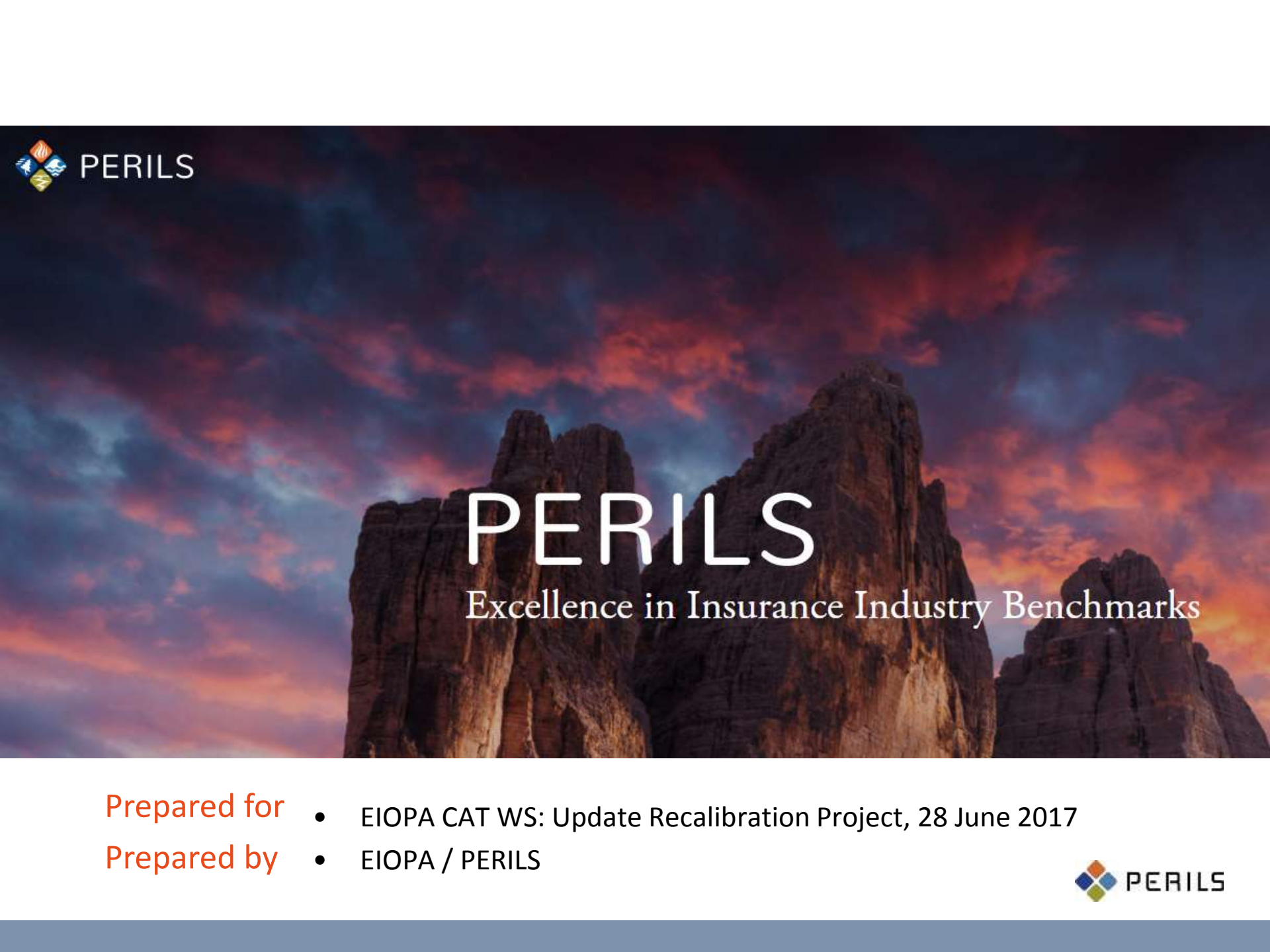


The background of the slide is a dramatic landscape photograph featuring several jagged, dark rock formations or mountains. The sky is filled with clouds that are illuminated from below, creating a vibrant palette of orange, red, and yellow, suggesting a sunset or sunrise. The overall mood is one of natural power and grandeur.

# PERILS

Excellence in Insurance Industry Benchmarks

Prepared for

- EIOPA CAT WS: Update Recalibration Project, 28 June 2017

Prepared by

- EIOPA / PERILS

# SCR Review Project: Recalibration Nat Cat risk sub-module

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1. Update Status
2. Next Steps, Questions

# Timeline

**As shown on 15 June 2017**

|                                                                                                                                                       | Responsibility  | Deadline           |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|----------|
| Distribution PERILS IEDs (where available) to vendors                                                                                                 | PERILS          | < 9 Jun            | ✓        |
| <b>Availability vendors, IEDs and models</b>                                                                                                          | <b>PERILS</b>   | <b>15 Jun</b>      | <b>✓</b> |
| Determination remaining IEDs , distribution to vendors *                                                                                              | PERILS (CAT WS) | 7 Jul              |          |
| Computation of Market Annual Aggregate Exceedance Probability Curves, and 1/200a - PML% (see slide 9)<br>for PERILS IEDs:<br>for remaining scenarios: | Vendors         | 10 Jul<br>18 Aug   |          |
| Share results with EIOPA, Cat WS (PERILS/remaining)                                                                                                   | PERILS          | 13 Jul /<br>24 Aug |          |
| Expert Judgement: ensure compliance, possible adjustments, final factors                                                                              | CAT WS          | 14 Sep             |          |
| Documentation (methodology, results)                                                                                                                  | CAT WS          | 14 Sep             |          |
| Integration proposal calibration NatCat into recommendation to SCR review PG                                                                          | CAT WS          | End Sep 2017       |          |

\*: where no PERILS IED is available and in order to maintain confidentiality and vendors' intellectual property: IEDs used for comparison will represent relative %-figures per CRESTA zone, representing "the average of all available IED distributions", anonymity is always ensured.

