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Dear Reader,

It is a pleasure to present to you the third issue of the PERILS Newsletter. In this issue, we cover PERILS' fourth and final loss estimate for Windstorm Xynthia, the recent update of the PERILS Industry Exposure Database and the inclusion of five major historic storms in the PERILS Industry Exposure & Loss Database. In addition, we provide an update on the usage of PERILS loss data as triggers in insurance risk transfer products.

At PERILS, we are delighted with the significant progress we have made to date. Since our formation a little over two years ago, we have gained the support of more than half of the European insurance industry in terms of property premium. This gives us a solid basis for extrapolating the collected original loss and exposure data to market level. And comparisons with other market data sources are showing strong alignment, providing evidence that our methodology is highly effective. But we will not rest here. We will continue to make every effort to increase our market coverage further and will also explore potential opportunities to expand PERILS' current remit. Our goal is always to ensure that the data we provide remains relevant to the industry as a whole. To achieve this we are seeking feedback from all industry stakeholders on the services and data which we provide. PERILS is an industry initiative and therefore constant interaction with the industry we serve is essential.

PERILS' mission is to contribute to the transparency and understanding of European Cat risk by providing independent Cat insurance market data. In the light of the recent Tohoku Earthquake in Japan, this is more pertinent than ever. We believe we are succeeding in this mission. Our success is founded upon the growing acceptance and trust of market participants in the PERILS methodology, the strong support from our data providers, and dedication of our highly experienced PERILS team. We are sincerely grateful to all of these parties for their contribution and we are committed to building our future on this success.

With kind regards,

Luzi Hitz
CEO PERILS AG

Figures & Facts

18'000	number of data entries in PERILS Industry Exposure Database 2011
EUR 1.32 bn	PERILS final property loss estimate for windstorm Xynthia
5	number of historic events reconstructed by PERILS
> 65	number of data providing companies
> 50%	PERILS' overall market coverage per 1 Apr 2011
USD 1.55 bn	total Cat capacity placed Jan 2010 to Mar 2011 based on PERILS loss index
24	number of insurance risk transactions based on PERILS loss index
53 / 47	split ILS vs ILW capacity placed based on PERILS loss index

Windstorm Events

In this section, we focus on recent and historic windstorm events captured by PERILS.

Xynthia

On 28 February 2011, PERILS released its fourth and final loss estimate for windstorm Xynthia of EUR 1.32bn (excluding losses indemnified by the French CatNat government scheme). In line with the PERILS loss reporting schedule, this final loss estimate was published twelve months after the event occurred.

The final amount of EUR 1.32bn is only 3% above the initial loss estimate of EUR 1.28bn, issued on 12 April 2010 or six weeks after the event. This small

increase is due to the net effect of upwards and downwards movements within individual countries, and clearly demonstrates the robustness of the PERILS loss estimation methodology.

Figure 1 shows the property damage in % of the property sums insured (Mean Damage Ratios) per CRESTA zone based on PERILS' final loss estimate for Xynthia and the PERILS Industry Exposure Database.

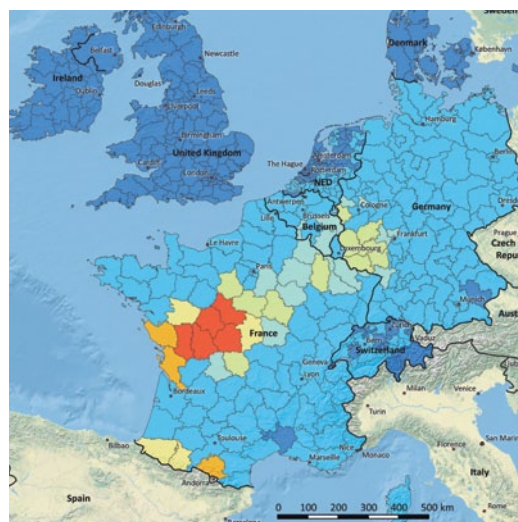
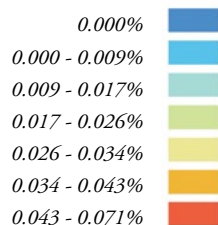


Figure 1: Windstorm Xynthia. Property damage in % of the property sums insured per CRESTA zone (Mean Damage Ratios, MDR).



