

Investing in P&C Insurance Risk with Remote Expected Loss



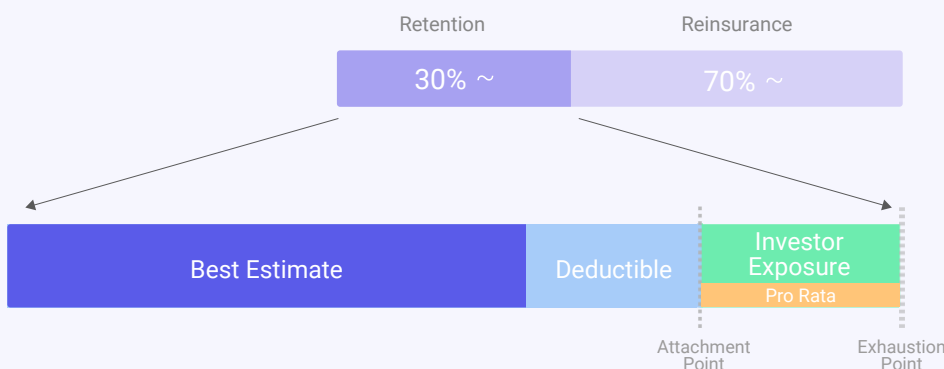
Vesttoo's proprietary AI-based technology suite hedges General Insurance liabilities via derivative structures, providing investors with non-correlated investments with remote expected loss while bridging the insurance industry and the capital markets

P&C Insurance Hedging

P&C insurers have been exposed to increasing challenges in recent years. The near-recessionary economic environment, rising governmental scrutiny, and regulatory costs, intense competition, limited economic growth, and historically low-interest rates have all contributed to lower profit margins throughout the sector and increased exposure to liabilities.

Vesttoo has been working closely with Motor and other P&C insurers to hedge their liability exposure in the capital markets through derivative structures. Vesttoo builds stop-loss liability hedges between insurers and investors in the form of unfunded swaps (under ISDA terms), in which insurers enter a negative expected value deal and pay a premium in exchange for reinsurance cover and SCR and risk margin relief. Investors, on the other hand, get non-correlated, attractive risk/return investments with remote loss possibilities.

Transferring the risk of excess payments beyond a deductible, with the coverage capped at the exhaustion point



- Insurer liabilities are accounted for in the best estimate
- Insurer takes excess losses up to the attachment point
- Investors are accountable between the attachment and exhaustion points



Investors benefit from:



Stable, fixed-interest income



Non-correlated to macroeconomic risk and other financial classes



Attractive risk/reward compared to other fixed-income bonds and dividend stocks



Diversification opportunity for portfolios



Increased market capacity (long-term deals)



No upfront cash required



Consistent with regulatory requirements

Revolutionary Liability Hedge Instrument

Using proprietary AI-based technology, **Vesttoo** has optimized a structure that protects investors from adverse economic and regulatory changes. **Vesttoo** builds highly accurate indemnity-index calculations and sophisticated optimization algorithms for risk modeling and structuring. These proprietary risk models and indemnity indices are reviewed and endorsed by leading firms in the field.

About Vesttoo

Vesttoo has developed advanced technologies for data-driven risk management, translating actuarial risk to financial risk through the capital markets. Vesttoo specializes in risk modeling and alternative risk transfer for the longevity and P&C markets, providing insurers with a low-cost strategic risk management solution for immediate capital relief and liability hedging