



RiskOnline®

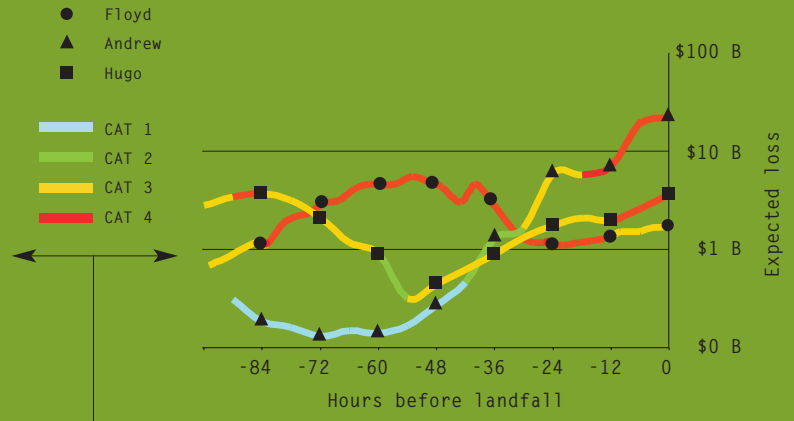
For the first time, risk professionals can track live probabilistic hurricane loss estimates as storms approach land. Approximately every three hours, RiskOnline® automatically updates probability distributions for U.S. insurance industry losses and for participating companies' portfolios. Results are viewable over the Internet at www.riskonline.com, which offers subscribers secure, around-the-clock access to the risk metrics they need to monitor and trade risk in real time.



Risk Management Solutions



Evolution of hurricane intensity for hurricanes Floyd, Andrew and Hugo



Tracking the corresponding expected loss over time

**PORTFOLIO-SPECIFIC LOSS
UPDATES EVERY FEW HOURS**

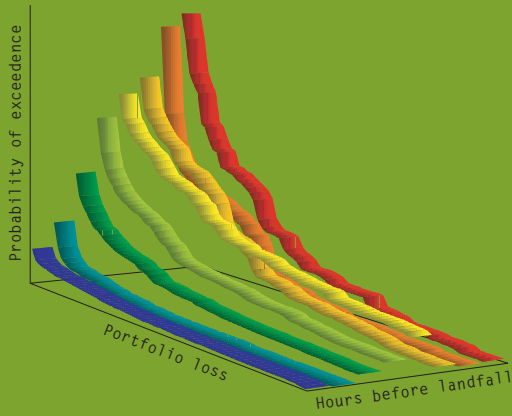
In the chaotic environment that surrounds an approaching hurricane, market participants need an independent, accurate, and timely source of risk information to support critical risk management decisions. RiskOnline® addresses this need for insurance, reinsurance, and risk transfer markets. Subscribers get immediate access over the Internet to the latest loss projections for the industry or their own portfolio, including breakdowns by state, region, line of business, or business unit.

Information access is reliable and up-to-date because RiskOnline data feeds and analytics are fully automated, from the collection of hurricane parameters to the calculation of probabilistic losses for client-specific portfolios. Results are posted every few hours based on the most recent event parameters, providing the information needed for claims, capital management, and risk transfer decisions.

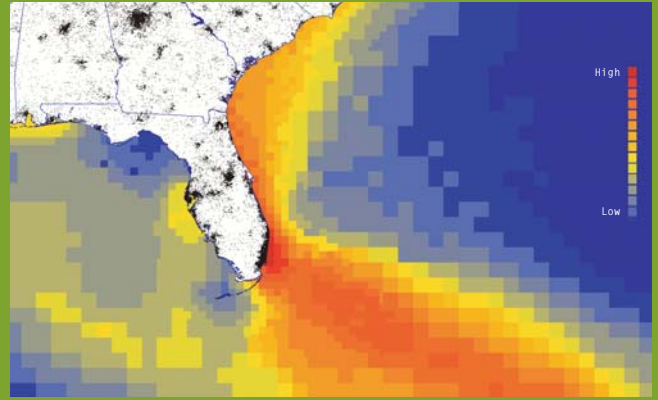
**AN INNOVATIVE AND PROVEN
APPROACH TO REAL-TIME MODELING**

RiskOnline uses a probabilistic loss forecasting approach that is based on an innovative blend of meteorological forecasts and statistical storm behavior inferred from historical activity. The model reflects current meteorological conditions affecting storm behavior through a probabilistic simulation of possible storm paths and intensities, generating the most comprehensive loss forecast possible. This blended approach leads to consistently more accurate and stable results than those produced using meteorological forecasts or simulations from historical statistics alone.

