

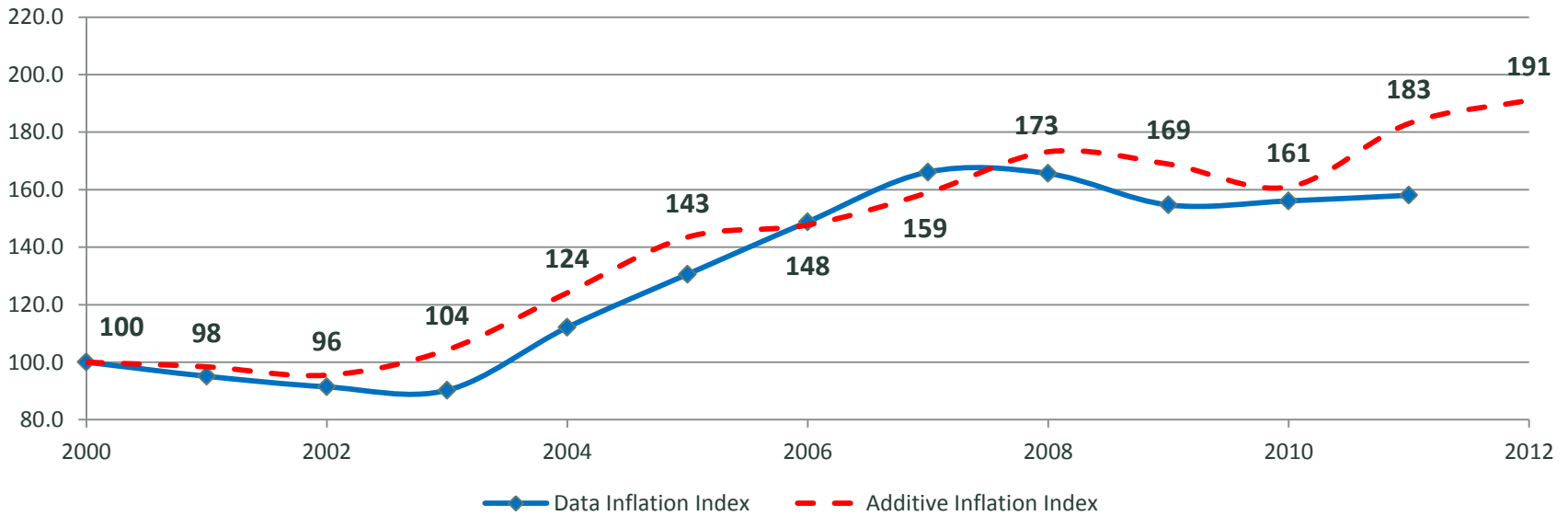
Update prepared by Stephanie Köneke as agreed by IUMI's Repair Cost Index working group

Example of Additive model:

- $Inflation = 35\% * Wage + 50\% * Steel + 15\% * Equity$
- Wage index and Steel price as Material components
- Equity index as Intangible Component

Data inflation derived from the series of yearly Ultimate payment per claim (Cefor Annual Report 2011, recalculated by settlement year): excl. total losses - ocean hull

Economic Indicators	Weights
Wage index mix	35%
China	4%
Japan	9%
South Korea	17%
Europe (27)	5%
Steel Price	50%
Equity index	15%



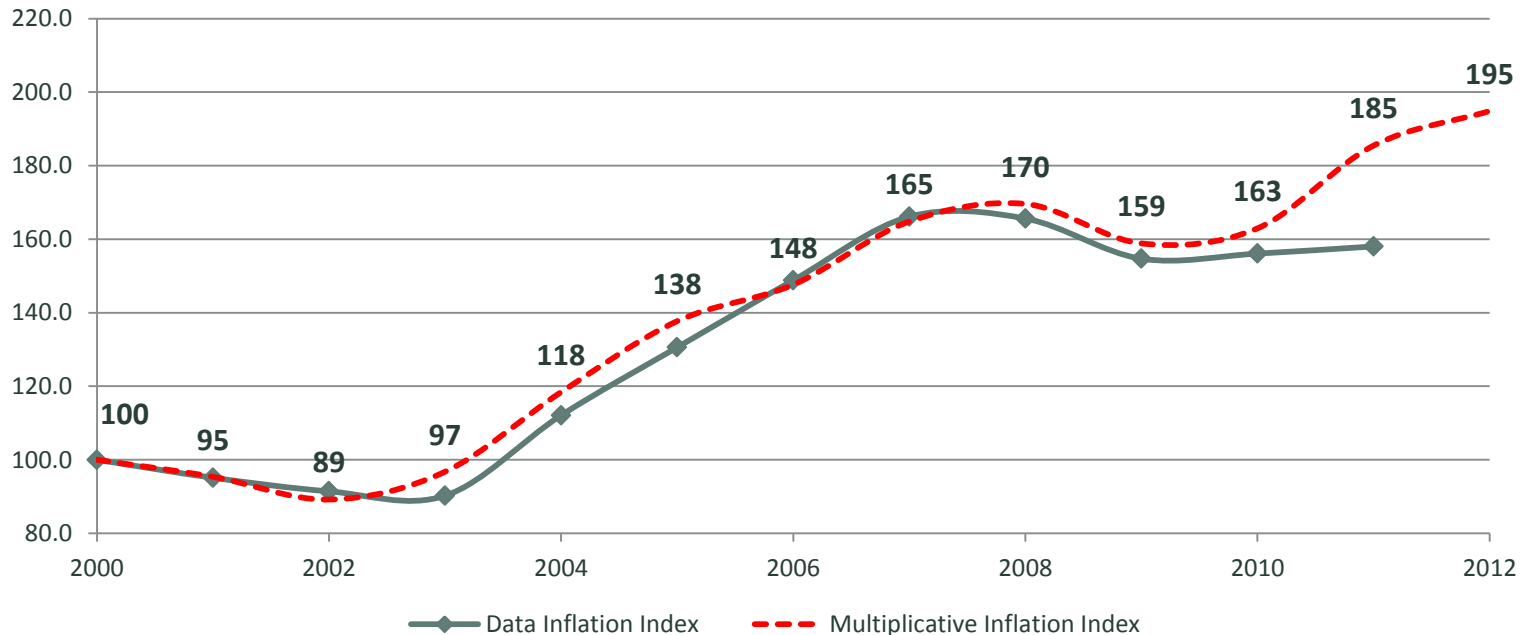
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Example of Multiplicative model:

• $Inflation = A * Equity^B * Steel^C$

• A , B and C have been estimated by statistical techniques

• A , B and C have been updated by statistical techniques to reflect current developments



Data inflation derived from the series of yearly Ultimate payment per claim (Cefor Annual Report 2011, recalculated by settlement year): excl. total losses - ocean hull