



Understanding and Managing Exposure at risk to Natural Catastrophes: From Cat Modeling to Disaster Response

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Bringing Science to the Art of Underwriting™



Agenda

- What does RMS do?
- RMS' Catastrophe Response Service
- Tools and Resources used during Cat Response
- Tropical Storm Gustav

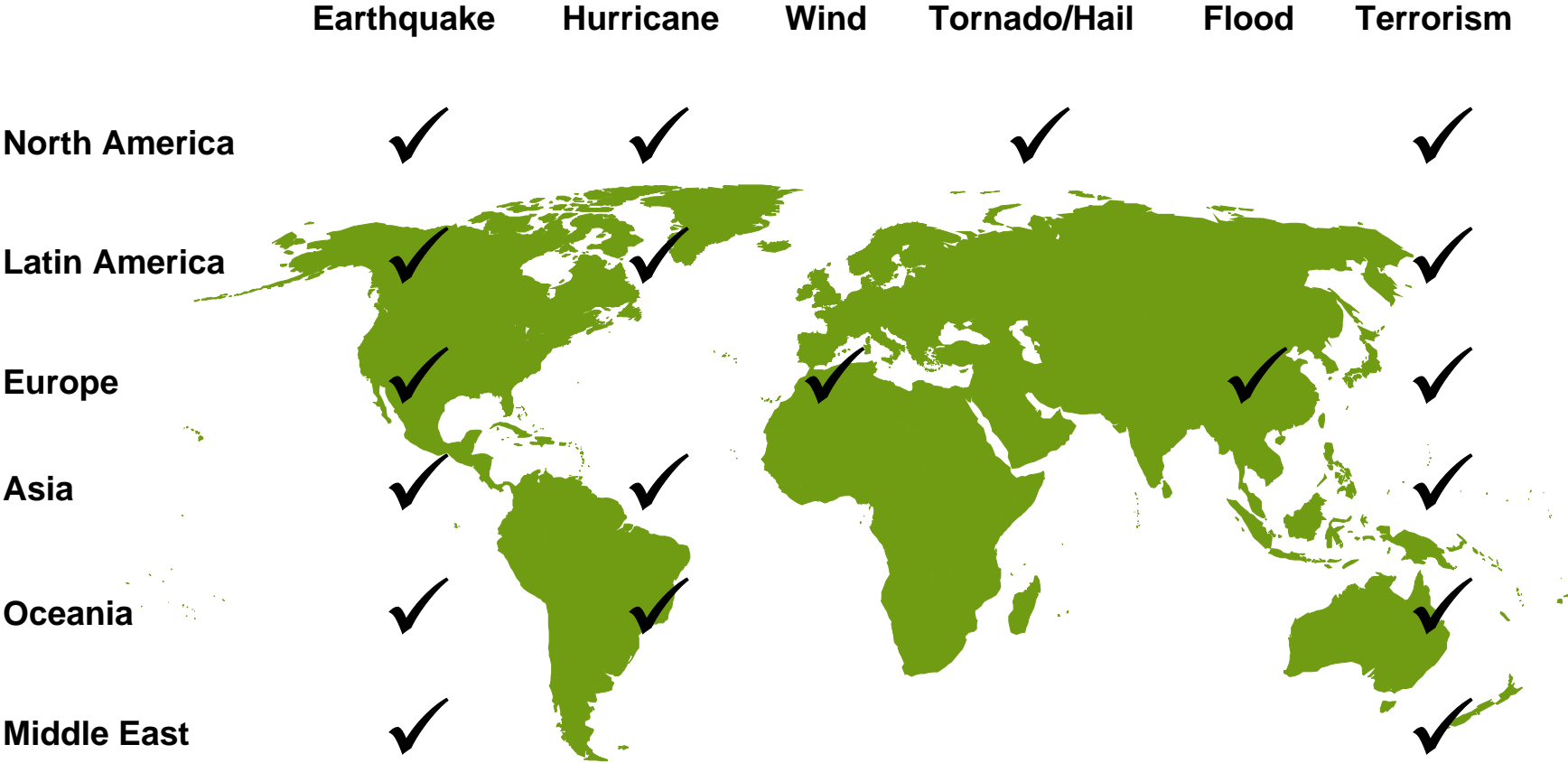
Introduction to RMS

“ At RMS, our goal is to help clients manage catastrophe risk through the practical application of the most advanced quantitative risk assessment techniques available.”

