

Allianz Risk Transfer AG

TO WHOM IT MAY CONCERN:

Allianz Risk Transfer (ART) is an affiliate of the Allianz Global Corporate and Specialties, member of the Allianz Group. ART focuses its business on non-traditional and complex transactions with international industrial clients, structured reinsurance and Insurance Linked Markets. Some of these transactions require an independent external opinion to gauge its risk transfer. It is in this context that ART engaged PRS.

Frank Cuypers executed this engagement last year to our entire satisfaction. His report reflected a clear insight into the mechanisms of the mandated transaction. In particular, he highlighted the importance of carefully accounting for the numerical convergence, because the large number of nonlinear on-off features generates a highly asymmetric multimodal probability distribution. As a result, the risk measure (in this case an expected shortfall) turns out to converge more slowly than we expected.

It is our intention to continue engaging PRS when in the context of an independent external opinion to review risk transfers.

Initially, I have known Frank from the time when he was Actuary and Chief Actuary at Zurich Re (the former reinsurance arm of Zurich Financial Services, ZFS) in Zurich and Cologne in the late 1990's. At the time I was the Chief Actuary of the ZFS Group, and enjoyed the privilege to appreciate his profound mastery of risk and capital modeling.

In particular, in our efforts to introduce a group wide Risk Based Capital model to better allocate capital to the different business units, he pioneered and successfully implemented a concept with Zurich Re (partially still used by its follow-up organizations, Converium and SCOR), which in hindsight pre-emulated key properties of the Swiss Solvency Test and Solvency II.

Based upon my experience with his work, I can only recommend Frank for consulting tasks, in particular when a strong analytic background is required.

Best regards,



Bernhard Arbogast
Chief Portfolio Officer