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January 2012

BERMUDA INSURANCE QUARTERLY

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LOOK EAST

Bermuda-based Catlin Group Ltd and state-owned China Re announce a strategic partnership enabling the first direct investment by a Chinese company into a Lloyd's syndicate and allowing Catlin to expand its knowledge of insurance and reinsurance practices in China. See page 1



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THE QUOTES OF THE QUARTER

“We believe this business realignment will result in a more nimble, cost-effective and opportunistic structure allowing the company to react quickly to market changes. These changes will not impact our strong technical, analytical focus and we will continue to provide exemplary service for our clients. Moving forward, our underwriting strategy will focus on our highly successful property and property catastrophe units, leveraging existing strengths to improve performance and move Flagstone back to one of the most competitive combined ratios in the market.”

David Brown, CEO of Flagstone, on moves to refocus Flagstone’s underwriting strategy and streamline its corporate structure to reduce expenses and enhance capital levels

“We are cautiously optimistic about market trends. We are beginning to see price increases in many lines, particularly short tail lines, as well as increased demand for reinsurance. Our strong capital base positions us well to take advantage of



any opportunities. We will assess such opportunities, as well as other capital management alternatives, with the objective of maximising the growth of our economic value per share over the medium term.”

Costas Miranthis, CEO of PartnerRe, speaking after third-quarter profit dropped by two-thirds to \$180.1 million



“Progress continued at XL in the quarter and our own efforts were joined by a new factor — an improving rate environment. Our top line growth continued, our enterprise risk management quality continued to show through, and our growing attractiveness as the employer of choice for great complex risk underwriting was demonstrated by a number of important hires.”

Mike McGavick, CEO of XL, as XL Group’s profits fell 45 percent in the third quarter



Catlin, China Re agree strategic partnership

ALLIANCE CREATES A LLOYD’S SPECIAL PURPOSE SYNDICATE

Bermuda-based Catlin Group Ltd has announced that it is partnering with state-owned China Re to enable the first direct investment by a Chinese company into a Lloyd’s syndicate.

The quota-share reinsurance underwritten by Syndicate 2088 will allow Catlin to increase premium volume in 2012 — at a time when rates are expected to rise for certain classes of business — without seeking additional capital from existing shareholders.

China Reinsurance (Group) Corporation will supply the capital for Syndicate 2088, and the new syndicate will be managed by Catlin Underwriting Agencies Ltd (CUAL), a subsidiary of the Bermuda company.

The company said the partnership would allow Catlin to expand its knowledge of insurance and reinsurance practices in China. It has offices in Hong Kong and Shanghai. Catlin is also the largest

participant in Lloyd’s China, which was established in 2007. As part of the partnership, China Re employees will be seconded to CUAL to gain first-hand experience working in the Lloyd’s market.

Catlin Group CEO Stephen Catlin, said: “This alliance will create a new Lloyd’s special purpose syndicate which will provide reinsurance support that will allow Catlin to take greater advantage of emerging improvements in many business classes without the need to increase capital.

“More importantly, I believe that the group’s partnership with China Re will lead to our increased understanding of the Chinese marketplace, which will produce significant advantages for Catlin in the years ahead.

“I am particularly pleased to welcome some of China Re’s employees as secondees to Catlin.”

Syndicate 2088 will underwrite a whole-account quota-share rein-



Stephen Catlin

surance of the Catlin Syndicate (Syndicate 2003).

Dr Li Peiyu, Chairman of China Re Group, said: “As the biggest reinsurance company in China, China Re’s strategy is to grow both in the home market and abroad, and to have a greater involvement in international markets.

“Setting up Syndicate 2088 and our alliance with Catlin will be a milestone in China Re’s interna-

tional strategy. This new venture will not only help us to gain a better knowledge of Lloyd’s and benefit from its worldwide network, but it will also increase China Re’s experience of international reinsurance operations and management and help build a foundation for China Re to grow into an important player in the world reinsurance market.

“This strategic partnership will be good for both China Re and Catlin, and I trust it will lead to future cooperation and development between us.”

China Re’s participation in Syndicate 2088 will allow it to diversify its underwriting portfolio by reinsuring business underwritten at Lloyd’s to which it would have limited access through its existing operations.

China Re was first assigned an ‘A’ (Excellent) rating by A M Best in July 2010, which was reaffirmed in August 2011.

Bermuda retains competitive advantage

Cautious optimism was the prevailing mood at the 6th annual PwC/S&P Bermuda Reinsurance Conference, which was held in early November.

The conference, which was attended by over 200 industry delegates from Bermuda and around the world, discussed the challenge of ongoing market and macro-economic uncertainty, and the opportunities for forward-thinking insurers and reinsurers to redefine



PETER DUNKERLEY, PwC DIRECTOR — ASSURANCE AND BUSINESS ADVISORY SERVICES, REVIEWS THE ANNUAL BERMUDA REINSURANCE CONFERENCE

their value proposition.

The views and opinions of industry leaders in the Bermuda market were encouraging. In particular, during the Chairman's Panel moderated by Caroline

Foulger, PwC's Insurance and Reinsurance Leader in Bermuda, it was highlighted that Bermuda still retains — and may well be gaining — its competitive advantage over rivals as the world's number one

centre for wholesale capital for catastrophe risks, and continues to broaden its strength in other property and casualty reinsurance lines. The disciplined underwriting cul-

ture and strong talent pool is highly evident in the current lines of business, and Bermuda continues to be a spawning ground for new lines, innovative products and structures that transfer risk ever more effectively and efficiently.