- Hemant Shah, President & CEO

- Founded at Stanford University in 1988
- Multi-disciplinary skills, from science and engineering to insurance
- Solely focused on risk management issues
- Independent and objective information source
- Global presence in major insurance markets

Global Modeling Capabilities



Cat Response at RMS

- AIM: Near real time estimates of damage/losses
- For all natural catastrophe events



What is the Purpose of Cat Response?

- Clients want near real time estimates of their losses (within hours)
- Clients want near real time estimates of the industry loss (and can triangulate with their market shares)

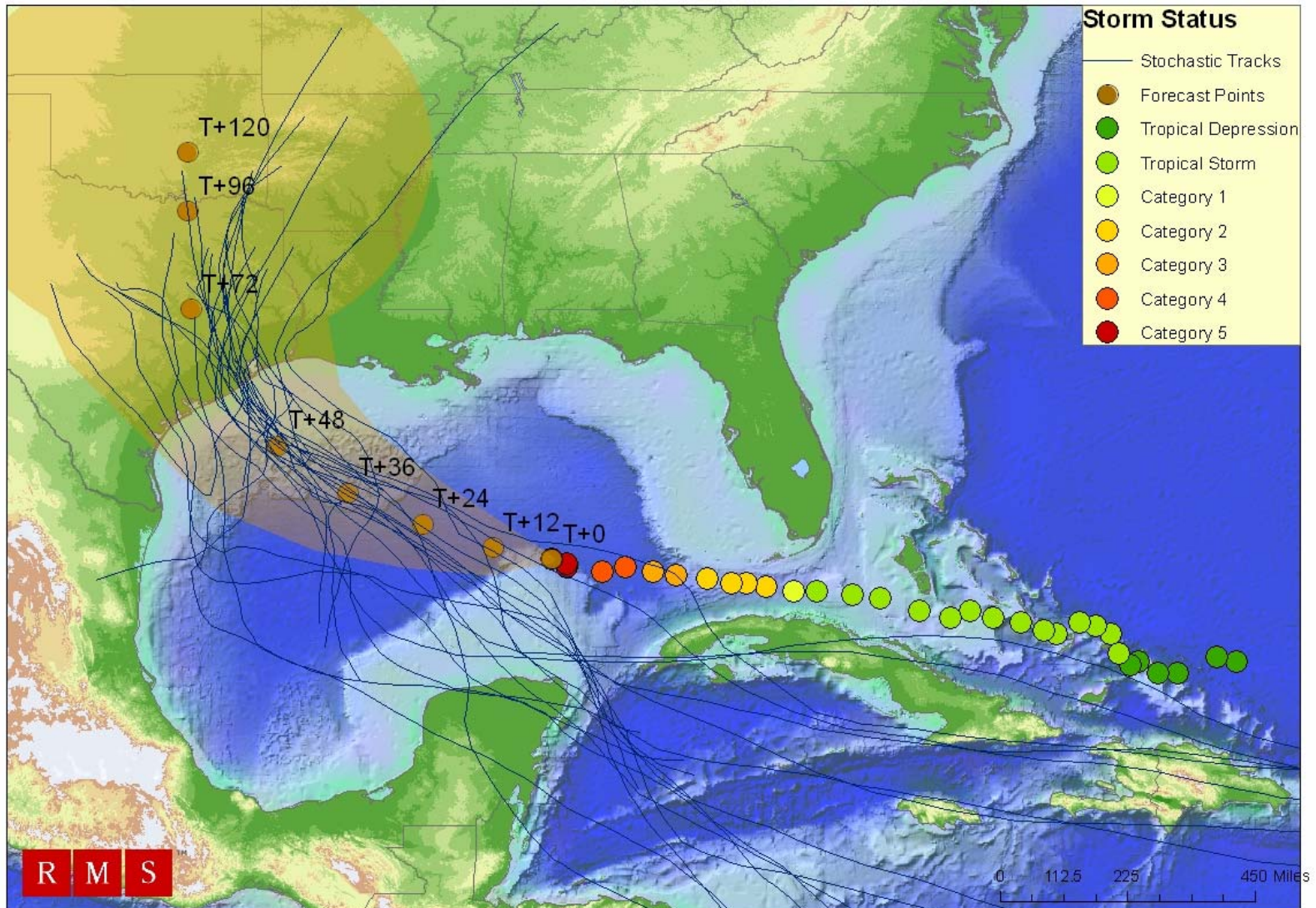
Why?