As per the third loss report, PERILS database subscribers have access to claims data per CRESTA zone and property lines of business. In addition, the database includes two sources for the maximum wind speed (peak gusts in m/s) per CRESTA zone. By combining this information, users are able to create vulnerability functions per country and property line of business (see Figure 2). The latter can be used to validate assumptions in probabilistic Cat models or to create simplified scenario loss models enabling a quick own assessment of a storm loss.

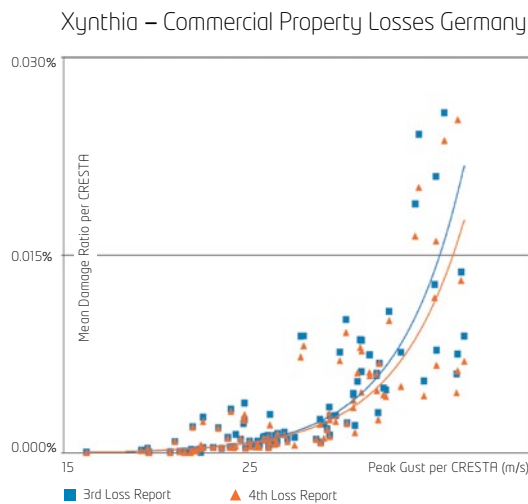


Figure 2: New research data derived from the PERILS Industry Loss & Exposure Database. The chart shows Mean Damage Ratios in relation to peak gust values for German Commercial Property business. Data are derived from PERILS' third and fourth (and final) loss report. The observed variations between the two best-fit vulnerability functions are small.

Losses published by national insurance associations are best suited for comparison with PERILS' estimates of industry losses as they rely on a similar method as PERILS of extrapolating the reported losses from primary insurance companies. Figure 3 shows such comparison by country. Variations between PERILS and the associations range from -13% to +9%. Overall the difference in the total insured property loss for windstorm Xynthia is only 2.6%.

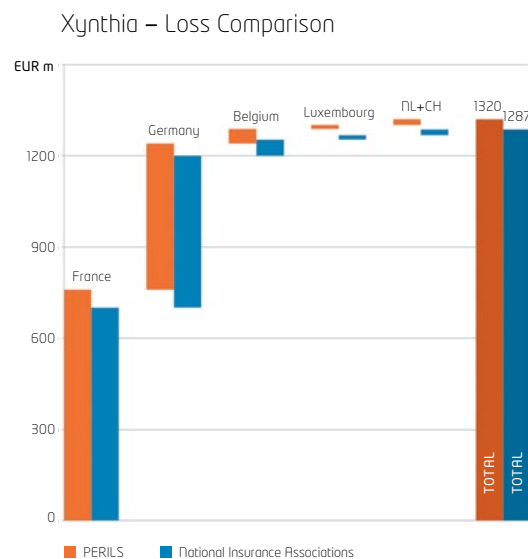


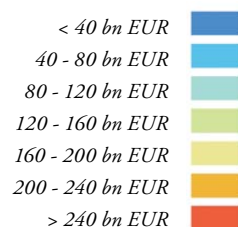
Figure 3: Good alignment between PERILS and National Insurance Associations. A comparison of Xynthia market loss estimates by PERILS and national insurance associations shows only small differences. Note that for France CatNat losses are excluded while for The Netherlands no loss estimate is available from the national insurance association.

Business Update

This section highlights major business developments, including recent updates of PERILS' products and their application.

On 1 April 2011, PERILS successfully released its updated Industry Exposure Database 2011 (see Figure 4). It contains industry property sums insured per 1 January 2011 for nine European countries (Belgium, Denmark, France, Germany, Ireland, Luxembourg, Netherlands, Switzerland and the United Kingdom), on a CRESTA zone, occupancy type (residential, commercial, industrial and agricultural) and cover type level (content, building, business interruption). The industry exposure is based on data directly collected from more than 65 insurance companies representing over half of the overall market in terms of property premium.

Compared to 2010, the total sums insured (TSI) movement over all nine markets combined is +4.6% (+2.7% at constant EUR exchange rates). Changes in country-wide sums insured vary between -6% and +13%.



This year-on-year development is mainly driven by movements in collected TSI data and movements in market benchmarks.