The panel also touched on the changing attributes required for a board of directors to be successful in these challenging times, resulting in a lively debate on the benefits of balance in the backgrounds of the non-executives and of the growing pressure for faster gender diversity.

A new pricing cycle?

Similarly, the panellists' outlook for the broader re/insurance industry, while still viewed as challenging, was significantly more upbeat than recent years. Several panellists believed that the insurance industry is at the beginning of a new pricing cycle, with some decent rate increases being observed in certain property lines. As one panellist pointed out, 'if you pick your spot, you can get decent, if not great, returns'.

It's unlikely that the industry will see a large swing in pricing until there is a shift in risk perception. But the overriding question is: What will be the catalyst for this shift in perceived risk? The past 12 months has seen a procession of large events that have not swung the market — could the Eurozone meltdown be the event that causes this shift in risk perception?

The source of earnings growth for re/insurers was also a source of debate given the absence of a market-changing event. Investment returns remain low and market appetite for higher-yielding, yet riskier investments, is limited both for strategic and regulatory reasons. The industry is also nearing

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the end of what some observers call the “cheating phase” which has seen underwriting returns in recent years bolstered by reserve releases on better than expected claim experience from prior periods. Inflation is clearly a top concern.

Emerging markets

Another hot topic addressed at the conference was emerging markets. According to panel speakers on the Reinsurance Value Proposition panel, hosted by Arthur Wightman, a Partner in PwC’s Reinsurance and Insurance practice, these markets represent a substantial growth opportunity for insurers who have a clear value proposition and can communicate this effectively in the marketplace. However, these markets also represent a conundrum for many companies, as the size of the overall economies is not reflected in current premiums.

Low insurance take-up among the local population means that the size of these markets is still relatively small compared to North America and Western Europe. Cultural and regulatory barriers to entry also exist, and so while significant long-term opportunities exist in emerging markets, near-term earnings from these markets is likely to be minimal. Turnkey solutions for entering these markets are limited, and for this reason, companies looking to be meaningful players must be willing to invest time and resources to generate business and effectively price risks.

M&As remain challenged

Mergers and acquisitions represent not only an opportunity to create growth where organic opportunities are limited, but also create scale and diversification to address looming regulatory changes and tackle emerging markets.

The consensus among panellists is that further rationali-

sation of the market makes sense as there are ‘currently many players all doing similar things.’ Despite the strong motivation for buyers, with many insurers trading well below book value, shareholders of all but distressed target companies will be reluctant to entertain cash offers. Across much of the industry, balance sheets are sound, asset values are generally solid and overall industry reserves still generally retain some element of redundancy.

For these reasons, shareholders liquidating their position below book value are likely to feel short-changed. Mergers involving share for share exchanges are likely to be the most feasible route for business combinations, but these can be lengthy and complex. While smaller strategic acquisitions may continue, a significant uptick in large-scale market share driven activity was viewed as unlikely.

Healthy balance sheets and market values at substantial discounts to book value make share buy-backs an attractive proposition to boost short-term ROE (Return on Equity). For many, however, these benefits are outweighed by the strategic benefits of having available capital to deploy should opportunities arise.

Communication and transparency: the keys to success

In the absence of a game-changing event, conference panellists including PwC’s Global Insurance Leader, David Law, agreed that enhanced communication and transparency would be key to maximising underwriting earnings for the foreseeable future. There was also broad consensus that investors are still shying away from re/insurance companies, despite strong balance sheets and a track record of consistent earnings as they struggle to easily understand

the industry or how earnings are generated. Clearer, more transparent communication of the re/insurance industry value proposition is needed in order to boost the market’s perceived value of re/insurance companies and attract new investors to the market.

Another key area that could benefit from improved communication, which was much-discussed at the conference, is regulation, especially given the increasing regulatory burden facing the industry.

While there is consensus that the Bermuda Monetary Authority has approached Solvency II equivalence in a pragmatic and proportionate way, elsewhere there is tangible experience that certain regulatory changes to date in other jurisdictions represent an imprecise overreaction to the global financial crisis. It was discussed that enhanced communication with regulators could ensure proportionate, effective and efficient regulation that is specific to the insurance industry and not broader financial services.

Cautious optimism was the overall sentiment of industry leaders speaking at the conference. While it was considered unlikely that near-term returns for the industry will reach the high ROEs of the past, high single digit returns are not unattractive in the current low interest environment. In the longer-term, substantial growth opportunities abound in emerging markets for those willing to invest in building local knowledge and infrastructure.

Further, an opportunity for the industry also lies in enhancing transparency and communication to transform the market’s perceived value of insurance companies. However, perhaps the clearest view from the conference was whether the business models and strategies of today will sustain success in the future.

Top award for Evan Greenberg

ACE Chairman and CEO Evan Greenberg has been named 2011 Insurance Leader of the Year by the St. John’s University’s School of Risk Management (SRM).



Greenberg

Brian Duperreault, President and Chief Executive Officer of Marsh & McLennan Companies and Chairman of the SRM Board of Overseers, said: “I am especially pleased that we recognise my good friend and long term associate, Evan Greenberg.”

