

# ***Bermuda Reinsurance 2016***

## Reflection, realignment & relevance



### ***Conference summary***

*“I stated last year that Bermuda is the seedbed of innovation and adaptability and since then this marketplace continues to drive innovation on the world stage. However, while most reinsurers have embraced change to support incremental innovation, bigger breakthroughs are necessary to compete with the new technologies and business models that are disrupting the industry.”*

**Arthur Wightman**, PwC Bermuda leader and regional Insurance and Markets leader



*“The increased level of optimism by reinsurers is driven by a number of factors including; that despite prolonged tough conditions the market as a whole has remained rational, that reinsurers continue to innovate and search out new opportunities to serve their clients, that investors continue to view the reinsurance asset classes as attractive, and, specifically for the traditional reinsurers, the continued value and importance of rated balance sheets to reinsurance buyers.”*

**Matthew Britten**, PwC Bermuda Insurance partner



# Bermuda Reinsurance 2016

## Reflection, realignment & relevance

***Our annual conference this year saw a sense of optimism among the island's reinsurers as pricing declines slowed and CEOs sought out new opportunities to grow.***

Bermuda Reinsurance 2016 heard business conditions for the reinsurance industry remain challenging and competitive pressures persist. Reinsurance pricing has not rebounded. While the rate of decline has slowed from 2015, it continues to soften with no relief in sight, forcing the industry to adapt to a “softer for longer” environment.

Reinsurance supply outweighs demand as capital continues to flow into the sector, along with new entrants, as M&A activity has picked up steam. Adding to the complexity are the potential implications (globally) of Brexit and other ongoing regulatory developments.

Against this backdrop and over the course of the past few years,

alternative capital has made a lasting impact on the reinsurance sector.

However, reinsurers remain focused on seeking new opportunities and driving innovations, while new partnerships are being forged. CEOs are upbeat about the market as pricing declines slow and they focus on opportunities for growth, including US mortgage risk, cyber, and closing the insurance gap

Opportunities such as mortgage reinsurance may represent a silver lining. Additionally, promoting diversity in a changing workforce can bring fresh ideas and may provide opportunity. InsurTech's use of game changing technology and data innovation is quickly transforming the landscape of both what needs to

be insured, and how risk transfer can be delivered. Yet, regardless of which segment of the industry you represent, all must exhibit a willingness to be flexible and execute with agility to stay relevant.

Leading executives, industry stakeholders, and thought leaders offered their viewpoints and perspectives related to these ideas and others at our November 8, 2016 conference at the Hamilton Princess, which drew a record nearly 300 attendees.

**You may view videos of each of the panels by clicking on the links in each section.**

[Click here for video of this panel](#)





# A view from the top: Reinsurance CEO perspectives

*Reinsurance premium rates continue to soften, but at a slower pace than in 2015 with no rebound in sight. Our panel of chief executives reflected on pivotal issues and the broader perspectives around relevance and resilience, and the actions taken to realign to these new market dynamics.*

Kevin O'Donnell, President and Chief Executive Officer, RenaissanceRe Holdings Ltd., said: “I do see green shoots of growth both for making the pie bigger and for each of us to be more efficient to attract more risk like cyber to our market.”

CEOs on the panel said they were pleased with the progress in the rate environment – which may have reached a bottom. Looking forward to 2017 – CEOs said it's going to be a tough year but also one where the reinsurance market is “very well poised for success”.



(Pictured, from left):

**Moderator: Taoufik Gharib** Senior Director, S&P Global Ratings

**Joseph P. Brandon** Executive Vice President, Alleghany Corp; Chairman, Transatlantic Holdings Inc.; and President, Alleghany Insurance Holdings LLC

**Kevin O'Donnell** President and Chief Executive Officer, RenaissanceRe Holdings Ltd.

**Kean Driscoll** Chief Executive Officer, Validus Reinsurance Ltd.

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# ***The next act: Reinsurance CFO perspectives***

While market pressures and fundamentals of the industry persist, there are a number of forces (social, technological, economic, environmental and political) influencing the future shape of

the reinsurance landscape. Our panel of finance executives looks beyond current market dynamics and examines the major opportunities and risks facing the reinsurance industry.



