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## **News release**

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*Contact:* Jonathan Hicks, PwC  
Tel: 1-441-299-7182/1-441-505-6050  
e-mail: [jonathan.p.hicks@bm.pwc.com](mailto:jonathan.p.hicks@bm.pwc.com)

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### **PwC and S&P Bermuda (Re)insurance Conference examines potential areas of growth, what (re)insurers will look like in five years**

- **Flood and terrorism seen as potential growth areas for industry**

**Hamilton, Bermuda** – Reinsurance industry heavyweights at the PwC and S&P 2013 Bermuda Reinsurance Conference discussed how they perceive the health of the market today and the threats and opportunities it's facing.

Arthur Wightman, Insurance Leader, PwC Bermuda said the island was at the centre of how risk transfer will evolve over time.

"I am not saying ILS versus reinsurance – both markets are struggling with the same issue - that of finding new and meaningfully profitable sources of demand," Mr Wightman said. "What I am saying is that over the last 12 months you have seen this domicile engage and evolve in spite of the variety of disruptive forces out there. It has worked to better serve the needs of policyholders, investors and other stakeholders and to drive changes in an environment where the inevitability of inaction now will lead to irrelevance in the future."

A panel of chief executives was asked how they think the reinsurance industry will look in five years.

John Berger, Chairman and Chief Executive Officer, Third Point Re, said: "I don't think it looks that different than today."

Weighing in, Edward J. Noonan, Chairman and Chief Executive Officer, Validus Holdings, said: "We've been in this extraordinary period of time where there have been no major events in North America, and that won't last, and so I think you have to imagine that over next five years we should expect to see one or multiple events in North America and that will have a significant effect on the industry, and ILS space."

Don Kramer, Chairman and Chief Executive Officer, ILS Capital Management, said: "Over next five years I don't see significant change other than I do think we are in a very, very slow economic recovery."

Mr Noonan, further said: "We are in period of time have to adapt."

But he added, "You can survive nicely in the industry without managing third party capital, it's just a different model."



The industry could take over flood insurance business and conventional terrorism cover, it was suggested by the panel.

“There are some terrorism risks I think a prudent person would say are uninsurable to the reinsurance industry,” Mr Noonan said.

But conventional terrorism risk the industry understands, he said, and can begin to take over if the US government transitions out of it.

“We won’t get it right right out of the gate, and we’ll probably err on the conservative side I suspect, but that’s how new products work and that’s how the industry should be stepping into the conventional terrorism marketplace,” Mr Noonan said.

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