Former ACE CEO Mr Duperreault was one of Mr Greenberg’s mentors. He added: “Evan is acknowledged as one of the most effective CEOs in our business. His track record of performance and stockholder returns is second to none. In addition, he is also one of the most influential executives in Asian affairs, particularly US-China relations. For these and his many other contributions to our industry, he is a most worthy recipient of the Insurance Leader of the Year Award.”



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‘Cautious optimism was the overall sentiment of industry leaders speaking at the conference’

M&A activity dampened but still buoyant

With a flurry of deals in 2011, M&A activity in Bermuda and London is bucking the trend of the wider financial services sector. The bidding war for Transatlantic Re is one of



DESPITE A SOFT INSURANCE RATING ENVIRONMENT AND VOLATILE FINANCIAL MARKETS, THERE HAVE BEEN A NUMBER OF DEALS IN RECENT MONTHS. STUART COLLINS REPORTS

the largest in the reinsurance sector for several years, although a number of smaller London-market businesses have also been put-up for sale, including the recent announcement that Flagstone is to dispose of its Lloyd's operations.

There are no overarching trends driving M&A activity, although low valuations are a feature of the current market — attracting the interest of potential acquirers but disappointing potential sellers. As a result, willing sellers have been mostly poor performing insurers, or those in search of strategy.

M&A activity across sectors has been dampened by the turmoil in financial markets and slump in business confidence; however, some parts of the insurance sector are bucking the trend, according to Peter Allen, Head of Financial Services Group at Grant Thornton.

M&A activity across all financial services is at the lowest point in 20 years, but there is heightened activity among specialty insurers and reinsurers in London and Bermuda, he said.

“There are some good arguments for insurers pursuing M&A that do not apply to other financial institutions,” said Mr Allen.

The soft insurance market may also be a factor in a number of deals. Acquisitions like those earlier this year of Lloyd's insurers Chaucer and Brit, as well as interest in Transatlantic Re, show a propensity to deals at this point in the insurance market, said Mr Allen.

There is more potential for consolidation at this point in the insurance cycle because discounts for insurer valuations are close to the top of the range, said Mr Allen.

Global insurance M&A activity surged ahead in 2011, compared to the years following the credit crisis,

according to a study by Clyde & Co published in September. There were 289 M&A deals as of the half year 2011, the highest since the financial crisis, according to the firm.

In particular there has been a stark increase in M&A activity in London and Bermuda, said Andrew Holderness, Global Head of the Corporate Insurance group at law firm Clyde & Co in London.

Low valuations relative to book value are attracting the interest of potential buyers, as well as testing the patience of some investors, said Nicholas Johnson, Insurance Analyst at Numis in London. “Poor performance makes capital providers more open minded to selling,” he said.

M&A activity has been steady this year, but there are no strong trends in drivers, said Mr Johnson. However, many deals have involved poorly performing target companies.

In September, private equity-backed Barbican became the latest firm to propose a merger with Bermuda-based Lloyd's insurer Omega, which saw its share price fall after reporting weak results. Omega had also received interest from other private equity backed insurers, including Haverford (Bermuda) and Canopus, although the latter has since withdrawn from the race. The board of Omega recommended the Haverford bid, although the company was expected to revise its offer downward at the end of November.

Companies like UK-based Brit Insurance — which was acquired by a consortium of private equity investors in March — are often well run and enjoy a good market position, but they have not performed well against their peers, said Mr Johnson. “The market is

very unforgiving.”

M&A activity is likely to continue into 2012, said Paul Schultz, of Aon Securities in Chicago. “We expect that the recent higher levels of M&A activity will continue because low company valuations are putting boards and management teams under pressure to improve shareholder value. There has been a depressed valuation environment for some time and it is unlikely to change anytime soon given the current state of the financial markets.”

Bermuda has seen a number of transactions over the past few years, mostly of a consolidating nature. Deals have included the acquisition of IPC by Validus and PartnerRe's purchase of Paris Re in 2009, and the merger of Max Re with Harbor Point to create Alterra in 2010.

In addition to the ongoing sale of Omega, this year has seen a prolonged battle over quality mid-sized US reinsurer Transatlantic Re. Bermuda-based Validus, Switzerland-based Allied World Assurance Co and Berkshire Hathaway's National Indemnity fought it out, although the latter two have since fallen by the wayside. AWAC pulled out in September while Berkshire Hathaway's offer was rejected in the same month.

However, US insurance group Alleghany's made a \$3.4 billion offer in November, which now looks likely to be successful. Initially, Validus said that it would fight on, but it conceded defeat in late November after it had failed to garner enough support from Transatlantic shareholders.

Despite expectations of accelerated consolidation in Bermuda, activity has remained steady this year.

M&A activity is actually lower

than might be expected at this stage of the market cycle, said Bob DeRose, Vice President at ratings agent A M Best in New Jersey. “In a soft market you would expect to see

higher levels of M&A, but we are not seeing the levels of activity we have seen in the past.”

Bermudian companies are more likely to consolidate than they are to make acquisitions overseas, said Mr Allen. “There are more Bermudian insurers than the market needs and if shareholders decide they have had a good run, we might start to see more activity between insurers on the Island.”

There are no real distinct trends behind Bermudian M&A.

The Lloyd's market has seen plenty of M&A activity this year. In addition to the sale of Brit Insurance, US insurer The Hannover Insurance Group bid for Lloyd's specialist Chaucer in April, while US broker Ryan Specialty closed its acquisition of Jubilee in September.