In conjunction with the exposure data, the PERILS database also contains losses on the same geographical and occupancy type granularity for all windstorm events with a market loss exceeding EUR 200m. While the exposure data is updated annually, releases of loss reports follow PERILS event loss reporting schedule which is 6 weeks, 3, 6 and 12 months after the event date.

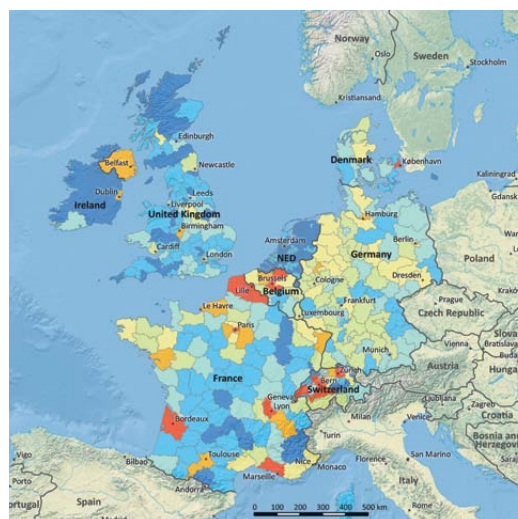


Figure 4: PERILS Industry Exposure Database 2011.

On 1 April 2011, PERILS made available to its subscribers the latest version of its exposure database. The market-wide sums insured data is available per CRESTA zone, property occupancy type and coverage type. The in-force date of the exposure is 1 January 2011.

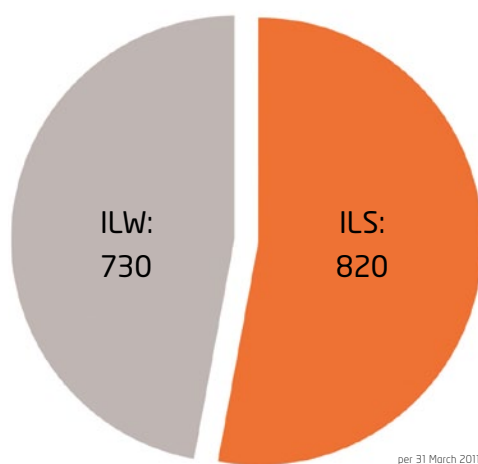


Use of PERILS loss index in insurance risk transactions

During the 15-month period from January 2010 to March 2011, a total of USD 1.55bn of PERILS-based capacity was placed in the capital and reinsurance markets. USD 820m (53%) of this capacity was in the form of Insurance-Linked Securities (ILS), i.e. risk transfer to Capital Markets investors, while USD 730m (47%) was in the form of private transactions, primarily Industry Loss Warranty reinsurance or derivative arrangements (ILW, see Figure 5).

This is further evidence that PERILS now fills a long-standing gap in the insurance market for an independent industry loss index provider in Europe. As a result of this development, it can be expected that the stability and liquidity of the European Cat market will be enhanced. This will be of particular benefit to the industry as a whole in the event of future major losses where history has shown that Cat capacity can become scarce and as a consequence market prices can increase dramatically.

Total of PERILS-based Capacity: USD 1'550m



Number of PERILS-based Transactions: 24

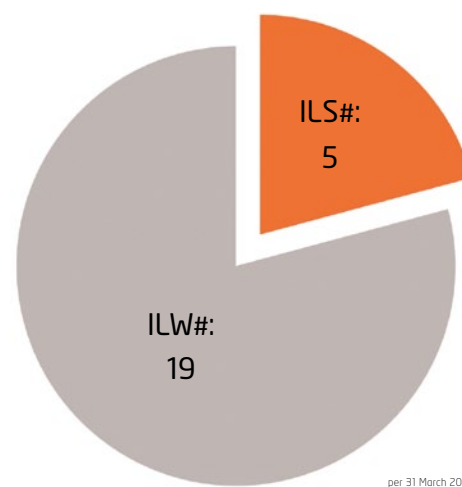


Figure 5: Strong demand for PERILS loss index.
In the first 15 months of PERILS being operational, more than USD 1.5bn of capacity has been placed based on PERILS loss index; half in the form of Industry Loss Warrants (ILW), half in the form of Insurance-Linked Securities (ILS).