# What happened since call 15 June 2017

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- Investigated about availability/format of policy conditions
- Investigated possibility to show number of available sources
- Broadened inquiry for available IEDs and models to include brokers and reinsurers
- Where feedback is outstanding (status 23 June 2017):
  - 1x vendor
  - 2x brokers
  - 3x reinsurers

# Availability of IEDs, Models (status 23 June 2017)

|                   |                 | # sources available (vendors, brokers, reinsurers) |                   |       | Comments                                  |
|-------------------|-----------------|----------------------------------------------------|-------------------|-------|-------------------------------------------|
|                   |                 | IED                                                | Policy Conditions | Model |                                           |
| <b>Wind</b>       | Germany         | 3                                                  | 2                 | 2     | PERILS IED                                |
|                   | Finland         | 2                                                  | 1                 | 1     | Another source of model for blending?     |
|                   | Hungary         | 1                                                  | 1                 | 1     | Another source of IED/model for blending? |
|                   | <b>Slovenia</b> | -                                                  | -                 | -     | Sources where feedback outstanding?       |
|                   | Spain           | 2                                                  | 1                 | 1     | Another source of model for blending?     |
|                   | Sweden          | 3                                                  | 2                 | 2     | PERILS IED                                |
| <b>Earthquake</b> | Greece          | 2                                                  | -                 | 1     | Another source of model for blending?     |
|                   | Italy           | 3                                                  | 1                 | 2     | PERILS IED                                |
|                   | Slovakia        | 1                                                  | -                 | 1     | Another source of IED/model for blending? |
| <b>Flood</b>      | Germany         | 3                                                  | 1                 | 2     |                                           |
|                   | Hungary         | 1                                                  | 1                 | 2     | Another source of IED/model for blending? |
|                   | Italy           | 3                                                  | 1                 | 2     | PERILS IED                                |
| <b>Hail</b>       | <b>CZ</b>       | -                                                  | -                 | 1     | Sources where feedback outstanding?       |
|                   | Germany         | 2                                                  | -                 | 1     | Another source of model for blending?     |
|                   | Italy           | 2                                                  | 1                 | 2     |                                           |
|                   | <b>Slovenia</b> | -                                                  | -                 | 1     | Sources where feedback outstanding?       |

-: Not Available

# Remarks

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- ▶ Policy conditions: typically on country level
- ▶ “In the situation we are the only source we would request a blending at least with another model, ie each peril/region should have at least 2 source of info”
- ▶ “But in the case of non productized IED we could provide info if this is blended with another model, eg broker.”
- ▶ For some scenarios insurable/economic exposure data available (as proxy?)
- ▶ One model for Flood Germany: Storm surge only
- ▶ One IED/model for Hail: Motor own damage only

## Next Steps, Question

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- ▶ Request for missing / updated feedback on availability of IEDs and models
- ▶ PERILS to gather all available IEDs and policy conditions
- ▶ Determination of IEDs used for modelling (PERILS with the support of CAT WS)
- ▶ Distribution IEDs to those vendors/brokers/reinsurers which have models available
- ▶ Calculation per scenario of PML% per CRESTA, according to template
  
- ▶ What to do where still no IED / Model is available?

# Results Template

| 1/200 Year Annual Aggregate PML% - Extratropical Cyclone Germany |         |           |                    |                 |                                  |
|------------------------------------------------------------------|---------|-----------|--------------------|-----------------|----------------------------------|
| Peril                                                            | Country | CRESTA ID | CRESTA Description | Property LOB    | 1/200 Year Annual Aggregate PML% |
| STXX                                                             | DEU     | DEU_01    | Dresden            | Residential     | xy %                             |
| STXX                                                             | DEU     | DEU_01    | Dresden            | Non-Residential | xy %                             |
| STXX                                                             | DEU     | DEU_01    | Dresden            | Combined        | xy %                             |
| STXX                                                             | DEU     | DEU_02    | Bautzen/Goerlitz   | Residential     | xy %                             |
| STXX                                                             | DEU     | DEU_02    | Bautzen/Goerlitz   | Non-Residential | xy %                             |
| STXX                                                             | DEU     | DEU_02    | Bautzen/Goerlitz   | Combined        | xy %                             |
| ...                                                              | ...     | ...       | ...                | ...             | ...                              |
| ...                                                              | ...     | ...       | ...                | ...             | ...                              |
| ...                                                              | ...     | ...       | ...                | ...             | ...                              |
| ...                                                              | ...     | ...       | ...                | ...             | ...                              |
| STXX                                                             | DEU     | all       | all                | Residential     | xy %                             |
| STXX                                                             | DEU     | all       | all                | Non-Residential | xy %                             |
| STXX                                                             | DEU     | all       | all                | Combined        | xy %                             |

The aggregation matrix for each scenario should also be provided for analysing sources of deviations and potential update in the Standard Formula!