



Ultimate Risk Solutions

Powerful,
Flexible,
User Friendly

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GLOBAL ECONOMIC MODEL – NEW PRODUCT FROM URS

URS Real World™, a high-tech economic model that uses revolutionary, new methodology to simulate consistent macro-economic scenarios in major global economies, is now available from Ultimate Risk Solutions.

“In these perilous times, economic risk can't be avoided, but it can be measured and managed,” said **Alex Bushel**, URS CEO, in introducing the new product. URS Real World™ is designed for multi-national companies impacted by economic conditions in other countries. “Companies doing business abroad need to know the risks they face. The new Global Economic Model enables corporate executives to measure the impact of macro-economic volatilities on financial results of their companies in all the countries where they do business,” Bushel reported.

URS Real World™ quickly and easily models macro-economic scenarios in multiple economies. The model simulates values of GDP growth, inflation, and unemployment rates, along with investment rate, interest rate yield curves, stock market indexes, and exchange rates. Each scenario can include any number of future years.

At the heart of URS RealWorld™ is the Dynamic Equilibrium Model (DEM), which reflects the behavior of each economic zone as it responds to supply and demand shocks that create disturbances in the global economy. These shocks can affect the economy's aggregate demand or aggregate supply, or both at once. The DEM comprises a system of equations that connect the various aspects of economic activity to changes in primary economic drivers. The equations modulate the effects of supply shocks, subsequent market reactions, such as wage adjustment and change in productivity, and possible interventions of regulatory institutions.

“We're confident that Companies using the Global Economic Model will find it essential to planning and monitoring their multi-national investments,” Bushel stated. A senior officer of URS will demonstrate URS Real World™ and other URS products to interested companies in their offices or online. Contact **Anya Kutsina**, URS chief marketing officer (akutsina@ultirisk.com).

URS NAMES PICCIONE NON-EXECUTIVE CHAIRMAN

Tal P. Piccione, Chairman and CEO of U.S. RE Companies, Inc., parent of U.S. RE Corporation, the international reinsurance brokerage firm, has been named Non-Executive Chairman of Ultimate Risk Solutions LLC, **Alex Bushel**, URS CEO, announced.

“We're pleased to have Tal Piccione join us as Non-Executive Chairman,” Bushel said. “He brings a wealth of experience and deep knowledge of what insurers and reinsurers need to succeed in today's challenging marketplace.”

“I'm excited to take on this role at URS because Alex Bushel and his associates offer the most sophisticated modeling software in the current age of enterprise risk management,” Piccione commented. “Business leaders in the insurance industry and the Fortune 500 recognize today that they must look beyond traditional risk management techniques to quantify and analyze the totality of potential risk scenarios affecting their future. URS has developed a range of software products that make this process quick, efficient, and easy to use. Further, I'm delighted that U.S. RE is now utilizing URS technology for work undertaken on behalf of our clients the world over.”

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CANDID COMMENTS FROM CEO ALEX BUSHEL

Dynamic Financial Analysis (DFA) is more important to insurers, reinsurers, and others in the corporate world than ever before. In these turbulent times, with world economies reeling from turmoil in the U.S. credit markets, decision makers who quantify the risks they face are far more likely to succeed than those who don't.

If your company does business in different parts of the world, it's essential that you know the risks – not only in your home country – but in the other national and regional economies where you operate. Quantification and evaluation of risk factors are equally important for insurance and reinsurance companies doing business exclusively in the United States. The daunting list of risks confronting any insurer or reinsurer requires more than traditional risk assessment tools for senior managers to know the range of outcomes produced by different scenarios.

At URS, we developed and constantly update the most sophisticated, flexible, user-friendly DFA on the market today. Our **Risk Explorer™** simulates hundreds of thousands of random scenarios for large corporate portfolios – evaluates reinsurance, investment, and underwriting strategies – helps manage catastrophe portfolios – analyzes business strategy options – identifies key risk factors and quantifies the cost of risk among other uses.

Risk Explorer™ and our URS Family of Products help CEO's and their senior advisors sleep nights knowing they've considered and quantified the impact of risks involved in any critical business decision. Learn how Risk Explorer™ can help your company. Send **Anya Kutsina**, our chief marketing officer, an email (akutsina@ultrisk.com).

URS APPOINTS ERICSON MANAGING DIRECTOR-NORTH AMERICAN OPERATIONS

Ultimate Risk Solutions has named **Anders Ericson** Managing Director of North American Operations with offices in Chicago, **Alex Bushel**, Chief Executive Officer, announced. Ericson comes to URS from Allianz Global Corporate & Specialty, NA, where he

was Vice President and Chief Risk Officer. Earlier, he served as Senior Vice President and Chief Actuary -- Canada and USA at AON RE Services in Chicago and Toronto. Ericson has held senior actuarial and management posts at major insurers and reinsurers including Kemper Reinsurance Companies, Allstate Canada, and Continental Insurance Management, Ltd., Toronto.