Major Historic Storms since 1999

This section informs about special activities or developments at PERILS

In response to our stakeholders' request for PERILS to extend its track record for event losses, we have compiled industry loss estimates for five major European storm events since 1999. These storms include: Anatol (1999), Lothar (1999), Martin (1999), Jeanett (2002) and Kyrill (2007). PERILS' estimates represent the insured market-wide property losses as at the time of the event.

Industry loss estimates for European windstorms have to date lacked the level of accuracy, consistency and granularity that the insurance sector requires. Various sources have used different definitions in terms of captured territories, insurance lines and currency exchange rates. These differences often lead to 'apple/orange' comparisons.

Estimates from sources such as Munich Re and Swiss Re, for example, are mainly based on public

sources, cover varying geographies and can include non-property lines of business. Also, losses are converted into USD using different FX rates.

The estimates produced by PERILS, in contrast, are compiled using original losses received from insurance companies, and are based on a very clear and consistent definition with FX rates per occurrence date.

Figure 6 compares PERILS' original industry losses for five major storms from 1999 to 2008 with estimates from other industry sources. While the other loss estimates usually represent single event loss numbers, the PERILS event loss estimates are available on a country level. When comparing the data, one should keep in mind the differences in approach and original data sources (territories, LOBs, FX rates, etc.).

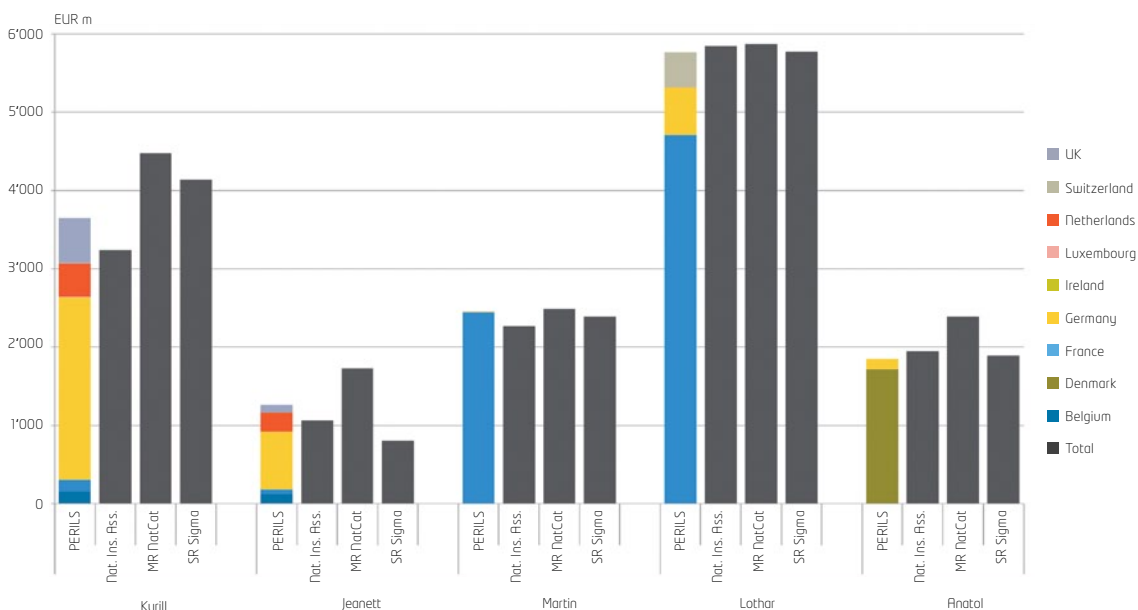


Figure 6: PERILS estimates compare well with other sources.
The reconstruction of the five largest European storms since 1999 extends PERILS' track record and confirms the robustness of the PERILS methodology. Note that comparison with other sources is limited as different sources can cover different territories and LoB.

Outlook

Due to the strong support from you and all other market participants, PERILS has quickly achieved industry-wide acceptance as an independent source of catastrophe insurance data in Europe. Similarly, thanks to your support, the quality of the PERILS Industry Exposure & Loss Database has been further enhanced over the last 12 months and, in conjunction, the use of PERILS' industry loss estimates as triggers in insurance risk transactions.

We want to build on this success and look forward to continuing to work closely with the industry to ensure that our market data is of the highest quality and of the greatest practical benefit.

With very best regards,

Your PERILS Team

Zurich, April 2011

