Abbey 219
Act of God bond 9
actuarial advisers 2, 180
adverse selection issues 24
AEGON 203, 211, 227
AEGON Scottish Equitable 219, 221, 222, 226
aggregate exceedance probability (AEP) 72, 73
AIG 121, 235
AIR Worldwide Corp. 70, 131
aleatory uncertainty 54
all or nothing payment 57
Allianz Blue Wings program 25
Allianz Global Corporate & Specialty 25
Allianz Re 21–7
Allianz Risk Transfer 12, 25
Ambac Assurance Corporation (Ambac) 223, 296
AmerUS 219
amortization 227
arrangers 2
Atlas see SCOR
AURA RE 32–3
aviation risk 12, 118
Aviva 219
Avondale 219, 221, 222, 227, 295–8
AXA 29, 283–91
AXA Cessions 286
AXXX securitization 191
Basel II 220, 227
basis risk 16–17, 23, 24, 33, 36, 38, 49–63, 85, 87, 88, 89, 90–3
cat model error/shortcomings 55–6
cat model input 63
in catastrophic risk modelling 85, 87, 88, 89, 90–3
choice of index 62
defining 56–7
digital hedges 59
dynamic 56
key drivers 92–3
minimizing 60–3
modelled 90–2
modelled index loss vs modelled company
loss 56
non-modelled 90
one-tailed measures 60
over-hedging 60–2
positive 59–60
pro rata hedges 58–9
quantifying 58–60
reset clauses 62–3
changes in industry exposure database 62–3
changes in model mechanics 63
in SCOR 158–9
sources of 55–6
in Standard & Poor 76–82
two-tailed measures 60
Bay Haven 57, 136
Bermudian insurers 21
binary hedges 57
Blue Coast Ltd 12, 25
Blue Fin Ltd 24–7
BNP 254
BNP Paribas 252, 269
bond terms 13
Box Hill 221, 222, 223, 225, 253, 258, 349
brokers 2
bulk coding 86
buy-ins 249
buy-outs 249

calculation agents 182
California Earthquake bond 39
Canada Life 255, 261, 264, 265, 274, 275
capacity for insurance risk 22
capital adequacy ratio 24
Capital Requirements Directive (CRD) (EU) 354
capital efficiency 173–4
Carillon II Ltd 44–5
Carvill Hurricane Index (CHI) 94
cash value formula 217
casualty risk 118
cat bond 9, 13, 14, 21, 36
  basic structure 11
cat bond market 9
cat bond risk capital outstanding 9
cat bond sponsors 9
cat indices 93–9
cat modelling firms 14
cat swaps 120
catastrophe bond see cat bond
catastrophe models 52–5
  aleatory uncertainty 54
  epistemic uncertainty 54
    financial module 55
    hazard module 54
    portfolio 55
    vulnerability module 55
  financial (actuarial) module 54
  hazard module 52
    earthquake 52
    flood 53
    hurricane/extra-tropical cyclone 53
    tornado and hail 53
  key components 52–4
  portfolio 53
  uncertainty 54–5
  vulnerability (engineering) module 53
see also catastrophe risk modelling
catastrophe risk modelling 83–100
  components 84
  hazard component 84
  indemnity modelling challenges 86–7
    data accuracy 86
    data completeness 86
    data quality 86
    industry loss 87–8
    inventory component 84
  loss component 84
  loss modelling challenges 89–90
  non-modelled risk 86, 87
  objectivity and transparency 85
  parametric modelling challenges 88–9
    independent model calibration 88
    model differences 88
    modelled loss transaction 89
    process or improving data over time 86
    resets 86–7
    risk quantification 85
    sensitivity testing 86
    triggers 85–90
    verification of past performance 85
    vulnerability component 84
see also basis risk
catastrophe risks 31
catastrophic mortality programmes 12
cedant perspective on life securitization 199–206
  capital redundancy 200
  divestment of business 201
  impact on financial statements 202
  impact on liquidity 199–200
  life insurance risk transfer securitisations 204–5
  managing concentration 201
  pure asset securitization 205
  reaction from rating agencies and regulators 201
  reserve funding securitization 203–4
  securitization of future cash flows from block of business 202–3
  securitization opportunities 202–5
  securitization vs reinsurance 205–6
  strengthen capital position 201
  value creation 199
Chicago Climate Futures Exchange 94
Chicago Mercantile Exchange (CME) 94
claims inflation 123
climate change 25
closed book/open book 222
club deals 1
ClubVita 266
collateralized reinsurance 1, 14, 120
commutation risk 46
Continuous Mortality Investigation (CMI) 266
contract of insurance, factors defining 224
Converium 154–5, 156, 158
correlation analysis 119
counterparty risk 11, 24, 36, 231, 235
credit cliff, risk of 10
credit crunch (2007/2008) 11, 16, 18, 36, 120
credit ratings 24
credit risk 23
Credit Suisse 267
Credit Suisse Longevity Index 254, 266, 267
CreditWatch 67–8
customized longevity hedge 273, 274–5
Index 365

