

Property Catastrophe Reinsurance in 2015

Our research indicates that mutual insurance companies spend on average 9 percent of gross written premium on property catastrophe reinsurance, making this one of your top overall expenses. Changing weather patterns, analysts' views regarding convective storm risk, and evolving rating agency requirements all point to the importance of property catastrophe reinsurance. Now is the time to ensure your property cat program is state of the art and reflective of your unique coverage needs.

Reinsurance to support business growth plans

Aon Benfield is the leading placing agent of property catastrophe reinsurance programs in the world and brings a unique perspective and strength to each and every placement. Innovative placement offerings include:

- Cat aggregate protection
 - Traditional property cat programs focus primarily on severity
 - Increase company stability
 - Customized to materially reduce retained frequency and loss volatility
- Lower layer cat alternatives
 - Efficient coverage at the level you need
 - Engage detailed analytics to avoid “dollar trading”
 - Execute secure, sustainable protection
- Innovative layering and structuring
 - Improve sideways depth and durability of cover
 - Reduce reinstatement costs
 - Provide more frequency protection
- Drop down coverage
 - Allows upper layers to drop down to lower attachment if lower layers are exhausted
 - Provides more frequency protection
 - Mitigates need for additional higher cost backup protection following an event
- Highly competitive top layer options
 - ROL's significantly below previously seen minimums
 - Single reinsurer options
 - “One shot” (no reinstatement options)

We're here to empower results

For more information on property catastrophe reinsurance, contact:

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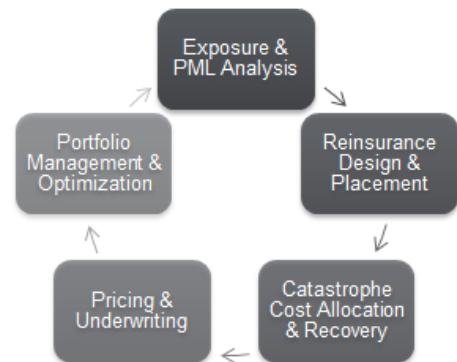
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Visit aonbenfield.com to learn more about the world's leading reinsurance intermediary and full-service capital advisor.

- Imbedded insurance-linked securities options - CATstreamSM
 - Streamlined access to capital markets capacity - cat bonds established in half the time
 - Template documentation and pre-agreed wordings
 - Efficiency of transaction greatly reduces the required size/limit
 - Competitive economics of the capital markets now available to mutual insurance companies
- Significantly improving terms and conditions such as lower cost or prepaid reinstatements

Aon Benfield catastrophe management advantage

- Industry leading proprietary models and tools
 - Impact Forecasting
 - Seasonal Aggregate Model
 - RePlay—a deterministic model incorporating ten years of historical convective storm experience
 - Tornado Viewing Guide
 - ImpactOnDemand®—an award winning exposure mapping and cat data system
- Pricing, risk selection, and reinsurance cost recovery
- Leverage data for multiple purposes including enterprise risk management, rating agency reporting, regulatory reporting, and internal risk management



Case study on driving client value through reinsurance

A regional carrier writing personal and commercial lines business exposed to large tornado, hail, and winter storm events recently had years of high tornado activity that put balance sheet and financial strength rating under pressure. The carrier set a goal to reduce its retained loss volatility to high frequency tornado and hail losses.

Approach

Aon Benfield Analytics developed a realistic distribution of the annual aggregate loss using our Seasonal Aggregate Model and adjusted the AIR and RMS severe weather curves to tie to historical results to help determine and execute the optimal reinsurance structure.

Our rating agency advisory team helped to communicate the benefit of the structure to A.M. Best to ensure the company's rating was maintained. Aon Benfield Analytics continued providing a number of tools including:

- ImpactOnDemand® and CatScore® – map, study, price, and aggregate all policies
- RePlay – a decade worth of severe thunderstorms modeled against your current footprint
- Tornado Viewing Guide – “What could a loss cost? What will this loss cost?”

Outcome

Combining these analytical tools with our extensive broker knowledge generated improved exposure and concentration management that is critical to the overall long term results.