

Title: Securitizations of Motor Insurance Loss

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Abstract: In an attempt to manage the risk of mismatch between the actual claims and the anticipated claim amounts in motor insurance pool, we introduce a few new concepts of motor loss rate-linked securities such as tranche notes, ratchet option and motor loss rate swaps. We illustrate AXA's securitization of French motor insurance in 2005 as an example. For the valuation of the motor loss rate-linked securities, we assume that the motor insurance aggregate claims follow shot noise processes and an Esscher transform is chosen for a risk adjusted measure change.