In addition to the Hannover and Ryan Specialty, another US insurance group looked to Lloyd's for international expansion. At the end of November, Goldman Sachs-backed ProSight Specialty Insurance completed its acquisition of Lloyd's coverholder TSM Agencies Ltd.

One insurer looking to sell its Lloyd's operations is Flagstone. The company, which has been burnt by a year of record catastrophe losses, has struggled to make its small Lloyd's operations work.

“Smaller Lloyd's players could find it more difficult to find buyers,” said Mr Johnson. “There are operational and structural challenges such as the cost of compliance with Solvency II. Small balance sheets in this market and economy are also a disadvantage,” he said.

A private equity firm is the most likely buyer for Flagstone's Lloyd's operations, or an international insurer looking for a toehold in London, said Mr Holderness.

‘Smaller Lloyd's players could find it more difficult to find buyers’

Best boosts outlook for Allied World

RATINGS 'REFLECT MIX OF BUSINESS, STRONG RISK-ADJUSTED CAPITALISATION, EXPERIENCED MANAGEMENT TEAM'

Allied World Assurance Company Ltd and its operating affiliates have had their outlook revised to positive from stable and have been affirmed the issuer credit rating (ICR) of "a" by A M Best.

The US ratings agency also affirmed the financial strength rating (FSR) of "A" (Excellent) of Allied and its affiliates with a stable outlook. Best revised the outlook to positive from stable and affirmed the ICR of "bbb" as well as the debt ratings of "bbb" on \$500 million 7.50 percent senior unsecured notes due 2016, and on \$300 million 5.5 percent senior unsecured notes due 2020 of Bermuda-based Allied World Assurance Company Holdings Ltd.

Best has assigned an ICR of "bbb" to the ultimate parent, Allied World Assurance Company Holdings AG, based in Switzerland, and "unconditionally and irrevocably guarantees both senior debt issuances of Allied World Holdings Bermuda. The outlook assigned to this rating is positive. All the above

companies are domiciled in Bermuda, unless otherwise specified."

Best described Allied World as a "property/casualty insurer/reinsurer with significant geographic reach. The rating affirmations reflect the company's diversified mix of business, strong risk-adjusted capitalisation and experienced management team. The positive outlook

'These positive rating attributes are expected to put the company in a favourable position to successfully execute its business plans ... the company has delivered strong results'

reflects Allied World's strong operating performance, sound risk management culture and strategic expansions in terms of geography, products and distribution.

"These positive rating attributes are expected to put the company in a favourable position to successfully execute its business plans. The

breadth of Allied World's operations has been enhanced while the company has delivered strong results."

As a partial offsetting factor, Best cited Allied World's "casualty orientation, as pricing for this class of business is particularly soft at this stage of the market cycle."

The report also explained that many of "Allied World's peers have

limit its exposure to the recent increase in global catastrophes including the New Zealand earthquakes and the Japanese earthquake and tsunami.

"Allied World appears to have a prudent reserving philosophy, maintaining a significant portion of Incurred But Not Reported reserves. As a result, the company has been able to recognise substantial favourable loss reserve development for several years, which has facilitated strong operating returns through the current soft phase of the casualty market. Accordingly, the revised outlook is long-term in nature to allow more recent accident years to mature given the current soft pricing dynamics of the casualty market."

Best added that any "future shortfall in reserves, combined with a deterioration in investment income resulting from a continuation of lower interest rates" could cause the rating agency to "reconsider its positive outlook on Allied World."

Regional risk management group established

A new regional group of the London based Institute of Risk Management (IRM) has been established in Bermuda.

The formation of the new regional group reflects rising local interest in a professional approach to risk management.

IRM Chairman Alex Hindson, commented: "Effective management of risk is becoming increasingly important for organisations of all types. IRM is an international body that believes passionately in the value of professional education and training in risk management and in the business benefits that can be gained from effective networking.

"Although many of our members will initially come from Bermuda's insurance and finance community, IRM welcomes students and members from many different sectors."

Inspired by a desire to tap in to the growing risk field, to collaborate across industries and to enhance networking opportunities in Bermuda, a group of local risk professionals came together earlier this year to discuss the

BAILLIE: 'WE ALSO ASPIRE TO BEING JUST AS VALUABLE TO BERMUDA AS A JURISDICTION'

best way forward. This resulted in the formal establishment of the IRM Bermuda Group.

Justin Baillie, who was appointed as the local Group's first Chairman said: "We are very excited about this new development, especially at a time of heightened focus on the growing area of risk and a multitude of new regulations.

"Having a formal Risk group in Bermuda is an important development for risk professionals, allowing them to enhance their knowledge, education and skills which in turn will assist them in their careers. It is equally important for businesses and other similar organisations in Bermuda who will benefit from new information

and best shared practices through networking and other events. And we also aspire to being just as valuable to Bermuda as a jurisdiction by reinforcing its crucial position as a key international player at the forefront of critical risk issues. All credit is due to my fellow members for taking this idea forward and I would like to recognise their tremendous efforts."

The Group is organised in committees focusing on programmes, education, marketing and communications and membership.

Roy Bray, the Bermuda Group's Co Chairman said: "In addition to formal events and educational programmes, we will also be hosting networking functions to allow those in the risk management profession to meet like minded colleagues from different industry sectors and share their experiences on various subjects. It is the perfect opportunity in a relaxed and informal setting for participants to learn more about this growing field and to be more attuned to the risk management skills that local economic sectors require."