death benefit schedule 217
demographic risks 174
demutualization 170, 172
digital hedges 57
Directors’ & Officers’ liability insurance 30
distressed pricing 122
dot com boom 18
drop-down 132
dynamic defined bloc of business (DDB) 298
earthquake, definition 161
economic reserves 213
El Niño 55
embedded value 14
embedded value (EV) securitization 13, 172, 191, 192–3, 220, 295–8
background 106
deemed representation 108–9
general fiduciary considerations and prohibited transactions 106–7
non-Erisa plan considerations 109
plan asset consideration/internal activities of the issuer 107–8
Plan Asset regulation 108
prohibited transaction class exemptions (PTCEs) 107, 108
enhanced capital requirement (ECR) 347
Enron 18
enterprise risk management (ERM) 16, 36
epistemic uncertainty 54
EQECAT 70, 131, 331
Equitable Life 274
EURIBOR 236
EURIBOR +/- 160
European Investment Bank (EIB) 269
on reinsurance (Reinsurance Directive) 113, 307–10, 343
European Wind cat bonds 12, 44
event-linked futures (ELFs) 94
event loss table (ELT) 133, 134
event set 52
excess of loss reinsurance 23, 141, 150, 284
excise tax 328–35
Bank of America case 334–5
derivative instruments 330
insurance 329–30
insurance-linked instruments on standard ISDA forms 330–1
notional principal contracts 3314
put option 334
expected interest credited rates 217
expected loss of catastrophe bond 118
expected loss percentage 118
expected mortality rates 217
expected premium patterns 217
expected termination 217
expense risk 14
extension events 162
familiarity barriers 15
Finance Act (FA) 2005 311
financial crisis (1998, Russian Crisis) 18
financial institutions 2
Financial Reporting Standard (FRS) 26 311, 313–15
Financial Services Authority (FSA) (UK) 220, 308
Providential Sourcebook for Insurers (INSPRU) 308, 309, 313
Regulatory Guidance on the Identification of Contracts of Insurance 223, 250
structure 310
UK tax treatment of 308–15
financing transactions 193–4
First Non-Life Co-ordination Directive 343
Fitch
approach to rating process 207
insurance risk analysis 208–11
analysis of sponsor and other counterparties 210
ratings benchmarks 209
risk modelling 208–9
surveillance 210–11
ZEST: case study 211–12
footprint of catastrophe event 51
forced sellers 122
forward mortality rate 270
fraud 123
Fremantle 57, 136
Friends Provident 252, 255
Friends Provident Life & Pensions (FPLP) 222
Fuji Finance Inc. v. Aetna Life Insurance Co. Ltd. [1997] 223, 224, 250, 251
fungibility 175
GE Insurance Solutions 219
General Prudential Sourcebook (GENPRU) 344, 346, 348
generally accepted accounting practice (GAAP) 311, 315
Golden Goal transaction for FIFA 12
Goldman Sachs Group, Inc. 254, 267
QxX 254, 266
Index

