

Timothy Tetlow

Part 1 - A Multi-model approach to catastrophe aggregate distributions

Why is this necessary?

One may consider that one proprietary cat model has a better view of a peril or region than others, the approach allows the ability to blend catastrophe loss picks by region and/or peril.

Aspects of utilising proprietary cat model internal portfolio tools can be cumbersome.

What does it involve?

A fair amount of work, understanding the "insides" of proprietary cat models.

Construction of a portfolio management system and pricing application external to any of the proprietary cat models.

What are the advantages and disadvantages of this approach?

+ Allows portfolio accumulation to be consistent with pricing.

+ Provides a framework for incremental pricing.

- The approach does not explicitly consider difference in the shape of proprietary cat model's occurrence distribution.

How can this be implemented?

Part 2 - The construction of a life and PA cat model from a WC cat model natural perils

Why is this necessary?

There are currently no life and PA cat models available, only WC cat models.

Writing a fair amount of life and PA cat business and being committed to fully accumulating all of our catastrophe exposed business a modeling method is required.

How is the model constructed?

The seeds are the number of WC deaths, the working population and the life or PA population.

Issues that need to be resolved:

Life and PA business is at risk 24 hours a day, whereas WC is predominately only a daytime coverage.

WC models are only available currently for the US, how does one model other territories.

What are the advantages of this approach?

+ Consistent treatment of all deals.

+ Explicitly looks at the benefit levels available on an individual client portfolio.