When it all comes down to price

STUART COLLINS REPORTS ON THE MAIN TOPIC UNDER DISCUSSION AT THIS YEAR'S MONTE CARLO RENDEZ-VOUS

Reinsurers meeting on the Côte d'Azur for the annual Monte Carlo *Rendez-Vous de Septembre* had just one topic on their agendas this year — that of price.

Reinsurers contend that near-record catastrophe losses in 2011 and weak investment prospects require price firming in most property and casualty lines. But brokers say the current oversupply of capacity means a market turn in pricing is not justified, nor likely, any time soon.

The world's largest reinsurers told media at press briefings that rates were already increasing in loss affected catastrophe lines, including Japan, New Zealand and Australia. Rates for US windstorm reinsurance had also increased at 2011 mid-year renewals, reflecting changes to catastrophe models.

Munich Re board member Torsten Jeworrek said the reinsurer would seek price increases at the January 1 renewal inline with those already seen this year. "Catastrophe capacity will be more expensive in the future. We need to get the price right otherwise there will be a reduction in capacity," he said.

For example, Munich Re said that it is no longer prepared to write contingent business interruption insurance on the same terms going forward. He said that the reinsurer would now discuss alternative approaches with primary insurers, such as restricting cover to certain perils and requiring alternative suppliers.

Swiss Re, the world's second largest reinsurer, said that it expects modest but broad increases in rates next year. The company's Chief Underwriting Officer Brian Gray said that the reinsurance sector is underestimating the impact of low interest rates, and is not adequately factoring this in to premiums. Low interest rates, and not catastrophes, have been the shock to the industry, he said.

According to Mr Gray, the industry should brace itself for a sustained period of low interest

rates. This would require an 8 percentage point reduction in combined ratio to maintain current levels of return on equity, he said.

The Swiss Re CUO also highlighted difficulties in casualty reinsurance lines. Along with other reinsurers at Monte Carlo, Swiss Re has maintained a disciplined stance for liability lines in recent years. Mr Gray said that prices would have to rise if Swiss Re were to be tempted into writing more casualty business.

French reinsurer SCOR and its German rival Hannover Re were optimistic about upcoming renewals, noting that pricing has been improving for reinsurers over the past year. Victor Peignet, the head of the SCOR's property/casualty business said it sees growth potential in Latin America, Australia and US catastrophe reinsurance, as well as energy and medical malpractice.

But not all lines of business are proving attractive for the Paris-based reinsurer. Poor rating prospects have led it to slash its aviation book by one third and postpone plans to expand into casualty lines.

Rating agencies and brokers took a more cautious view of the direction of the reinsurance markets. They said that, despite record catastrophe losses and financial market turmoil, reinsurers' optimism for market hardening was unlikely to be fulfilled without further major catastrophe losses.

Standard & Poor's says that reinsurers may expect prices will turn upward, but the reality is that rates are largely flat. The ratings agency said that pricing in most lines is adequate, although some lines of business — such as US casualty — were uneconomic.

Chris Waterman, insurance analyst at Fitch Ratings, said that

reinsurance pricing is at a crossroads, and that a \$75 billion catastrophe loss would be needed to accelerate market hardening. In the absence of a major catastrophe loss, Mr Waterman is unconvinced that rates will move upwards, and questions the sustainability of increases achieved in recent renewals.

The reinsurance industry is unlikely to make a profit in 2011, reflecting heavy losses in the first quarter of 2011 and depressed investment yields, according to A M Best. Combined ratios in 2011 were expected to end up North of 100 percent, said Roger Sellek, Managing Director at A M Best Europe. He said that prior year reserve redundancies — which have boosted insurers profits in recent years — were not at the levels of the recent past.

The two largest reinsurance brokers — Guy Carpenter and Aon Benfield — argued that, without another major catastrophe loss this year, there is little justification for rates to rise for European insurers at renewals in January.

"In the absence of a market changing event or a substantial deterioration in reserves, we expect reinsurance rates to drift at January 1, 2012," said Chris Klein, of Guy Carpenter. "European cedents have avoided any large catastrophes this year and remained relatively loss free — so we would expect reinsurance prices in Europe to be flat-to-down next year."

Aon said that it held a differing view of capacity and the size of catastrophe losses in 2011. The broker said that it estimated capacity at \$470 billion, double most other predictions. While losses from the March earthquake in Japan were, on the face of it similar to Hurricane Katrina, the government would play a much larger role

in absorbing the damage.

"Demand for insurance is down at a time when capital is up," said Brian Ehrhart, of Aon Benfield. Reinsurance capital increased 17 percent in 2010, and has only fallen by five percent in the first half of 2011, he added.

The broker also said that reinsurers were missing opportunities to grow, given excess capacity. For example business ceded to reinsurers by US casualty underwriters has fallen by half since 2004, with primary insurers now taking significantly higher retentions. According to Mr Ehrhart, the trend of higher retentions is set to continue unless reinsurers undergo a 'fundamental rethink' of the value of their casualty proposition.

Despite overcapacity, reinsurers have maintained discipline and, some argue, are coming around to a different way of thinking.