Gracechurch (Barclays Life) 221, 222, 223, 225–6, 253, 258
Gracechurch Life Finance 349
Greenwood v F.L. Smidth & Co 319
Group Holding Company (HoldCo) 293
Groups Directive 220
Guideline AXXX 172
Hannover Re’s ‘K’ program 142
hedge funds 15
hedge horizon 264
Helvering v. Le Gierse 329, 330
high-velocity capital 15
HM Revenue & Customs (HMRC) 310, 311
Holding Company (HoldCo) 299
hot money 15
Hurricane Andrew 9, 83, 142
Hurricane Gustav 121
Hurricane Ike 56, 87, 121
Hurricane Katrina 1, 9, 14, 22, 36, 55, 58, 71, 117, 120, 130, 141, 142
Hurricane Rita 14, 36, 141, 142
Hurricane Wilma 14, 36, 141, 142
Hurricanes Katrina, Rita and Wilma (KRW) see under separate names
hybrid triggers 12

IAS 39 311
In re Sentinel Securities [1996] 224
income tax, withholding 320–1
indemnification paradigm 273
indemnity-based structures 85
indemnity transactions 33, 111–15, 123
accounts 112–13
diligence 112
disclosure 112
insolvency 114
other documentation 113
Regulation 114
SPV status 113
timing 113
trust 114–15
US-based reinsurance 114

indemnity triggers 12, 17, 37, 38–40, 46, 47, 79
loss verification 40
payout timing 39–40
scope of coverage 39
transparency 40
index loss 33
index transactions 111
indirect taxes 320–1
industry exposure databases (IEDs) 138
industry loss index triggers 12, 43–4, 51, 79
industry loss warranties (ILW) 1, 14, 57, 87, 94, 120, 133
insider information 32, 33
INSPRU 308, 309, 313, 344, 346, 349
institutional asset managers 15
insurance accounting 180
insurance companies, objectives of 23–4
Insurance Futures Exchange Service (IFEX) 94
insurance industry 38
insurance-linked derivatives 1
Insurance Operating Company (OpCo) 293
insurance risk, transfer to capital markets 21–3
Insurance Service Office (ISO) 93
insurance special purpose vehicles (ISPVs) 307, 312, 314
implementation in UK 308–10
insurance taxation 180
Interim Prudential Sourcebook for Insurers (IPRE(INS)) 344
International Financial Reporting Standards (IFRS) 31, 198, 310, 311
International Swaps and Derivatives Association (SDA) 323
Investment Advisers Act (1940) 107
Investment Company Act (1940) 104
investment risk 14

invester perspective in life insurance-linked securities 229–43
correlation with other investments 234–6
impact of financial markets on life insurance-linked securities 235–6
impact of life event on general financial markets 234–5
investor appetite 229–37
key transaction features 237–42
market evolution 242–3
monoclines 229–30
risk descriptions 230–3, 234, 235
pricing and risk-return profile 240–2
duration 241
modelling 241
pricing 241–2
relative value 236–7
risk assessment 237–40
asset management 239
data provided and ongoing reporting 239
derivatives 240
indemnity features and alignment of interest 238–9
legal and tax considerations 238
volatility of repayment profile 240
risk modelling 233–4
understanding the risk 230–4
valuation and liquidity 237

investor types 2
investor vs sponsor risk 50
J.P. Morgan 254, 255, 265, 267, 274
Japanese Typhoon and Earthquake 12
John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank 109

