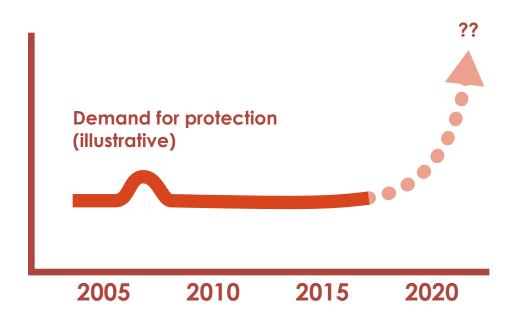


Interval Alts and Insurance-Linked Securities

With the recent natural catastrophes, insurer demand for reinsurance protection is **expected to rise**, hardening prices



A catastrophe, or CAT, bond is a typical example of an insurance-linked security (ILS) that provides protection to an insurer similar to reinsurance

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- Short duration (usually 3-5 years)
- Proceeds are held as collateral & can be used by sponsoring insurer upon defined event triggers
- If triggers are not met, investors receive full principal at maturity
 - Other examples include Industry Loss Warranties, or ILWs, which are based on sector-wide losses, and quota-share instruments in a defined risk covered by a single insurer.

Although more prevalent among private funds, **reinsurance** or **ILS fund strategies** effectively provide risk-protection capacity to insurance markets for a variety of risks, offer diversification, and can benefit from reset and other variable features of ILS that respond to market conditions.

Insurance-linked securities

Non-correlated to macroeconomic risks Proven track record Less liquidity risk due to shorter duration

> ILS held in Interval Alts

Potential sponsors

Fund managers looking to develop products with alternative, non-correlated asset classes

Reinsurers or reinsurance brokers

Fund managers partnering with specific reinsurers

Reinsurance underwriting management teams

Not subject to ERISA limits

Can qualify for simplified 1099 tax reporting

No threshold for investor eligibility

Periodic liquidity at NAV

Simplified sales process through networked

Registered Investment Companies

brokerage accounts

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