- All companies need to know if they have enough cash reserves to cover the claims they will face
- If they don't, they will need to
 - liquidise assets quickly (costly),
 - try and find some reinsurance cover (very expensive),
 - or go out of business
- Publicly listed companies need to release their loss estimates to the stock market,
- If they get the loss estimate wrong, it will impact their share price



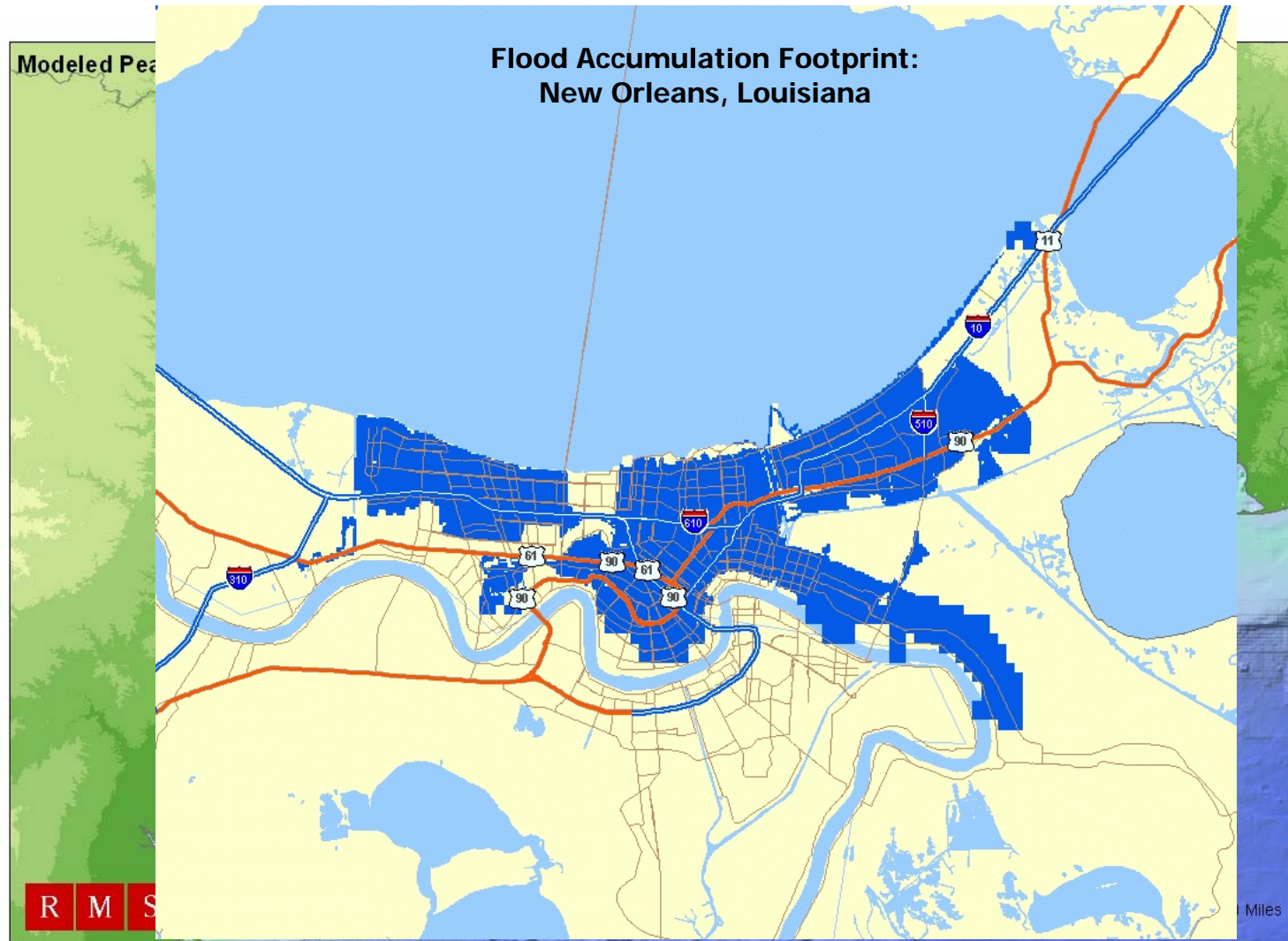
Tools and Resources used for Cat Response