kth event 132
La Niña 55
lapse risk 230, 233, 235
legal advisers 180–1
legal risks 36, 175
Lehman Brothers 11, 18, 27, 120, 128, 234, 240, 288
letter of credit (LoC) 299
LIBOR 160, 236
Life Assurance Directive 343
life catastrophe cover 191–2
life deal comparison chart 228
life insurance-linked securitization 169–87
actors and roles 177–82
external professional advisers 179–81
investors 179
liquidity providers 181–2
monoline insurers 181
ratings agencies 181
regulators 179
sponsors 177–8
key stages of typical transaction 195–7
implementation 196–7
initial assessments of structure 196
involving external counterparties 196
marketing and execution 197
post-close monitoring and reporting 197
selecting subject business 195
transaction structuring 196
life insurer corporate and business structures, risks and products 170–7
mutual life offices 170–1
other forms of life office 173
principal product types and associated risks 176–7
principal risks 173–6
proprietary life offices 171–2
ongoing reporting 197–8
outlook 198
process 182–7
swap providers 182
use of monolines 197
life insurers’ counterparty risk 231
life risk 118
life securitization transactions purposes 293–4
total 294
types 294
wrapped vs unwrapped 295
life settlements 1

life underwriting risk module, calculation 362
LifeMetrics 254
LifeMetrics Index 267, 270, 275
LifeMetrics Longevity Index 266, 275
LifeMetrics Toolkit 266
LIICA Holdings LLC 203
limits and success factors to securitization 33
lines 235–6
linked insurance policies 176
liquidity risk 10, 175
Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) regulations 311
longevity 14
longevity bond 14, 268–9
longevity databases 266
longevity indices 266–7
longevity risk 13, 174, 230, 243–4, 234
analysis 249–50
exposure 249
who is buying 249–50
arrangements 250
legal explanation 250–1
demand for 247
features 255–9
isolating 248
model risk 255–7
mortality and 246–7
potential sources 246–7
pricing 258–9
ratings 258
longevity risk transfer 261–80
capital market instruments 268–73
customized longevity hedge 273–4, 274–5
instruments and liquidity 272–3
longevity databases 266
longevity indices 266–7
longevity toolkits 266
market for 263–6
financial intermediaries 263, 265–6
hedgers 263–5
investors 263, 265
nature of longevity risk 262–3
standardized instruments risk 266
standardized longevity hedges 273–4, 275–80
hedge effectiveness analysis 278–80
liability sensitivity and hedge calibration 276–8
trading and liquidity 268
longevity securitization 246–59
examples and legal aspects of transaction structures 252–5
key structural aspects 248–55
market for 246–7
longevity swaps 254–5
Index

loss-given-default (LGD) 354
Lucida 254–5, 261, 264, 275
marginal risks 231
marine risk 12, 118
mark-to-market loss 128
mark-to-market risk 126, 236
market cycle 31
market dynamics 14–16
market evolution 127–30
collateral arrangements 127–8
data transparency 128–9
exposure monitoring 129
modelling rigour 129–30
market loss 33
market loss index 32
market risk 231, 234
market risk module, calculation 362
market risks 175
market volume 10
MCR 347
Medical Defence Union v. Department of Trade and Industry 224, 251
Microsoft Excel 134, 135
Milliman 267
Milliman modelling 214–15
Miu 131–9
characterizations 137–8, 139
entering a contract 134
how platform works 133–4
portfolio analysis 84, 134–7
CDO report 135, 136
class correlation report 135
expected loss by peril region 135
portfolio construction and analysis 134–5
portfolio summary report 135
results and reports 135–6
sensitivity analysis 136–7
model office concept 216–17
modelled loss 33
modelled loss triggers 12, 45, 79
modelled loss index 55, 111
modelled loss index triggers 51
modelling firms 2
modified coinsurance 200, 202
Modified Mercalli Intensity (MMI) 52
monetization of future cash flows 219–22
background on monetization 219–20
in current climate 221
market drivers 220
recent regulatory developments: ISPVs 221
regulatory drivers 221
Solvency II 221
transaction structures 221–2
value in force (VIF) 221–2
monoline bond insurers 18, 181
monoline wrap (payment obligation) 223
monolines 197, 229–30
Moody’s 234, 303
moral hazard 17, 24, 47
morbidity risk 174
mortality 14
mortality bonds see cat bonds
mortality improvements 13
mortality risk 174, 230, 232, 234
motivating factors 13
motor insurance risk 118
motor insurance securitization 13, 122, 123
multi-strategy funds 18
Munich Re 42, 44
Mutual Securitization transaction (2004) 349
mutuality 170
Nationwide Insurance Co. 9
New Ireland Assurance 295
non-indemnity transactions 123
non-indemnity triggers 41–5
industry loss triggers 43–4
modelled loss triggers 45
parametric triggers (pure and index) 41–2, 47
non-life insurance securitization 9–18, 117–30
non-life underwriting risk module, calculation 361
non-UK insurance special purpose vehicles 315–20
location and management of the issuer’s assets 318–20
tax residence status of the issuer 316–17
tax residence status of the issuer’s goals 317–18
note offering
federal securities law implications 101–4
application of anti-fraud provisions 102–3
distribution of notes 101–2
Investment Company Act (1940) 104
provision of information 103–4
securities offering reform 103
offering circular 104–10
catastrophe bond 105
early redemption events 105
ERISA considerations 106–9
interest calculation and payment 105–6
opinions 110
original principal amount 104
proceeds and payment of interest 109–10
risk analysis 110
schedules and extended redemption date 104–5
notional layer 57
notional portfolio modelled loss index 51
NPI 220, 221
NYMEX 93–4
Index 369