"Anders Ericson brings 22 years of experience in the insurance and reinsurance sectors to URS. He will be a major asset to our Company as we grow and develop new products," Bushel said. Ericson will be available to make presentations and consult with companies on their financial analysis needs. You can reach him at aericson@ultrisk.com. Ericson is a member of the American Academy of Actuaries and an Associate, Casualty Actuarial Society. He holds an Honors B.A. in Mathematics and Economics from the University of Western Ontario.

WHAT IS ERM WITHOUT DFA?

Enterprise Risk Management (ERM) is defined in various ways by insurance and reinsurance companies. Rating agencies increasingly are expecting companies to show they have ERM programs in place when they apply for financial stability ratings. But what kind of ERM? An ERM program without Dynamic Financial Analysis is missing an essential factor: Judgment alone, even systematic decision making based on periodic evaluation of risks by senior managers, is not enough.

Use of DFA software assures that risks are quantified, not just identified or considered, before decisions are made. An Enterprise Risk Management program that tests and measures risks through Dynamic Financial Analysis provides meaningful guidance to senior managers based on the dollars and cents impacts of various courses of action.

A number of DFA software products are on the market. "We suggest you look at DFA software offered by major brokers and others, but before you decide, give us a call," says **Anders**

WHY RISK EXPLORER™ IS USED BY INSURANCE INDUSTRY LEADERS

Risk Explorer™ is used today by a growing number of brokers, insurance, and reinsurance companies, including Willis Re and Munich Re, because it outperforms any other dynamic financial analysis software on the market today. With a state-of-the-art engine, Risk Explorer™ is faster than

competitors' DFA products. With point & click operation, it's easier to use. Intuitive design of the software allows it to be learned in two days. Large models can be built in minutes from Excel data or from any database. The software provides easy access to model parameters, convenient

auditing features, and user access control. Huge models can be run on a single laptop or on multiple computers. **Anya Kutsina**, Chief Marketing Officer, will be pleased to arrange for a demonstration. You can reach her at akutsina@ultrisk.com.

Ericson, URS Managing Director-North American Operations. "We know you'll find **Risk Explorer™** superior to any DFA out there. We can show how Risk Explorer™ enhances your ERM and offers the most sophisticated means to analyze the effect of different scenarios on portfolio risk management, capital estimation and allocation, ceded reinsurance, management strategies, cash flow, financial statement modeling, and projections, among others. Contact me at aericson@ultrisk.com. I'll be pleased to arrange a demonstration at your convenience.

ULTIFIT™ ANOTHER TOOL FOR RISK ANALYSIS

UltiFit™ from Ultimate Risk Solutions provides decision makers a statistical methodology that goes beyond conventional techniques to analyze risk. It is a sophisticated, easy-to-use tool for fitting statistical distributions to actual data in financial modeling and risk management applications. UltiFit™ is a useful way of analyzing risk through statistical distributions based on a company's loss experience. UltiFit™ gives companies an additional basis for determining the right price for reinsurance and is an important component of the **Risk Explorer™** family of products from URS. In addition, UltiFit™ is designed for the insurance, credit, and other industries that require both short and long-tailed distributions for modeling. Contact **Anders Ericson** (aericson@ultrisk.com) for more information about this unique product.

LOSS RESERVING MADE EASIER WITH RES-SOLVER™

Setting loss reserves at the right level is one of the most important decisions insurers make. **Res-Solver™**, a new product from URS, is a powerful software package that helps companies introduce stochastic loss reserve analysis models into the reserving process. The system does not abandon traditional reserving approaches but extends and generalizes them to work in a stochastic modeling framework. "With Res-Solver™, you can improve your loss reserve estimation process and gain a better understanding of the uncertainty in your reserves," according to **Anya Kutsina**, URS Chief Marketing Officer.

Among the unique advantages Res-Solver™ brings to the reserving process: The software incorporates several new modeling approaches to stochastic reserving; works with most triangles; models losses for development periods beyond the end of the triangle data without having to set "tail factor" assumptions; provides support for deterministic methods to get point estimates and a bridge to stochastic loss reserving practices; and gives users full

control to override model assumptions as needed. Anya Kutsina (akutsina@ultrisk.com) will be pleased to provide more information and schedule a demonstration.

FINANCIAL MODELING SOFTWARE COMES OF AGE

After a slow start in the early 90's, financial modeling software is gradually being accepted in the insurance and reinsurance industry as an important tool for decision makers to assess risk. "Over the last few years, there has been a resurgence of interest in DFA modeling," according to **Anders Ericson**, URS Managing Director-North American Operations. "Companies on both sides of the Atlantic are putting a lot of effort and resources into creation of risk management departments headed by senior executives, sometimes designated as Chief Risk Officers," Anders reports.

