

Find and Manage Hidden Risks with Casualty Cat



Casualty risk is rarely linear. A single event could affect many insureds across several lines of business, triggering disproportionate payouts, depleting balance sheets, and possibly threatening solvency. While carriers have been aware of the domino effect that could follow a casualty event, a realistic approach to risk mitigation has been elusive. Sufficient data and modeling capabilities historically have been in short supply. Fortunately, there is a new way to manage this threat. Guy Carpenter's Casualty Cat Model, developed jointly with Arium, Ltd., makes it possible to track exposures throughout your portfolio and develop a plan for protecting your capital.

Find Hidden Exposures

Your portfolio may have hidden casualty exposures. Interconnected risks can cause your exposure to accumulate. One incident could have a greater loss impact than you realize, draining capital in excess of expectations. Casualty catastrophe involves not only the classic "clash" risk in which two or more policies or insureds are directly involved in the same event, but also the bigger "systemic" risk, where a single trigger could affect a larger number of insureds by spreading from or through its original industry or line of coverage. Managing risk for each specific line can still leave you exposed to catastrophe accumulations.

Know Your Portfolio

Guy Carpenter's Casualty Cat Model makes casualty catastrophe risks knowable, enabling you to understand the extent of accumulated risks in your portfolio and take informed action. This underwriting tool is designed to identify and price risk while managing your casualty portfolio. In addition, it can help you:

1. Identify casualty catastrophe mechanisms and determine how they operate within a portfolio.
2. Model the major event scenarios that could trigger substantial casualty losses.
3. Identify areas of vulnerability to catastrophe risk in your portfolio.
4. Formulate a risk management plan that addresses the full reach of each scenario identified.

Casualty Cat is the first model of its kind with the tools needed to unearth hidden risks and develop an effective hedging strategy.

Guy Carpenter Innovates

Offering an innovative approach to the protection of capital from risks that are difficult to identify and address, Guy Carpenter has committed decades of experience and expertise to our clients' needs. Casualty Cat is designed to address the specific challenges that casualty carriers face in an increasingly complex marketplace.

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