

BIQ

July 2007

BERMUDA
INSURANCE
QUARTERLY

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WHAT TO DO
WITH ALL
THAT CASH



7,11

NO MORE
MISTER
NICE GUY



2



BERMUDA'S CEOs ON THEIR TOES...

A fascinating and thought-provoking insight into the mindsets of the key players in the Bermuda re/insurance market has been provided by a new PricewaterhouseCoopers survey. An exclusive summary of this significant study appears on page 16

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BERMUDA INSURANCE QUARTERLY

Volume 3, Number 3
July 2007

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Published by Bermuda Media, Suite 310, The International Centre, 26 Bermudiana Road, Hamilton HM 11, Bermuda. Postal address: PO Box HM 2032, Hamilton HM HX, Bermuda. Tel: 292-7279 Fax: 295-3189 Email: submit@bm.bm. Web: bermudamedia.bm. Printed in Canada.

Published four times a year in association with PricewaterhouseCoopers.

Cover image courtesy of Getty Images

THE QUOTES OF THE QUARTER

"This was our first quarter as a public company and the fourth quarter since our inception. With \$72 million in net premiums written including 28% of net premiums written in the quarter from clients other than Tower [majority shareholder of CastlePoint Re with an 8.6% stake in CastlePoint Holdings], we are pleased that our reinsurance, risk sharing and programmes solutions are continuing to find excellent reception in the marketplace."

— **CastlePoint CEO Michael Lee**

"Despite our strong performance over the past five quarters, our more than adequate capital level and our reduced risk profile, [we] saw a sudden and perplexing announcement from Standard & Poor's, lowering our financial strength ratings [to A-]."

— **IPC Holdings' President & CEO Jim Bryce**
(S&P said it downgraded IPC because of its narrow business focus)

"We regard the increase in diluted book value per share, measured over intervals of three years, as the best single measure of our performance for shareholders. For the quarter ended March 31,



2007, the increase represents an annualised growth since the founding of the company of 18.1%. We are committed to seeking (and are currently finding) opportunities to deploy our capital at attractive expected returns while maintaining a disciplined underwriting approach."

— **Flagstone Re Chairman Mark Byrne**

"We produced record net and operating income for the first quarter, and our tangible book value per share grew at a 22% annual pace. The quality of earnings was excellent, with strong contributions from both underwriting and investment income."

— **Evan Greenberg, President & CEO, ACE**

"We have grown net income by 16% over the prior year and achieved an annualised operating return on equity of 21.2%. Gross premiums for the quarter were down 12% primarily due to our having recorded upward premium adjustments in our reinsurance segment in the first quarter of 2006. Without these adjustments, gross premiums declined by about 5% quarter over quarter."

— **Scott Carmilani, President & CEO, Allied World**



Henry Keeling, the COO of XL Capital, and former ACE Chairman, President & CEO Brian Duperreault were among the industry figures honoured at the Bermuda Insurance Institute's annual awards ceremony.

Mr Keeling was named as (Re)Insurance Person of the Year while Mr Duperreault, who was the first-ever winner of that award in 1998, was given the Lifetime Achievement Award. Mr Keeling won for "his staunch advocacy of the Bermuda market and his contributions to the advancement of the insurance industry" while the BII said that, during his 35-year career, Bermuda-born Mr Duperreault had shown "extraordinary leadership and vision and is rightly recognised as one of the insurance industry's great innovators".

British-born Mr Keeling began his career as a broker in London and Tokyo before becoming Deputy Underwriter at Lloyds Syndicate 51. He came to Bermuda in 1993 as the Senior Underwriter with start-up Mid Ocean Re and in 1997 became the company's President, COO & Chief Underwriting Officer. Following Mid Ocean's merger with XL in

TODAY'S GIANTS, TOMORROW'S CONTENDERS



Brian Duperreault, Laurie Orchard, Theresa Dunlop and Henry Keeling

1998, Mr Keeling became CEO of XL's reinsurance operations and in 2005 he was named Global Head of Business Services for XL Capital. He became COO in July 2006 with broad strategic responsibility for XL's underwriting risk assumption businesses, including insurance, reinsurance, life and financial lines operations.

During his tenure, said the BII's citation, "XL's reinsurance business segment became a global, recognised leader in all of its chosen lines of business and it evolved from being a short-tail, catastrophe-focused, Bermuda-based entity to a multi-line, top 10 reinsurer writing both property and casualty and life products through 23 offices in 13 countries."

Speaking at the awards dinner at the Fairmont Hamilton Princess, Mr Keeling said he had no plans to leave the island: "We have the most vibrant, progressive, innovative and exciting insurance industry in the world. There is nowhere else I would rather spend the rest of my career."

Brian Duperreault, who got a standing ovation when he received his Lifetime Achievement Award, added: "It is so wonderful to see what the Bermuda market has become. It is now the most innovative, competitive, best-staffed, best-managed insurance market in the world."

The BII said much of that was down to Mr Duperreault himself: "He has not only seen dramatic

changes in [the] industry, he has also been the spark that made them happen. At ACE he directed a growth and diversification strategy marked by numerous acquisitions."

