



## SYNOPSIS

### **INNOVATIVE AND SOPHISTICATED RISK TRANSFER IN MOTOR THIRD PARTY LIABILITY**

*James Sullivan*

**Key words:** Motor third party, insurance linked security, risk transfer, catastrophe bond

**Purpose of your paper:** Case study of the Assicurazioni Generali "Horse Capital I DAC", a motor third party liability catastrophe bond. This case study is representative of appetite from Insurance Linked Securities markets to cover non-property catastrophe lines of business.

**Synopsis:** This presentation will provide a brief background on the alternative risk transfer market and describe key elements of Assicurazioni Generali ("Generali") "Horse Capital I DAC": a EUR 255 million insurance linked securities transaction designed exclusively to protect the third party motor liability loss ratio of a portfolio of subsidiaries of Assicurazioni Generali in Europe on a combined basis.

"Horse Capital I DAC" provides Generali with EUR 255 million of three-year, fully-collateralized protection against a deterioration of the loss ratio of Generali's portfolio as calculated on an annual ultimate loss basis. This allows improved management of the volatility of its loss ratio and solvency ratio on one of its core lines of business.

Using this case study as an example, the presentation will give insights to the potential future of risk transfer of injury and disability schemes, outside the use of traditional reinsurance.