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# ***Bermuda market overview***

Excerpt from  
Bermuda Insurance  
Quarterly

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## OPERATING RATIOS

### QUARTERLY LOSS RATIOS

	Q3 2011	Q3 2010	Q3 2009
ACE	64.7%	58.2%	58.2%
Allied World	55.4%	37.4%	41.5%
Alterra*	57.3%	56.0%	63.4%
Arch	62.2%	57.3%	60.6%
Aspen	62.9%	63.3%	49.9%
Axis	60.3%	55.6%	44.1%
Endurance	81.3%	56.6%	49.6%
Everest Re	69.0%	67.7%	60.2%
Flagstone Re	94.6%	59.9%	41.0%
Montpelier	89.0%	33.3%	29.0%
PartnerRe	65.6%	53.3%	49.5%
Platinum	120.8%	43.1%	43.2%
Renaissance Re	34.0%	40.6%	13.0%
Validus	49.3%	36.7%	35.8%
White Mountains	56.5%	58.2%	60.3%
XL Group	72.5%	64.0%	63.2%

### QUARTERLY EXPENSE RATIOS

	Q3 2011	Q3 2010	Q3 2009
ACE	25.6%	30.2%	29.9%
Allied World	28.5%	32.9%	28.9%
Alterra*	30.4%	30.0%	27.5%
Arch	32.1%	33.1%	29.4%
Aspen	33.8%	31.1%	30.4%
Axis	31.2%	30.0%	29.1%
Endurance	23.3%	27.1%	29.9%
Everest Re	26.6%	28.2%	28.5%
Flagstone Re	41.9%	40.2%	36.0%
Montpelier	32.5%	36.1%	37.3%
PartnerRe	27.5%	27.4%	28.6%
Platinum	24.8%	25.0%	29.1%
Renaissance Re	29.7%	32.0%	30.3%
Validus	26.3%	28.5%	30.9%
White Mountains	35.5%	40.7%	42.0%
XL Group	29.1%	30.9%	30.0%

### QUARTERLY COMBINED RATIOS

	Q3 2011	Q3 2010	Q3 2009
ACE	90.3%	88.4%	88.1%
Allied World	83.9%	70.3%	70.4%
Alterra*	87.7%	86.0%	90.9%
Arch	94.3%	90.4%	90.0%
Aspen	96.7%	94.4%	80.3%
Axis	91.5%	85.6%	73.2%
Endurance	104.6%	83.7%	79.5%
Everest Re	95.6%	95.9%	88.7%
Flagstone Re	136.5%	100.1%	77.0%
Montpelier	121.5%	69.4%	66.3%
PartnerRe	93.1%	80.7%	78.1%
Platinum	145.6%	68.1%	72.3%
Renaissance Re	63.7%	72.6%	43.3%
Validus	75.6%	65.2%	66.7%
White Mountains	92.0%	98.9%	102.3%
XL Group	101.6%	94.9%	93.2%

\* Alterra is the successor entity of Max Capital

## FINANCIAL STRENGTH RATINGS

### A M BEST RATING S&P RATING

	Nov 12, 2011	Nov 12, 2010	Nov 12, 2011	Nov 12, 2010
ACE	A+	A+	AA-	A+
Allied World	A	A	A	A-
Alterra*	A	A	A-	A-
Arch	A	A	A+	A+
Aspen	A	A	A	A
Axis Specialty	A	A	A+	A+
Endurance	A	A	A	A
Everest Re	A+	A+	A+	A+
Flagstone Re	A-	A-	NR	NR
Montpelier	UR	A-	A-	A-
PartnerRe	A+	A+	AA-	AA-
Platinum	A	A	A-	A
Renaissance Re	A+	A+	AA-	AA-
Validus	A-	A-	A-	A-
White Mountains	A	A	NR	NR
XL Group	A	A	A	A

UR — Under review NR — Not rated by S&P  
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## ANALYSIS / PWC

# Q3 2011

### Outlook

● Following significant 2011 catastrophe losses, continued market volatility and low interest rates, the cumulative results for Bermuda reinsurers continue to be challenged.