"The major discussion point at Monte Carlo was the soft market," said Bill Jewett, of Bermudian-based reinsurer Endurance. "In September underwriters were resigned that the market would remain soft, with little expectation of a material change in conditions. However, there has since been a shift in sentiment and there is now anticipation of market firming at the January 1 renewal — or at least the beginning of momentum toward market hardening."

In the absence of a major loss, rates are not expected to harden suddenly, although a change in sentiment could mean rates gradually increase over subsequent renewals.

"There is recognition among stakeholders that with the losses of 2011 we have reached an inflection point," said Mr Jewett. "We won't see a severe reaction — classic hard market — at the renewal, but there is now a recognition that there could well be firming at 1/1. In particular, there was recognition at Monte Carlo that there needs to be firming of rates in catastrophe reinsurance — that sentiment still holds and is probably increasing."

'There was recognition at Monte Carlo that there needs to be firming of rates in catastrophe reinsurance'

Changes cause ‘a great deal of pain’

One of the big talking points at Monte Carlo this year was the impact of changes to the RMS version 11 catastrophe model. The changes have caused significant disruption to the catastrophe bond market and to the mid-year renewals that include hurricane-exposed US accounts.

The update, launched in February, places more emphasis on the potential damage caused by a major storm as it tracks inland, as well as introducing changes for coastal storm surge risk and European windstorm exposures.

RMS 11 doubled the exposures for some US insurers, said Peter Nakada, of RMS, who spoke at a panel debate on the subject in Monte Carlo. “The changes caused a great

deal of pain for clients and churn for the market. But it is about getting the best model and science out there,” he said. “Sentiment has now turned from shock and anger to acceptance.”

The increased exposure levels helped contribute to rate increases for US catastrophe reinsurance at the June and July renewals.

“The latest version of RMS’s model was an important factor driving US catastrophe rates upwards of 10 percent at the June and July renewal,” said Chris Klein of Guy Carpenter. “RMS 11 could also lead to adjustments in European windstorm exposures for some cedents,” he said.

Prices for catastrophe bonds for US hurricanes will also rise as a result of RMS 11,

potentially by 15-25 percent, according to John Seo of ILS fund Fermat Capital.

Brokers and reinsurers said that the model changes were a reminder that insurers should not rely on a single model, and should use multiple models to inform their own view of exposures. “The industry needs to rely on its own modelling and applications and not model to a standard,” said Peter Röder of Munich Re, who also spoke at the event.

“The RMS change was a shock wave for traditional insurance and insurance linked securities’ markets,” said Henning Ludolphs of Hannover Re. “It will lead to investors and reinsurers using several models to get a better feeling of where the right risk might be.”

CELEBRATING SUCCESS!



John Wight, President of the BII, celebrates with the Insurance Education Awards winners at the Fairmont Hamilton Princess

STUDENTS RECEIVE THEIR NEWLY-GAINED QUALIFICATIONS AT BERMUDA INSURANCE INSTITUTE AWARDS

More than 100 budding insurance professionals received their newly-attained qualifications at the Bermuda Insurance Institute’s (BII) Insurance Education Awards Lunch held at the Fairmont Hamilton Princess.

A total of 137 certificates were handed to 123 students in 15 areas of study at the ceremony, compared to 146 certificates and designations for 127 students in 15 areas at last year’s event.

Keynote speaker Gavin Bishop, Vice President and Controller at Validus Re,

spoke about discipline and commitment from students in pursuing their education within the re/insurance sector.

Mr Bishop, who won the BII’s Young Reinsurance Person of the Year in 2010 for his encouragement of others to join the industry and get qualified, listed a number of reasons people had given him for choosing to go into insurance, admitting that he had stumbled into it through blind luck.

Citing his first boss as his inspiration, he gave some responses he had been given as

to why people pursued industry qualifications and continued to do so, saying that it was always useful to have some world class designations behind you.

“We are all looking for self-improvement, being better than the next person and making our own mark. It takes discipline and commitment but it’s definitely worth it,” he said.

John Wight, President of the BII, commended the students for their commitment in achieving the qualifications.

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
* Alterra is the successor entity of Max Capital

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 break-even 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

* Alterra is the successor entity of Max Capital

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)

* Alterra is the successor entity of Max Capital

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

* Alterra is the successor entity of Max Capital

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

* Alterra is the successor entity of Max Capital

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

* Alterra is the successor entity of Max Capital

XL rating remains excellent

AND ASPEN OUTLOOK CONTINUES TO BE STABLE

Ratings agency A M Best has affirmed the financial strength rating (FSR) of “A” (excellent) and issuer credit ratings (ICR) of “a” of the property/casualty subsidiaries of holding company XL Group plc led by XL Insurance (Bermuda) Ltd.

At the same time, Best has affirmed the ICR of “bbb” of XL and XL Group Ltd, as well as all debt ratings for XL Group Ltd. The outlook for all ratings is stable.

The rating affirmations reflect the organisation’s excellent risk-based capitalisation, strong worldwide market presence and the completed de-risking of the group’s investment portfolio.

Despite XL subsidiaries’ property/casualty operating results being unprofitable through the first six months of 2011, with a combined ratio of 110 percent due to the worldwide catastrophes, the group averaged a favourable combined ratio of 92.3 percent for the previous five years.

Best said it remained encouraged by the strategies implemented by the XL management team. These strategies were supported by an enhanced risk management programme and a continued focus on underwriting as the key component of the group’s business approach.