objective index 33
occurrence exceedance probability (OEP) 72, 73
Offering Reform Act (2005) 103
off-shore energy risk 12
operational risk 175
option exercise risk 174, 175
originators 2
Orkney Re II plc 299, 303
OSIRIS Capital plc 32, 283–91
catastrophic pandemic risk 283–4
considered risk transfer tools 284–5
detailed structure 285–6
index construction 286–7
investors’ reaction 288
modelling approach 286
next steps 288–91
risk analysis 286–7
spread behavior 288
P&C insurance 142
paid-up policy (PUP) rates 212
pandemic modelling 214
pandemic protection 191
pandemics, risks for 14
Paradex 84, 95–9
advantages 95
case study: Paradex US Hurricane 96–9
definitions 98
hazard footprint 99
hazard to index lookup table 99
parametric triggers 12, 41–2, 47, 79
parametric index triggers 41–2, 47, 51, 111
Partner Re 253
PCS (Property Claims Services) 51
peak ground acceleration (PGA) 52
peak ground velocity (PGV) 52
peak-risk 13
Pearl Group and Resolution plc 219
Pearl, Royal London 219
Pearson’s Correlation 60
pension funds 15
permanent availability 359–60
persistence risk 230, 233, 235
plain vanilla cat bonds 57
policy charge schedule 217
policy guaranteed interest rates 217
policyholder lapse risk 174, 175
pooled indemnity 87
Portofinos 219, 221
premium rate table 217
pricing and risk–return profile 125–7
Prism 208
private placements 1
private (‘144A’) transactions 16
pro rata hedge 57
probability of default (PD) 354
Property and Casualty insurance 31
Property Claims Service (PCS) 93–4, 331
proprietary trading desks within banks 15
Prudential 219
Prudential Sourcebook for Insurers (INSPRU) 308, 309, 313, 344, 346, 349
Prudential v. Commissioners of Inland Revenue [1904] 223, 250
pure play life insurance risk 14
pure play risk 10
q-duration 276–8
q-forwards 255, 269–71
qualified institutional buyers (QIBs) 102
Queen Street Ltd 42–3
quota share (Q/S) 141, 150
QxX index 254, 266
ramp-up risk 150
rating agencies 14
Re Sentinel Securities [1996] 250
recharacterization risk 223–4
redundant reserve financing 191
Re-Ex index 93–4
Regulation 114 trust 114–15
Regulation AXXX 193
Regulation XXX 172, 210, 193, 230, 237, 238, 240, 241, 299
regulatory capital 24
regulatory issues relevant for ILS sponsors 341–3
recognition of sponsors’ claims against SPV as eligible assets 342–3
solvency capital 341–2
reinsurance pricing cycle 15
reinsurance treaty 222
reinsurance vs securitization 30
reinsurer as fronter and transformer 47–8
relative value 121
reserve adequacy 31
Resolution 219
retrocession of peak risks 35–6
return period 118
REVIOS 153
risk analysis 119
risk assessment of instrument 124–5
early termination 124
extension periods 124–5
features of indemnity transactions 125
measurement systems 125
total return swap 125
risk aversion 29
risk capital 24
risk intermediation 32
risk intermediators 33
risk management paradigm 273
Risk Management Solutions Inc. (RMS) 70, 131
risk modelling 213–17
of catastrophic mortality transaction 213–16
of VIF transaction 216–17
risk retention 29–30
risk spread premium 17
risk trading units 2
risk transfer 29–30
vs no transfer 222
risk transfer contract 101
risk warehouses 32, 33
RiskLink stochastic events 133
RMS Europe Windstorm model RiskLink version 7.0 25
RMS library of CAT bond characterizations 137–8, 139
ruin theory 198
safeguards offered by issuers 194
Santander 219
satellite risk 118
SCOR (Atlas) 35, 36, 153–62
Atlas II 153
Atlas III
background 153–5
main characteristics 155–7
modified loss calculation 157
Atlas IV
background 153–5
main characteristics 155–7
transaction structure 156
transaction timeline 155
Atlas Reset 156
basis risk 158–9
gross up 158
overlap 158–9
reset 158
synthetic covers 159
recent history 153
total return swap 160
Scottish Equitable plc 211, 212
Scottish Re Group Ltd (Scottish Re) 299, 303
Scottish Widows 219
secondary market trading 16
Securities Act (1933) 101–2
Securities Exchange Act (1934) 102
securitization 29–33
assessment of underlying risks 122–4