● The expectation for January 1 renewals is that property cat prices will continue their improvement in line with mid-year increases, although casualty lines remain more mixed.

● Overall, it appears that 2011 will end up being close to breakeven for the Bermuda companies.

### Earnings

● Gross premiums written increased compared to the prior quarter mainly due to growth in catastrophe exposed property lines, build out of new business and reinstatement premiums.

● Investment income was down for most reinsurers this quarter due to the poor performance of alternative investment returns as well as the slow economy and declining interest rates.

● Third quarter catastrophe losses were above the quarterly average for the past five years and were primarily driven by the Texas wildfires, Hurricane Irene and the Danish floods, as well as adverse development related to Japan EQ losses.

### Capital Management

● As expected, share repurchases decreased during the quarter as reinsurers chose to hold more capital. The decision to hold more capital was driven by the high level of catastrophe activity, revised capital expectations in modelling updates and the need for capital for January 1 renewals.

● Stock prices continue to be depressed which caused reinsurers to make trade-offs between deploying capital in the business and more aggressive capital management policies.

● Some companies have seen financial strength ratings actions from S&P and A M Best driven primarily by the impact of year to date catastrophe losses, but also in relation to acquisitive activity.

## GROSS PREMIUMS WRITTEN \$M

	Q3 2011	Q3 2010	Q3 2009
ACE	5,900	5,002	5,005
Allied World	443	378	402
Alterra*	386	325	266
Arch	860	832	937
Aspen	496	416	490
Axis	835	751	775
Endurance	701	556	470
Everest Re	1,129	1,164	1,129
Flagstone Re	170	186	175
Montpelier	163	143	121
PartnerRe	1,095	1,008	894
Platinum	178	199	255
Renaissance Re	140	127	202
Validus	391	344	331
White Mountains	556	829	969
XL Group	1,877	1,629	1,741

## NET PREMIUMS EARNED \$M

	Q3 2011	Q3 2010	Q3 2009
ACE	4,490	3,422	3,393
Allied World	371	339	329
Alterra*	347	342	208
Arch	682	627	734
Aspen	487	452	471
Axis	840	759	706
Endurance	561	470	427
Everest Re	1,044	997	975
Flagstone Re	179	199	196
Montpelier	156	156	144
PartnerRe	1,294	1,313	1,091
Platinum	167	183	230
Renaissance Re	229	309	296
Validus	459	433	375
White Mountains	491	733	902
XL Group	1,453	1,365	1,446

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## QUARTERLY EARNINGS (LOSS) DATA

	Net income (loss) attributable to common shareholders (\$m)			Fully diluted earnings (loss) per share (\$)		
	Q3 2011	Q3 2010	Q3 2009	Q3 2011	Q3 2010	Q3 2009
ACE	(31)	675	494	(0.09)	1.97	1.46
Allied World	(11)	255	201	(0.29)	5.21	3.83
Alterra*	48	83	95	0.46	0.70	1.64
Arch	163	142	274	1.19	2.77	4.39
Aspen	22	93	146	0.23	1.08	1.63
Axis	212	239	(96)	1.66	1.78	(0.70)
Endurance	(28)	135	150	(0.71)	2.51	2.51
Everest Re	63	174	229	1.16	3.11	3.75
Flagstone Re	(60)	37	67	(0.85)	0.48	0.80
Montpelier	(66)	90	148	(1.07)	1.27	1.68
PartnerRe	166	516	558	2.43	6.76	9.44
Platinum	(54)	94	109	(1.43)	2.13	2.10
Renaissance Re	49	205	259	0.95	3.70	4.12
Validus	56	238	499	0.54	2.08	5.21
White Mountains	(16)	51	160	(2.00)	6.01	18.02
XL Group	42	78	(11)	0.14	0.23	(0.03)