As a result of XL’s completed de-risking of its investment portfolio, the organisation has successfully reduced the level of market volatility in its investment results, which for the past several years over shadowed the solid operating performance of its core businesses, said Best.

XL’s debt-to-capital ratio was expected to remain in the 15 percent to 25 percent range as capital was hoped to be enhanced by strong earnings. The fixed charge coverage stabilised in 2010 and was expected to remain comparable with the current level over the near term.

Meanwhile, XL Group has

launched a new global brand and marketing campaign.

The rebranding includes a new logo and tagline “Make your world go” and aims to capture the powerful combination of talent, innovation and drive at XL and its commitment to advancing progress and helping clients to do the same.

Chief Executive Officer Mike McGavick said: “At XL, we tackle risk like no one else, analysing deeper and listening closely to our clients to create solutions that unleash the world’s capacity to advance.

“By helping our clients unlock their full potential, we fulfill our own. Our new brand demonstrates this unique outlook and the commitment and value we bring to clients.”

He added: “There is no progress without risk, and in an environment where change is accelerating, risks are multiplying and businesses are increasingly complex, companies need strong, innovative partners to help manage their risk. Our brand clearly sets XL apart as the strong, innovative partner needed in today’s market.”

The new XL brand will be implemented gradually over the coming months.

Meanwhile, A M Best has affirmed the financial strength ratings of “A” (Excellent) and the ICR of “a” of Aspen Insurance UK Limited (AIUK) and Aspen Insurance Limited (AIL) (Bermuda).

Best also affirmed the ICR of “bbb” and the debt ratings of Bermuda-based Aspen Insurance Holdings Limited, the non-operating holding company of the Aspen group of companies. The outlook for all the ratings remains stable.

Best indicated that Aspen’s consolidated risk-adjusted capitalisation is “expected to remain strong, despite anticipated deterioration during 2011 due to a reduction in retained earnings.

“At year-end 2011, consolidated

shareholders’ funds are expected to be lower than the \$3.2 billion reported at year-end 2010, taking into account estimated catastrophe losses in the first half of the year of \$316 million (net of reinsurance, reinstatements and taxes).”

Best also said that it expects AIL and AIUK “to maintain strong stand-alone risk-adjusted capitalisation. AIUK continues to be the main earnings contributor of the Aspen group, while AIL remains important to Aspen’s capital management strategy as the provider of internal reinsurance to other Aspen group companies.”

For 2011, Best said it expects the group “to report a modest consolidated pre-tax loss, compared to a pre-tax profit of \$340 million in 2010. The combined ratio is expected to increase by over 10 percentage points from 97 percent in 2010, reflecting the group’s exposure to catastrophes in the first half of 2011, including the earthquakes in New Zealand and Japan, the Australian floods and the US tornadoes, as well as assuming average catastrophe experience in the remainder of the year.

“The results of Aspen’s US-domiciled subsidiaries are expected to dampen overall performance, owing to high start-up costs relative to premiums earned and ongoing weak market conditions. In more recent years, the US account

has been affected by the unfavourable development of prior year claims, although consolidated underwriting results have been supported by overall reserve releases.

“Investment income from the group’s conservative portfolio of cash and fixed income investments is likely to be positive but lower than in 2010 due to low interest rates.”

Best described Aspen as maintaining “a robust business profile in the London and Bermudian markets, supported by its diversified portfolio of property/casualty and specialty lines insurance and reinsurance business.

“Additionally, Aspen’s access to business is enhanced by its US subsidiaries and network of branch offices in Europe, Canada, Singapore and Australia. The United States remains Aspen’s primary focus for growth in the medium term, with more modest growth anticipated in the European and UK regional markets.

“To date, the growth and performance of Aspen’s local US business have been affected by competitive market conditions.” Best added that it “will continue to closely monitor Aspen’s expansion in the United States, particularly in view of the weak rating environment for this business and the potential impact of the economic downturn on claims experience.”

Rise in number of new companies

The number of new insurance companies formed in Bermuda in 2011 was 37 — 11 more than the same time in 2010.

Meanwhile, the latest series of global catastrophes spurred the formation of special purpose insurers in Bermuda, with 17 formed in 2011, the largest number to date.

The Bermuda Monetary Authority said Highland Re Ltd and Horseshoe Re II Ltd were incorporated as specialty purpose insurers on October 24 and October 26 respectively.

Sidecars are a type of special purpose vehicle that became popular in 2005 after Hurricanes Katrina, Rita and Wilma, with 20 sidecars formed as a solution to reinsurance capacity shortfall. According to US ratings agency A M Best, those sidecars represented \$4.5 billion of capacity.

FACING UP TO THE RISK

“The risk for Bermuda is greater than it has been in some time. For the first time, the bill has a Senate sponsor and, in many ways, Republican anti-tax orthodoxy seems to be crumbling. The sponsors of the bill still have a long road ahead of them and the negative consequences of the bill become clearer with each passing day. The threat that this could pass is very real.”

Eli Lehrer, Vice President of US-based think tank, the Heartland Institute, discussing the Neal bill (*The Royal Gazette*)

“2011 has been a difficult year at Platinum with international catastrophe losses well in excess of our expectations. Nevertheless, we remain

strongly capitalised and stand ready to seize on good reinsurance and investment opportunities.”