(Pictured, from left):

**Moderator: Matthew Britten Partner**, Insurance, PwC Bermuda

**Mario Bonaccorso** Executive Vice President and Chief Financial Officer, PartnerRe Ltd.

**Jeffrey Sangster** Executive Vice President & Chief Financial Officer, Validus Holdings Ltd.

**Jay S. Bullock** Executive Vice President and Chief Financial Officer, Argo Group International Holdings Ltd.

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# ***Silver lining: Will mortgage reinsurance prove to be the industry bright spot?***

Following the U.S. housing sector's recovery, there has been an increased demand for mortgage reinsurance, primarily driven by government-sponsored enterprises' (GSEs) mandate to involve private capital, and by capital needs of primary mortgage insurers (PMIs). Given pricing malaise in the reinsurance industry and the strong performance of post-crisis vintages, the U.S. mortgage sector is looking quite attractive for now. Although

the product looks appealing, the question is will it last or is this more a moment of opportunity? Do reinsurers, the GSEs, and PMIs understand the risks to each, and how do their respective views flavor their appetite? Our panel of experts drawn from the re/insurance sector and GSEs discusses the opportunities and challenges with this product and how it may evolve.



*(In this picture:)*

**Kevin Ahern** Managing Director, S&P Global Ratings (far left)

**Joseph Hissong** President, Essent Reinsurance Ltd.

**Hardeep Manku** Director, S&P Global Ratings

**Nicholas Sapirie** Director, Capital Markets Analytics, Federal National Mortgage Association (Fannie Mae)

**Kevin Palmer** Senior Vice President Single-Family Credit Risk Transfer, Federal Home Loan Mortgage Corp. (Freddie Mac)

**Andrew Rippert** Chief Executive Officer of Global Mortgage Group, Arch Capital Group Ltd.

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# ***Breaking through: How insurers can harness the diversity dividend***

In an industry facing unprecedented disruption, insurers are recognizing the power and potential of how promoting diversity in a changing workforce can bring fresh ideas and give them the edge. Our panelists will examine how far the industry has come and draw upon their wide ranging perspectives and experiences of seeking to make diversity a reality.



*(Pictured, from left)*

**Leslie Fenton** Managing Director, Corporate Finance, PwC

**Kathleen Faries** Head of Bermuda Branch, Tokio Millennium Re AG

**Talia Lucas** Manager, Insurance & Reinsurance & Strategic Leader of the Gender Diversity Initiative, PwC Bermuda

**Arthur Wightman** Territory Leader and Regional Insurance and Markets Leader, PwC Bermuda

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# ***ILS/alternative capital: What may the future hold?***

Having continuously delivered steady funding and strong returns, insurance linked securities (ILS) and those providing alternative capital have made an indelible footprint in the property casualty reinsurance sector. For all intents and purposes, convergence has

occurred, so the question is how far along is it? The panel looks at how the alternative reinsurance market developed to where it is today, the changes it caused, its near-term opportunities, and where can it expand.



**Moderator: Gary Martucci** Director, S&P Global Ratings

**Dirk Lohmann** Chairman and Managing Partner, Secquaero Advisors Ltd.

**Michael Millette** Managing Partner, Hudson Structured Capital Management Ltd.

**Rick Pagnani** Chief Executive Officer, Mt. Logan Re Ltd.

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# ***Opportunities await: How InsurTech is reshaping insurance***

As the pace of investment increases, game changing technology and data innovation is quickly transforming the landscape of both what needs to be insured, and how risk transfer can be delivered. Those embracing InsurTech are rapidly developing and applying new technologies, creating new business models, and accessing

and analyzing data in new ways, to deliver personalized customer experience and solutions, while driving efficiencies and cost reduction.

Each of our panelists provides their unique perspectives and insights on this new era of insurance and the emerging opportunities and disruption that are arising across the insurance value chain.



**Moderator: Jamie Yoder** Global Insurance Advisory Practice Leader, PwC  
**Robert Bauer** Managing Director, Commercial Strategy and Innovation, American International Group Inc.  
**Brian Modesitt** Managing Director, Two Sigma Investments LP  
**Martha Notaras** Partner, XL Innovate, XL Group Ltd.  
**Kevin Shearan** Executive Vice President and Chief Information Officer, Chubb Ltd.

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## ***PwC Speakers***



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