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## CUMULATIVE YTD EARNINGS (LOSS) DATA

	Net income (loss) attributable to common shareholders (\$m)			Fully diluted earnings (loss) per share (\$)		
	2011	2010	2009	2011	2010	2009
ACE	835	2,107	1,596	2.45	6.18	4.73
Allied World	91	572	446	2.30	11.03	8.62
Alterra*	34	223	184	0.32	2.50	3.18
Arch	274	589	566	1.98	11.05	9.05
Aspen	(119)	220	348	(1.93)	2.51	4.25
Axis	(71)	556	179	(0.58)	4.04	1.19
Endurance	(82)	242	370	(2.07)	4.33	6.15
Everest Re	(122)	308	610	(2.24)	5.33	9.94
Flagstone Re	(241)	82	171	(3.44)	1.02	2.01
Montpelier	(149)	170	359	(2.41)	2.33	4.11
PartnerRe	(534)	770	1,157	(7.88)	9.68	19.95
Platinum	(231)	233	291	(6.18)	5.04	5.57
Renaissance Re	(174)	580	627	(3.44)	10.04	10.03
Validus	(6)	300	732	(0.12)	2.42	8.65
White Mountains	(32)	14	370	(4.06)	1.57	41.84
XL Group	41	397	247	0.13	1.16	0.73

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## MARKET CAPITALISATION

	Q3 2011		Q3 2010		Q3 2009	
	Common shares issued	Market value \$	Common shares issued	Market value \$	Common shares issued	Market value \$
ACE	336,390,293	60.60	339,229,422	58.25	336,280,476	53.46
Allied World	38,110,368	53.71	42,394,576	56.59	49,602,354	47.93
Alterra*	104,323,873	18.97	115,898,860	19.92	57,013,063	21.37
Arch	133,005,465	32.68	49,225,371	83.80	59,524,309	67.54
Aspen	70,595,201	23.04	76,642,007	30.28	83,094,615	26.47
Axis	126,141,000	25.94	119,958,000	32.94	137,835,000	30.18
Endurance	40,517,222	34.15	49,685,295	39.80	56,716,431	36.47
Everest Re	53,789,000	79.38	55,022,529	86.47	60,397,860	87.70
Flagstone Re	70,058,168	7.75	76,588,153	10.61	84,864,844	11.28
Montpelier	61,584,980	17.68	68,258,453	17.32	85,208,233	16.32
PartnerRe	67,749,414	52.27	74,581,357	80.18	58,271,502	76.94
Platinum	37,330,450	30.75	39,266,069	43.52	49,826,544	35.84
Renaissance Re	51,787,000	63.80	54,875,000	59.96	61,367,000	54.76
Validus	99,039,622	24.92	109,237,890	26.36	131,107,196	25.80
White Mountains	7,630,717	405.75	8,343,050	308.46	8,857,586	307.01
XL Group	320,517,493	18.80	328,153,403	21.66	342,128,946	17.46

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## SHAREHOLDERS' EQUITY (\$M)

	Q3 2011	Q3 2010	Q3 2009
ACE	23,750	22,845	18,733
Allied World	3,003	3,341	3,079
Alterra*	2,845	3,037	1,547
Arch	4,474	4,718	4,461
Aspen	3,151	3,441	3,212
Axis	5,357	5,849	5,398
Endurance	2,636	2,920	2,708
Everest Re	6,092	6,282	6,085
Flagstone Re	877	1,282	1,138
Montpelier	1,550	1,668	1,722
PartnerRe	6,708	7,582	5,445
Platinum	1,727	2,165	2,170
Renaissance Re	3,551	3,974	3,720
Validus	3,590	3,761	3,966
White Mountains	4,019	3,668	3,577
XL Group	10,942	10,870	9,174

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