

Securitisation in Insurance: Life, Catastrophe and Other Insurance Securitisations



Banking
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Presented by Vinod Kothari

Why this workshop?

The use of securitisation technology by insurance companies is not new. Early examples of use of risk transfer devices by insurance companies to shift the risk of catastrophic events date back to the early 1990s. However, of late, securitisation by life insurance companies, either to encash the embedded value of a block of insurance or to meet reserve requirements, has been caught up on both sides of the Atlantic. This, by itself, is a fascinating subject - as it amounts to using traditional securitisation approach, developed in lending-type financial services, to insurance business.

Securitisation is also increasingly being used as an alternative risk transfer device. Risks of catastrophe and non-catastrophe business are being taken into the capital markets through securitisation device.

The confluence of securitisation and insurance has been a hotly-talked about issue. It leads to cross-sectoral risk transfer - insurance risks being introduced into the capital market. At the same time, it presents a completely new, uncorrelated mode of investment for fixed income investors.

Needless to say, the securitisation in insurance sector opens completely new avenues for both securitisation and insurance professionals and presents unique opportunities for learning, innovating and arbitraging.

- Who should attend?
- Treasury and risk management professionals from insurance companies
 - Senior strategic managers of life insurance companies
 - Reinsurers
 - Insurance advisors and consultants
 - Insurance and banking regulators
 - Investment advisors and asset managers
 - Financial consultants, law firms and rating agencies

Date: 18 January 2006
Venue: Blue Valley Golf Estate, Midrand

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About your workshop leader



Vinod Kothari is internationally recognized as author, trainer and expert on specialized financial subjects, Internationally recognised as author, trainer and consultant on specialised financial subjects, viz., securitisation, credit derivatives, accounting for financial instruments, etc.. As such, he lectures all over the world. The locations where he has lectured on these subjects include London, Milan, Singapore, Hong Kong, Sydney, Dubai, Colombia (South America), South Africa, Malaysia, Jordan, Egypt, Sri Lanka, Bangladesh, etc., besides almost every important location in India. Forthcoming event locations include New York.

Author of Books

- **Lease Financing and Hire purchase (4th edition, 1996):** This book, first published in 1985, is widely recognised as the bible on leasing in the continent and has been the most popular text on the subject for last 15 years. The book runs over 2000 pages and has elaborate contents on leasing, hire purchase and similar credit agreements.
- **Securitisation: The Financial Instrument of the New Millennium, Second edition 2003:** Running over approximately 900 pages, this is an internationally-read publication which quickly ran out of print and is now undergoing comprehensive revision for a new edition. The book is read in some 30 countries all over the World.
- **Credit Derivatives and Synthetic Securitisation, 2002 :** This is one of the very few comprehensive texts on credit derivatives and is read all over the World.
- **Securitisation, Asset Reconstruction and Enforcement of Security Interests, 2003 edition:** This book is a detailed commentary on the law by the same name enacted in India. Besides a thorough and incisive commentary on the law, the book contains generic chapters dealing in detail with the law of enforcement of security interests in global context.

Articles

- Vinod Kothari's articles on asset-based finance, securitisation etc. have appeared in several national and international journals including Duke Journal of Comparative International Law (USA), US Banker (USA), Exportrader (Spain), Trade and Forfeiting Review (UK), Journal of International Banking Law and Regulation (UK), Equipment Finance Journal (USA), Monitordaily (USA), Analyst (India), etc.
- Vinod Kothari also contributes to Euromoney's yearbooks on leasing and securitisation.

Lecturing

- Regular speaker at professional institutes.
- Visiting faculty at Indian Institute of Management, Joka, Calcutta for several years. Currently, offering a course on important topics in finance and taxation.
- Guest faculty at National University for Juridical Sciences: the subject taught here was insolvency and credit interest enforcement laws in India and other countries. The course included a comparative study of the insolvency and creditors' rights in USA, UK and Australia.

Positions

Vinod Kothari is currently retained by the Asian Development Bank, Manila for two important projects: to advise the Government of India on reforming secured lending law in India; and to develop securitisation-related legal framework in the Asian region.

Vinod Kothari is the Director of Association of Leasing and Financial Services Cos., a body of over 500 top leasing companies in India and is editor of its Newsletter Fin-n-lease.

Vinod Kothari is the former Chairman of the Institute of Company Secretaries of India.

Vinod Kothari is the Executive Director of the Asian Securitisation Forum

Awards

In 1987, a voluntary organisation of Calcutta chose him as the Outstanding Young Person of Calcutta in the field of Finance and Taxation. Vinod Kothari won several academic awards.