Michael Price, Platinum CEO, on a \$53.5 million net loss, the fourth successive loss-making quarter (*The Royal Gazette*)

“There was notable volatility in the capital markets which adversely impacted our investment results. During 2012 we will work closely with our clients to help them understand the effect of catastrophe modelling changes and the knowledge obtained from the recent events on their business.”

Neill Currie, CEO of RenaissanceRe, on third quarter net income down by three quarters to

\$49.3 million compared to \$204.8 million in 2010 (*The Royal Gazette*)

“The surest sign that a broad increase in price is not in the offing came from reinsurers. Not normally shy of trying to talk up markets, reinsurers did not sound overly convinced that big price increases were in the offing. Even those expecting price increases admitted that price changes were likely to be modest. While all this speculation is fun... it may also signal a fundamental weakness of the market.”

Michael Loney, *Reactions* magazine editor, on the pricing discussion at the recent Monte Carlo Rendez-Vous

WHAT'S ON

ONSHORE

June 3–6

Bermuda Captive Conference 2012

Fairmont Southampton

www.bermudacaptive.bm

OFFSHORE

January 30–February 1

World Captive Forum

Doral Golf Resort, Miami, Florida

www.worldcaptiveforum.com

March 11–13

Captive Insurance Companies Association International Conference

Westin Kierland Resort, Scottsdale, Arizona

www.cicaworld.com

April 15–19

RIMS (Risk & Insurance Management Society) 2012 Annual Conference & Exhibition

Pennsylvania Convention Centre, Philadelphia

www.rims.org

May 6–9

American Association of Managing General Agents Annual Meeting

San Antonio, Texas

www.aamga.org

August 7–9

Vermont Captive Insurance Association Conference

Burlington, Vermont

www.vcia.org

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New appointments at XL Insurance

XL INSURANCE (BERMUDA) LTD (XLIB) has announced the promotion of **Matthew Irvine** to Chief Underwriting Officer of XLIB's Professional Lines unit and the appointment of **Stephen Outerbridge** as Senior Vice President, Underwriter. Mr Irvine succeeds James Loder, and will be responsible for a team of 11 underwriters and support staff. He joined XL's Lloyd's syndicate operation, XL London Market Ltd, in



Irvine, left, and Outerbridge

1998. In 2002, he transferred to XL's Professional Lines unit in Bermuda. Mr Outerbridge is a

Bermudian with 20 years of industry experience including 15 years in underwriting. He was Senior Vice President/Manager of the Professional Lines department at Ariel Reinsurance Company Ltd and Vice President within ACE Bermuda's Professional Lines department where he also acted as Deputy Department Manager.

ARGUS GROUP has appointed **Phil Davis** in the new role of

Corporate & Channel Marketing Manager. He is responsible for managing corporate, business-to-business and consumer marketing activities for the



Davis

Argus Group, supporting the development of the brand, as well as tracking industry trends and customer feedback.

ENDURANCE SPECIALTY HOLDINGS LTD has appointed **John O'Connor** to the new role of Chief Administrative Officer. Bermudian **Stephen Young** has been appointed to lead Endurance's Global Catastrophe Reinsurance business, reporting to William Jewett, President of Endurance Specialty Holdings Ltd. The company also announced that **Sean M Fitzpatrick** will join in the new role of President and Head of US Property and Casualty Retail Insurance. **Stefan Beine** will take up the new role of Senior Vice President and Head of International Property Catastrophe Treaty Reinsurance.

ACE TEMPEST RE GROUP has appointed **Tim Mardon** as Division President of ACE Tempest Re Bermuda.

MONTPELIER RE HOLDINGS LTD has appointed **Christopher T Schaper** as President of Montpelier Reinsurance Ltd. Meanwhile, **Clement Dwyer** has resigned from the company's board and has been replaced by **Michael Eisenon**. Mr Eisenon is currently the CEO and a Managing Director of Charlesbank Capital Partners LLC, a private equity firm located in Boston.

Former Torus Insurance Holdings Chief Operating Officer **Andrew Turnbull** has joined Bermuda rival PARTNERRE to take the newly created position of Group Strategy and Business Development Officer.

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Deutsche Insurance Asset Management

One Focus on providing investment solutions and advisory services to insurance companies

By leveraging its scale and global familiarity with the market, Deutsche Insurance Asset Management delivers performance $71.2\% - 2.7\% - 47.1\% - 75.74\%$ specific risk and return objectives across asset categories, together with advisory solutions and world-class service specific to the unique needs of insurance companies. Deutsche Insurance is the recipient of multiple awards and with more than \$200* billion in assets under management is among the largest and best-recognized third-party managers of insurance portfolios in the world.

Reactions
LONDON MARKET AWARDS

Reactions
GLOBAL AWARDS
2011

To learn more about Deutsche Insurance Asset Management, contact us directly or visit us at www.insuranceam.db.com

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*As of September 30, 2011
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WASHINGTON HOUSE
A NEW DEVELOPMENT, IN THE
CENTRE OF HAMILTON

Recently completed and offering 62,000 square feet of office space on four floors and 24,000 square feet of retail space on two levels. The new building, which is part of the Washington Mall complex, spans three city lots allowing up to 15,500 square feet of net rentable space on each office level, and the flexibility to suit a single tenant or multiple tenants.

Washington Mall is a large complex of offices and retail outlets on Reid Street and Church Street. The offices accommodate local and international businesses, while the retail outlets offer a variety of products and services of interest to both local residents and visitors.

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