1. Probabilistic Modelling Parameters



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2. Accumulation footprints



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 - Hazard layers
 - Banded windfields

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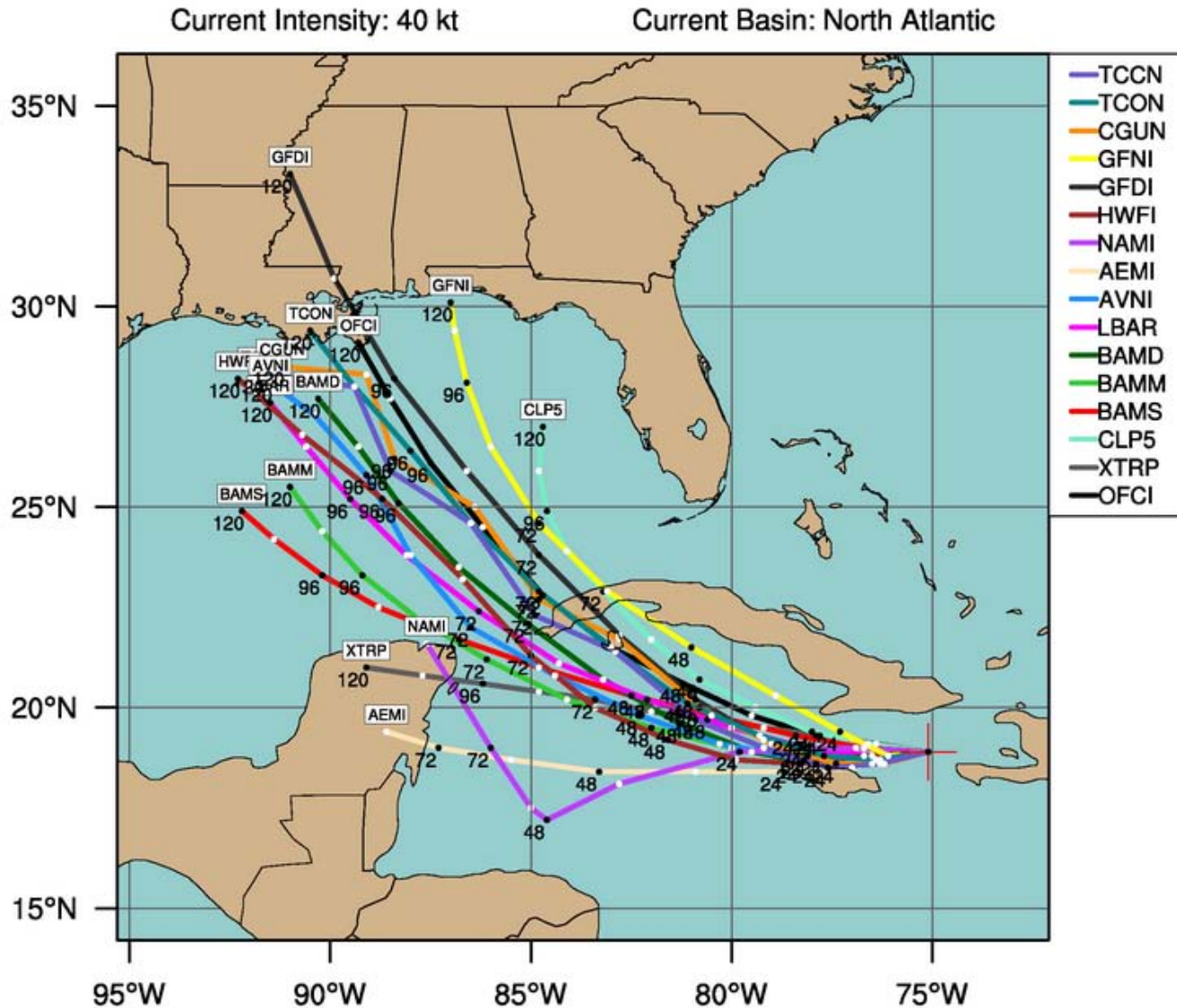
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4. Industry Loss Estimate ranges
5. Damage Summaries

