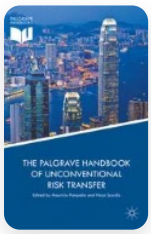
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The Palgrave Handbook of Unconventional Risk Transfer

Annette Hofmann & David Pooser

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Abstract

The traditional reinsurance markets face capacity limits. Global financial markets provide a much larger pool to diversify large (re)insurer risk. Insurance-Linked Securities (ILS) are a group of financial instruments, which are sold to institutional investors and whose value is affected by an insured loss event. ILS encompass multiple forms of risk-linked securitization such as CAT bonds, weather derivatives (WDs), contingent capital (CC), and Finite Re products. Their purpose is to provide more efficient ways to transfer large-scale risk by combining insurance and reinsurance techniques with capital market techniques.

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