, innovative company that's focused on only one thing -- providing the best software solutions to our clients. Visit our website, www.ultrisk.com to learn more.