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Workshop outline

1. Genesis of Embedded value securitisation
 - (a) Understanding Nature of profits in life insurance business: the strain of new business:
 - (i) Cash investment for upfront costs
 - (ii) Burden on regulatory solvency
 - (b) Solvency capital needs a quick understanding
 - (c) Term life and life savings policies difference in emerging surplus positions over time
 - (d) Nature of cashflows from life insurance policies
2. Motivations
 - (a) Major motivators for life insurance securitisation
 - (b) Demutualization motive
 - (c) Impact on shareholder value
 - (d) Impact on solvency capital
 - (e) Motivations of closed block transactions
3. Technique of embedded value securitisation
 - (a) Similarity with whole business structure
 - (b) True sale versus secured loan structure
 - (c) Assessment of surpluses emerging:
 - (i) Returns from investments and inherent volatility thereof
 - (ii) Persistency risk equivalent of prepayment risk in traditional transactions
 - (iii) Expenses
 - (iv) Reputation risk
 - (v) Other risks
- (d) Monetization of VIF
- (e) Selection of the pool:
 - (i) Seasoning
 - (ii) Other discriminants
- (f) Credit enhancements:
 - (i) De facto subordination to policyholders
 - (ii) Subordination
 - (iii) Reserve
- (g) Stress testing and scenario analysis:
 - (i) Mortality
 - (ii) Morbidity
 - (iii) Persistency
 - (iv) Investment returns
- (h) External credit enhancements
4. Analysis of cases
 - (a) NPI case
 - (b) Other early cases
 - (c) Major types of insurance securitizations in the market
 - (d) Extreme mortality risk transfer transaction; viatical policies securitisation
 - (e) Emerging trends
5. Catastrophe and alternative risk transfer securitizations
 - (a) Structure of risk transfer transactions
 - (b) Development of ART devices over time
 - (c) Types of insurance risks transferred by securitisation:
 - (i) Catastrophe risk
 - (ii) Non-catastrophe risk
 - (d) Cases and structures of transactions
 - (e) Trends and innovations

Brit Training Delegate Registration Form

Securitisation in Insurance: Life, Catastrophe and Other Insurance Securitisations

Contact Details:
Tel: 27 (12) 665-3555 • Fax: 27 (12) 665-3140

Physical Address: Central Park 13 Esdoring Street Highveld Techno Park Centurion South Africa	Postal Address: PO Box 12620 Clubview 0014 South Africa
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Workshop Venue and Date

Code: T269

Venue:
Blue Valley Golf Estate
Midrand

Date:
18 January 2006

Tel: 27 (12) 346-7328

Please complete Registration Form and fax back to:

Account Executive: Charles Winton
On Fax: 27 (12) 665-3140

Organisation: _____

VAT No. _____

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Position: _____

E-Mail address: _____

Delegate 2:
Name: _____

Position: _____

E-Mail Address: _____

Delegate 3:
Name: _____

Position: _____

E-Mail Address: _____

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Please note that payment is required no later than 7 days from date of invoice. In the event of non-payment, Brit Training reserves the right to cancel the booking and the full amount owing under disagreement will be due and payable.

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A 10% group discount applies if three or more delegates register from the same organisation.

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If you do not receive a letter outlining participation details one week prior to the event, please contact the event coordinator on 27 (12) 665-3555.

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Delegates unable to attend the event may send a substitute delegate to the event. Cancellations received at this office in writing 15 working days before the event will qualify for a 50% refund. Cancellations received at this office in writing with less than 15 working days' notice of the event will carry full liability of payment.

Programme and speakers are confirmed at time of going to press. However, Brit Training reserves the right to alter this programme without notice.

Event Fees per Delegate

REGISTRATION WILL BE CONFIRMED ON RECEIPT OF SIGNED REGISTRATION FORM.

Price (exclusive of 14% VAT):

R4 250,00 (excl VAT) x _____ persons = R_____

Early Bird Price: Book and Pay by 1 August 2005

R3 995,00 (excl VAT) x _____ persons = R_____

Travel & Hotel Bookings

If you require any assistance with booking for travel and hotel accommodation for the course, please contact our in-house travel organisation, The Travel Emporium.
Contact person: Samm Thompson
Tel no.: 27 (12) 665-4967
Fax no.: 27 (12) 665-1475; or
E-mail: samt.etravel@galileosa.co.za



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