As President & CEO through 2004, Mr Duperreault oversaw ACE's purchase of Tempest Re; Lloyd's managing agencies Methuen and Ockham, Westchester Specialty Cat and Tarquin; and Cigna P&C and Capital Re Corporation. He remained Chairman until his retirement in June 2006. He will step down as Non-Executive Chairman later this year.

XL Re VP of Operations Laurie Orchard and Theresa Dunlop, Senior Underwriter at OIL, shared Young (Re)Insurance Person of the Year. Ms Orchard was recognised for her work on projects aimed at raising the profile of Bermuda's insurance industry as VP of the BII and chair of its education and examination committees. Ms Dunlop, also a keen BII volunteer, was honoured for her "commitment and professionalism and education".

Nothing to fear from REO ratings

INSURANCE SUPERVISOR SAYS BERMUDA WELCOMES INCREASED SCRUTINY

Jeremy Cox, the Bermuda Monetary Authority Insurance Supervisor, believes the island's regulatory environment is up to improved international standards. He feels that Bermuda's reputation for "light touch" regulation is a misconception which he hopes will be dispelled when the National Association of Insurance Commissioners' proposed Reinsurance Evaluation Office (REO) comes into effect. The NAIC says the quality and regulatory practices of a reinsurer's home jurisdiction will be significant factors when the REO rates a company's financial strength.

Mr Cox told *The Review*: "The REO proposal recognises that top jurisdictions already have appropriate supervision in place so there

should be no reason for having additional protectionist-type measures. The REO ratings will be based on both a reinsurer's financial strength and the quality of supervision of that company in its representative jurisdiction — which, in Bermuda, is already being taken care of if I am doing my job effectively.

"We already know about the financial strength of the Bermudian market so I would hope that Bermuda would be very well positioned in the collateral evaluation process.

"Bermuda companies wouldn't be happy if they are left out of the collateral debate because that would be an indication that somebody has a misconception about the financial stability of the market

and the supervision of companies on the island."

He said that Bermuda's move to a risk-based framework was gradually changing a media mindset still stuck in the past when Bermuda was primarily a captive domicile requiring lower levels of supervision.

"Companies with a high level of risk receive the focus of our supervisory attention. It's not light touch; it's risk-based and I don't see that is any different to the UK, Switzerland, Germany or the US."



Jeremy Cox: media mindset gradually changing

'Companies with a high level of risk receive the focus of our attention. It's not light touch...'

BMA appoints Matthew Elderfield as new CEO

The Bermuda Monetary Authority has appointed experienced former UK Financial Services Authority executive Matthew Elderfield as CEO. According to the BMA, Mr Elderfield brings "20 years of experience in international financial services regulation, encompassing supervision, policy and risk management and high-level advocacy in the US and Europe".

He was most recently Head of Department, Major Retail Groups Division within the FSA, supervising eight banking groups including Barclays, HSBC and Royal Bank of Scotland. He also represented the FSA on the Basel Accord Implementation Group.

Before joining the FSA, Mr Elderfield established the European operations of the

International Swaps & Derivatives Association and was Director of Policy for that organisation. He also worked in senior positions with the London Investment Banking Association and British Bankers' Association.

He has degrees from Cambridge and the School of Foreign Service, Georgetown University.

XL reduces SCA stake to help simplify structure

XL Capital has announced that Security Capital Assurance, a financial guaranty company in which it owns a 63% stake, has filed a registration statement on Form S-1 with the SEC relating to a proposed offering of some of XL's shares in SCA. After the proposed offering, XL would beneficially own approximately 47.5% of SCA's outstanding voting common

shares, which would be further reduced if the underwriters' options to purchase additional common shares were exercised.

XL CEO Brian O'Hara said the sale was part of an ongoing strategy to simplify and optimise XL's structure. "XL plans to continue to maintain a strategic investment in SCA [but it] will no longer be a consolidated subsidiary of XL."

Busy hurricane season forecast

Experts say there's a 74% chance that this year's hurricane season will be more active than normal. The National Oceanic & Atmospheric Administration estimates between 13 and 17 named storms, seven to 10 of which will grow to hurricane strength. Similar predictions were made by the Tropical Meteorology Project at Colorado State University, which estimates 17 named storms and nine hurricanes with five having sustained winds of 111 mph or greater.

The 2006 season witnessed 10 named storms, five hurricanes and two major hurricanes. None of those hurricanes made landfall along the US coastline.



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New York in decline?

Bermuda and London are now ahead of New York as centres of the world's insurance industry, according to former AIG Chairman Hank Greenberg, who cited the US regulatory environment as the main reason. He told a conference of industry insiders in New York: "The insurance world moved to New York from London. I believe it has now moved back to London and to Bermuda. You have to ask yourself why. It's regulation."

Mr Greenberg was forced out of AIG in 2005 following a probe by then New York Attorney General Eliot Spitzer into the firm's accounting and use of reinsurance. AIG paid \$1.6 billion to settle the investigation but Mr Greenberg denies any wrongdoing.

He now heads up C V Starr, an investment vehicle that owns four specialised insurance agencies. Starr's main office is in New York but Mr Greenberg said: "I'm doing more business outside of New York than I am here."