RMS performed simulations of time histories for the last 100 years of historical hurricanes, validating the accuracy and stability of RiskOnline's loss forecasting approach. The methodology is also consistent with other core RMS modeling components, ensuring a common baseline for understanding and communicating RiskOnline loss metrics in the market.



Evolution of probabilistic risk over time as tracked by exceeding probability (EP) curves for a sample portfolio



Projected losses for approaching CAT 3 Atlantic hurricanes. Each grid cell is shaded by expected loss for a hurricane at that location.

REAL-TIME PROBABILISTIC LOSS DISTRIBUTIONS

In RiskOnline's probabilistic forecasts, losses are modeled for each possible outcome along with its conditional probability of occurrence. This not only provides the expected loss and the corresponding standard deviation, but also the probabilistic loss distribution on which these estimates are based. As a result, subscribers are given a transparent measure of confidence around the expected loss to the industry or their own portfolio.

DECISION SUPPORT FOR RISK TRANSFER AND TRADING

RiskOnline's full probabilistic loss distribution provides the information required to monitor existing risk transfer programs. From the loss distribution, for example, subscribers can assess the probability of triggering or exceeding the limit of a specific catastrophe excess-of-loss reinsurance program and decide on the placement of additional coverage.

RiskOnline also provides an objective and independent basis for pricing real-time transactions:

- Reinsurance Coverage Placements
- Swaps and Options
- Industry Loss Warranties
- Catastrophe Bond Trading

Counterparties can agree in advance on transaction structures and pricing mechanisms, utilizing RiskOnline's real-time metrics to execute transactions within a limited time window as a storm approaches.

CLAIMS AND UNDERWRITING APPLICATIONS

By calculating probability-weighted expected losses by county, RiskOnline generates the geographic distribution of risk for each portfolio. This information is critical for claims and underwriting decisions such as:

- Isolation of potential loss concentrations for claims resource planning and deployment
- Short-term underwriting guidelines for quoting and issuing coverage in potentially affected areas

RISK ONLINE® ADVANTAGES

- Reliable, automated analyses
- Transparent probabilistic loss forecasting
- Around-the-clock updates, every few hours
- Time savings through outsourced processing
- Convenient access to results over the Internet
- Multiple perspectives on real-time risk

BASED ON RMS® HURRICANE MODELS

RiskOnline real-time forecasting uses storm tracks from the RMS 'Basin-wide' random-walk model, comprising approximately 400,000 stochastic hurricane tracks. Forecasts are combined with loss modeling from the RMS U.S. Hurricane model.

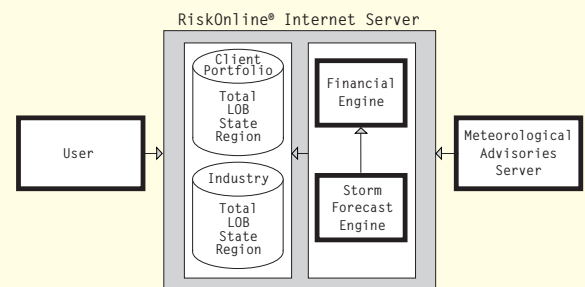
GEOGRAPHIC SCOPE

- All hurricane-exposed states along the U.S. Atlantic and Gulf coasts
- All named North Atlantic and Gulf storms as soon as sufficient data is available to form a reliable loss forecast (generally 3 to 4 days before landfall)

SUBSCRIBING TO RISK ONLINE®

RiskOnline offers multiple perspectives for monitoring real-time hurricane risk:

- U.S. Industry results by region, state, line of business, or in aggregate
- Results for company-specific portfolios by business unit, customized region, state, line of business, or corporate total



Subscribers wishing to monitor their company-specific results can provide portfolio data in the following formats:

- RiskLink® Results Database Model (RDM)
- Various exposure data formats

For more detailed subscription and product information, visit the RiskOnline Web site at www.riskonline.com.

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