Hurricane Gustav

- RMS Cat Response team have been monitoring Gustav since it formed on Tuesday, 26 August
- Global forecast models have been indicating Gustav will make landfall on the US Gulf coast at the beginning of next week
- Daily Cat Update reports posted to rms.com

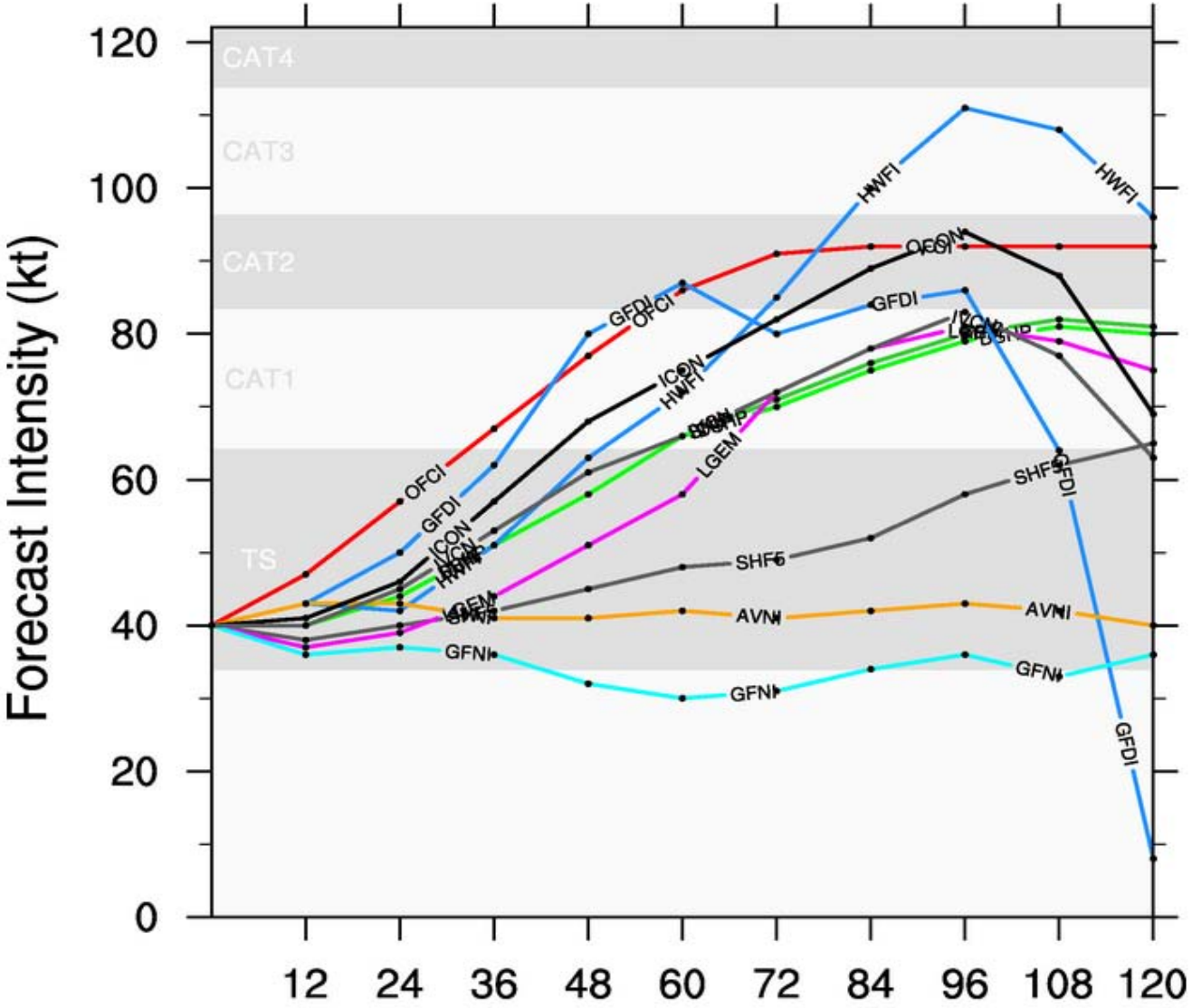
Early Cycle Track Forecasts

Early-cycle track guidance valid 0000 UTC, 28 August 2008

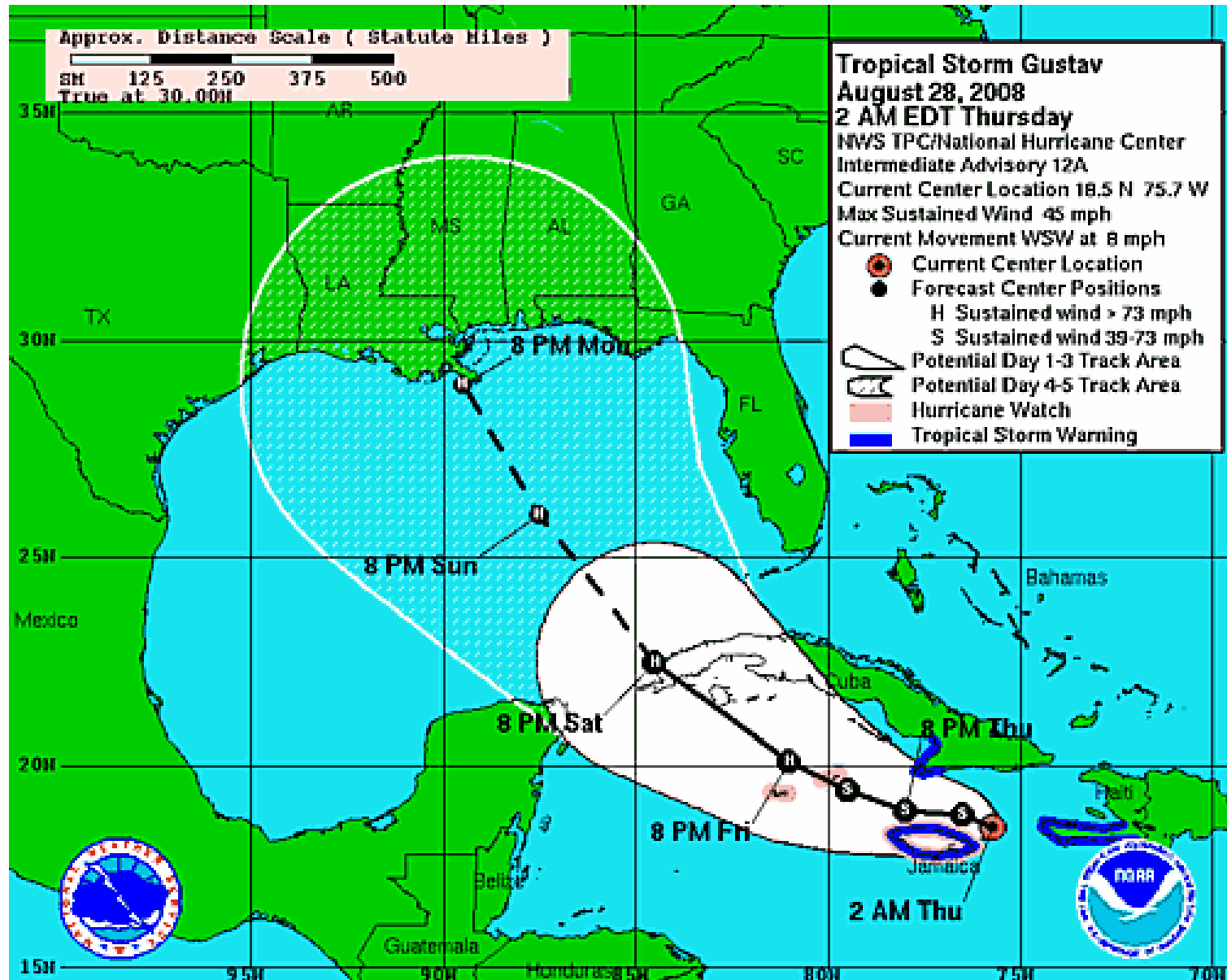


Early Cycle Intensity Forecasts

Early-cycle intensity guidance
valid 0000 UTC, 28 August 2008



Official NHC Forecast: Track and Intensity



Preparing to Respond to Gustav

- Aiming to assess the industry losses prior to and after landfall
- Taking account of uncertainties associated with the storm
- Preparing to deliver quantitative information to our clients so they can identify their exposure at risk and assess their losses

Summary

- RMS has a variety of tools and resources that allows companies to understand their exposure at risk: from catastrophe models to disaster response
- Actual catastrophes are the frontline of modelling and when modelling becomes real
- RMS catastrophe response service enables clients to assess their losses real time, using RMS' model and other tools