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Quantify Operational Risk Capital Levels with OPERisk Model From Risk Lighthouse LLC

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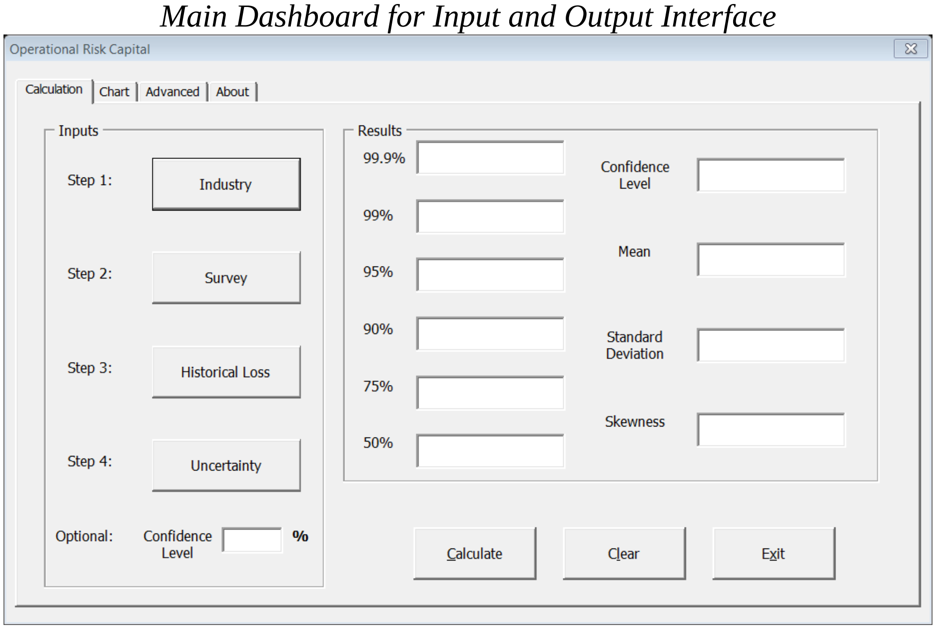
Risk Lighthouse LLC is pleased to release its operational risk model (OPERisk) for calculating capital requirements. This excel-based model combines advanced actuarial/statistical theory with cutting-edge programming in accordance with specifications of the Basel II Advanced Measurement Approach.

Input stream:

1) A menu to select built-in industrial loss severity curves
2) A client-specific internal survey of potential loss frequency and severity
3) A client-specific internal historical loss incidents data
4) A selection of various modeling parameters

Main Dashboard for Input and Output Interface

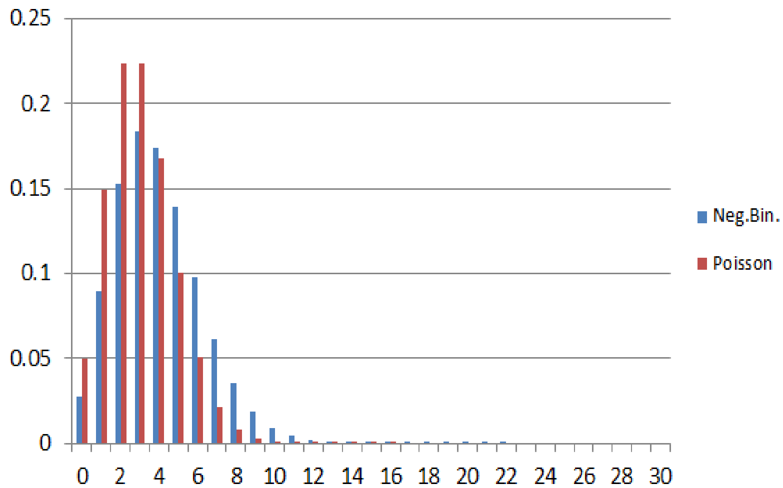


Methodology:

- ✓ Frequency-severity loss distributional approach
- ✓ Poisson and Negative Binomial frequency distributions

- ✓ Pareto and Lognormal severity curves fitting
- ✓ Run-time reduction by use of Panjer recursion for computing aggregate loss distribution
- ✓ Wang Transform application to adjust probability distributions

Visualization of Poisson and Negative Binomial Input Selections



Output:
1. Aggregate loss distribution with summary statistics,
2. Stress and sensitivity tests,
3. Sensitivity of capital requirement to input parameters, and
4. Facility to easily export of tables and charts for generating reports.

Computer Requirements: Desktop/Laptop with Windows XP, Windows Vista or Windows 7

Disk:	2 GB
Memory:	1GB
Speed:	1.20 GHz
Software:	Microsoft Office 2003, 2007, or 2010

Who can run the model? A college graduate who has taken courses in calculus and statistics is able to run the OPERisk model.

For more information, contact Ms. Teresa Winer at:

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