He cites four reasons for the growing acceptance of dynamic financial analysis: 1. Stochastic modeling technology has advanced to include not only underwriting but complete financials with after-tax income from underwriting and investments; 2. Capital models are now recognized as an essential component of Enterprise Risk Management; 3. Solvency II regulations that go into effect in 2012 mandate European insurers to establish capital based on models capturing the risk profile of the company; and 4. Standard & Poor's, A. M. Best, and others are now expecting companies to have Enterprise Risk Management programs that identify, measure, and control risk.

Even with today's advanced modeling technology, Ericson believes "enterprise risk modeling is just in its infancy." He says, "the tools now available will enable practitioners to take the modeling process to a whole new level and address evolving issues such as parameterizing models to incorporate capital consuming 'tail events' not in the data into the modeled risk; and how to properly measure and combine long-term capital commitments of liability lines with the shorter-term capital commitments of property lines in the context of capital required for a single calendar year."

ULTIMATE RISK SOLUTIONS, LLC -- INNOVATIVE, INDEPENDENT, INTERNATIONAL

Who are we? We're independent financial software developers dedicated to the proposition that our clients are best served by a company that is not tied to a large brokerage or marketer of diversified products with other priorities. Our sole commitment is to research and develop the most advanced software based on the most sophisticated technology and to provide this to clients along with training and support services.

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Our roots are deep within the business of insurance and reinsurance. We know the importance of quantifying corporate risks before making decisions that affect a company's future. We're a young company with an entrepreneurial spirit backed up by actuarial, technological, and industry experience. In just a few short years, we created a family of products recognized and used by leaders in the business of insurance and reinsurance.

We have a strong presence in the United States and we're meeting with more potential users across Europe to show them how Risk Explorer™ and other URS products can bring bottom-line results. With offices in New York, Chicago, London, and Ukraine, we're well positioned to serve clients in the U.S. and throughout Europe.

URS products allow companies to model their internal and external environments in order to make the best decisions possible given their objectives. Users testify that URS models are faster, easier to use, easier to integrate with internal systems, and more cost effective than those of our competitors. Dynamic Financial Analysis software is important to any company's success in the insurance business today. If you're wondering about the benefits of economic models and don't know URS, let us give you a demonstration. If you're using other models, let us give you a second opinion. Please call me in the U.S. at 917-750-2141 or send an email to akutsina@ultirisk.com.

Anya Kutsina, Chief Marketing Officer.

GROWING USE OF CAPITAL MODELING BY INSURERS

Economic Capital Modeling is being increasingly recognized by insurance companies as a vital component of Enterprise Risk Management, according to industry executives attending a recent meeting of the Casualty Actuarial Society in Quebec City, Canada.

Capital modeling is being embedded in strategic and operational decision making. **John Beckman**, Senior Vice President and Chief Risk Officer, at CNA Insurance, told the conference. Pointing out that models are being used to determine the amount of risk companies are willing to take, he observed that models help make decisions on reinsurance retentions and whether investing in a line of business will produce an adequate return.

"We've been able to move the phrase ERM from a buzzword to the point that people understand there is some value behind what we're doing," said **David Cummings**, Director-Enterprise Risk Management, State Farm Insurance. He added that financial modeling helps "translate gut feelings into something more concrete."

Stephen Lowe, Managing Director at Towers Perrin, said models are providing analytical support for tough management decisions such as withdrawing from catastrophe prone areas where returns are inadequate. "Embedding economic capital models in the business is a very significant organizational change, introducing new concepts, new language, and new discipline," Lowe asserted.

MONTE CARLO MEETINGS: REINSURERS RECEPTIVE TO FINANCIAL MODELING

Reinsurers attending the annual industry meeting in Monte Carlo recently showed more interest than ever in financial modeling as a decision making tool, reported **Anya Kutsina**, URS Chief Marketing Officer. "In earlier years, we often had to convince companies that they should have stochastic modeling in house," Kutsina said. "The brokers and larger companies have been using dynamic financial analysis software for years, but we found increasing acceptance on the part of mid-size companies this year."

"Executive level attitudes are changing as senior managements realize the importance of informed decision making in these challenging economic times," she observed. Kutsina pointed out that the increased understanding of modeling's importance is not exclusively driven by the prospect of Solvency II in Europe and Enterprise Risk Management requirements by US rating agencies. "European and US companies we met with in Monte Carlo see financial modeling as an integral component of strategic planning, not just a regulatory requirement," according to Kutsina. She also noted growing interest on the part of companies in Turkey, India, and the Arab States.

RISK EXPLORER TRAINING AND CUSTOMER SUPPORT

Clients of URS get more than just a license to use **Risk Explorer™** and the company's other models. "We're committed to a high level of customer service and that includes an initial training program, guidance through implementation, and continuing

support," **Anders Ericson**, Managing Director-North American Operations, explained. "We work with clients on model building and parameterization. We meet with our customers in their offices as needed to provide hands-on training,

and we're always available by email and telephone," according to Ericson. "We design URS products to be user-friendly and easy to learn. At the same time, we're always available for continuing dialogue and product support."