as diversification from traditional retrocession 35–6
reason for 191
vs reinsurance 29–33
seniority 132
September 11th, 2001 9, 12, 18, 142, 215
shelf offerings 16
shelf-programmes 16
short-tail property claims, commutation of 150
sidecar investments 118
sidecar space 14
sidecars 21
appeal of 148–9
cedant/sponsor perspective 148
investor perspective 149
basic structure 143–4
capitalizing 146
characteristics 141
history 142–3
market-facing 144–5
non-market-facing 145–6
on non-life insurance risk 1
outlook 150–1
reinsurance 141–51
structures 143–8
structuring considerations 149–50
vs catastrophe bonds 147–8
solvency capital requirement calculation 361
solvency I 343–51
requirement to maintain a solvency margin 344–8
for life assurers 346–7
for non-life insurers 345–6
for reinsurers 348
structuring ILS under EU Directives 348–51
ILS contingent loan structures 350–1
ILS – other structures 351
ILS reinsurance structures 349–50
ISPV regime in the UK 349–50
Solvency I Non-Life Directive 343
Solvency II 31, 198, 220, 221, 222, 227, 236, 242, 351–61
determination of technical provisions 353–4
investments 360–1
minimum capital requirement 358–9
own funds 359–60
requirements 219
solvency capital requirement 354–8
full and partial internal models 357–8
principles on recognition of risk mitigation tools 356–7
standard formula 355–6
valuation of assets and liabilities 353
SPARC 32–3
SPARC EUROPE 32
SPARC FRANCE 32
special purpose entity (SPE) 200, 205
special purpose financial captive (SPFC) 299
special purpose vehicle (SPV) 11, 47, 48, 252
non-UK 315–20
sponsor counterparty risk 231
Standard & Poor 234, 303
insurance focus points 75
legal and structural focus points 75
legal and swap documentation review process 75
Standard & Poor, impact on sponsor 75–82
standardized index-based longevity hedge 273–4
multi-event natural catastrophe coverage 164
Standard & Poor, capital model treatment of ILS 75–6
Pioneer program 163
currency risk 79
Queensgate 193
data risk 81–2
Successor 164
financial loss for given event 80
Vita Capital III program 191–2, 197
link to ILS revised probability of attachment 82
Vita I 252
location 80
tail risks 29
model risk 79–81
takedowns 16
sources of basis risk 77–82
taxation
Standard & Poor, rating process 65–8
documentation review 67
adjusted probability of default 72–3
initial interaction 65
alignment of interests 70
risk analysis 65–6
application of methodology 73–4
stages in 66
data requirements 69–70
surveillance 67–8
model risk 70–1
transaction closing 67
application of methodology 73–4
Standard & Poor, risk analysis 68–74
 Trigger options 68
adjusted probability of default 72–3
model risk 70–1
alignment of interests 70
application of methodology 73–4
data requirements 69–70
data risk 71
default table 74
indemnity vs non-indemnity triggers 68–70
information on cedant 68–9
model risk 70–1
multi-event criteria 74
risk factors 70–2
sidecars 72
trigger options 68
Standard Life 219
tornado risk 12
standardized index-based longevity hedge 273–4
hedge effectiveness analysis 278–80
transformer 38
implementing 275–80
triggers 85–90
liability sensitivity and hedge calibration
ultimate net loss (UNL) 17, 50
276–8
statutory reserves 213
choice of trigger and alternative solution
stop loss 284, 285–6
optimal 45–8
storm, definition 161
selection 37–48
strike, riot or civil commotion (SRCC) 39
transparency 47
subordination 359–60
types 12, 24, 46–7, 50–2
strike, riot or civil commotion (SRCC) 39
subordination 359–60
survivor forward (S-forward) 271–2
survivor swaps 269
Tillinghast 212
tornado risk 12
Swiss Re 163–5, 219, 253, 255
Towers Perrin 212
Arbor program 164
ALPS Capital II 193
Arbor program 164
cash reserve account as credit enhancement
efficient protection 165
164–5
evolution of ILS strategy 163–4
US dollar tranche 26
US dollar tranche 26
avoiding US corporate income tax for the
issuers 326–7
issuers 326–7
Section 864(b)(2) safe harbor 328
see also under types
trustees 182
Index

US Federal Income Taxation (Continued)
- investors in catastrophe bonds 335–7
- CFC and PFIC anti-deferral regimes 336–7
- foreign investors 339
- notes treated as indebtedness for federal income tax purposes 339
- treatment of insurance-linked instrument 336–7
- treatment of total return swap and directed investments 338
- treatment of US investors 337

US Hurricane 55, 56
US Hurricane and Earthquake bonds 12, 43
US Hurricane Model 87

valuation and liquidity 121
value added tax (VAT) 320
Value-at-Risk 31
value in force (VIF) 13, 172, 178, 203, 210, 213, 219–22, 237, 295
- monetization 172, 178, 220, 225–7
- securitization 172, 220, 225–7, 238, 247
Vega Capital Ltd. (Vega) 163
Vega Series 2008–I 164
volcano risk 12
vulnerability function 53

warranties 222–3
Watson Wyatt 267

weather derivatives 1
WeatherFlow Inc. 96–7
wildfire 39
WINCAT 32
Winterthur 32
withholding tax 328–35
- Bank of America case 334–5
- derivative instruments 330
- federal income tax definition of notional principal contracts 331
- insurance 329–30
- insurance-linked instruments written on standard ISDA forms 330–1
- put option 334
- with-profits business 170

World Trade Center, attacks on see September 11th, 2001

Xpect Age Indices 267
Xpect Cohort Indices 267
Xpect Data 266, 267
Xpect Indices 254, 264
XXX securitizations 13, 14, 191, 200, 203, 299–303

year loss table (YLT) 133, 134, 135, 136–7

Zest (AEGON Scottish Equitable) 211–12, 219, 221, 222, 226–7

Index compiled by Annette Musker