OIL exodus sparks S&P warning

Oil Insurance Limited has had its A- financial strength rating placed under negative review by Standard & Poor's after another 13 shareholders elected to withdraw from the company in June. This follows the January exit of nine shareholders, representing about 12% of the company's gross assets insured at the time, and means that OIL — the largest of three energy industry mutual com-

panies making up the Bermuda-based OIL Group of Companies — now has a reduced shareholder base of 61.

S&P said that the number of shareholders who have exited OIL in the past six months is "significant. This raises concerns about the stability of the company's membership base and the strength of its competitive position in its chosen niches.

"In the past year, OIL has made significant efforts to address the different needs of its membership base, which contributed to the company announcing an amended rating and premium plan that was approved by the shareholders in March.

"The combination of the recent exits and the amended rating and premium plan could lead to changes in the prospective volatility of OIL's insured portfolio that need to be evaluated."

According to OIL, the departing shareholders had gross assets representing approximately 9.5% of the weighted gross assets insured by OIL immediately before withdrawal. "No single departing member has any more than 1.9% of the pool's weighted gross assets. OIL does not believe that the departure of these shareholders will have a material adverse effect on the ability of OIL to continue to provide its members with the capacity and coverage our shareholders have come to expect."

Nine of the departing members are utilities and George Hutchings, OIL's SVP & COO, explained that "as a group, the utilities were more adversely affected by the events of 2005 than any other group within OIL. Not only are many of them regulated utilities with little ability to absorb premium and claims recovery volatility into their rate base, but generally speaking very few of them had any revenue offset from the energy price spikes after Hurricanes Katrina and Rita, unlike many of our other members."

Other ratings news on pages 12 and 19

DELL - TOSHIBA - MICROSOFT
HP - VIEWSONIC - 3COM - APC
CREATIVE LABS - LENOVO - CISCO
LOGITECH - IOMEGA - BELKIN

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Flagstone voted top

Bermuda-based Flagstone Re has been voted Start-up Firm of the Year in the Spring issue of *US Insurer*, beating Validus, which was highly commended, and Beecher Carlson, which was commended.

Flagstone, which was voted Best Newcomer by *Reinsurance* magazine in December 2006 and raised \$175.5 million from its March IPO, was also commended in the Property/Casualty Reinsurer of the Year category behind winner Swiss Re and runner-up ACE. XL Re and Transatlantic Re were also commended.

Set up in December 2005, Flagstone Re has already gained an A- financial strength rating from A M Best and the IPO gave it an initial market capitalisation of \$1.1 billion.

US Insurer wrote: "Flagstone Re's conservative operating principles and doctrine of the preservation and stability of capital are obviously valued at a time when investors are jittery about the long-term financial stability of their reinsurers."



The Flagstone team celebrates at the opening bell on April 10

Missouri joins captive market

Missouri is the latest US state attempting to win a share of the growing captive insurance market. Until recent years, most captive insurance companies — set up to insure the risks of a parent company or members of an association — were formed in Bermuda or the Caymans because of low tax and light regulation. But since Vermont passed a law in 1981 allowing captive companies, more than 20 other states have followed suit.

The Missouri bill, which could be signed into law by August, would allow captive insurers to provide workers' compensation, life and property and casualty insurance but not personal motor vehicle or homeowner insurance.

Starr turn for Allied World

Allied World has announced that C V Starr will offer excess casualty insurance for public entity, residential and commercial contracting risks on behalf of its US subsidiaries Allied World Assurance (US) and Newmarket Underwriters Insurance.



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INSURANCE/REINSURANCE



Downgrade for Goldean

Paul Goldean is to be replaced as CEO of struggling Bermuda-based life reinsurer Scottish Re Group. The company said it will search for a new CEO while Mr Goldean will become its Chief Administrative Officer.

Scottish Re recently completed the process of obtaining a \$600 million investment from a team made up of a unit of Massachusetts Mutual Life Insurance Co and affiliates of Cerberus Capital Management, a private equity firm

that recently announced plans to acquire Chrysler.

Scottish Re also announced that CFO Dean Miller and Clifford Wagner, CEO of its North American unit, are stepping down. See also "People" section, page 20

Allied World makes deal with Texas

Allied World has reached a settlement with the Texas Attorney General's Office over an investigation by its Antitrust and Civil Medicaid Fraud Division. The settlement will result in a charge of \$2.1 million, which was reserved by Allied World in Q4, 2006. Under the settlement, Allied World does not admit liability and denies the allegations.



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WHAT'S ON

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Julie Preece, 295-1596 or jprece@bii.bm

July 19 to 20

Statistics for Underwriters & Managers

Bermuda Insurance Institute, Cedar Parkade, Cedar Avenue, Hamilton, Bermuda

Julie Preece, 295-1596 or jprece@bii.bm

July 23

Finance for the Insurance Professional — Level 2

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September 16 to 19

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PartnerRe acquires MCR renewal rights

PartnerRe has signed a definitive agreement with the French Monceau Group to acquire renewal rights for the international reinsurance business of Mutuelle Centrale de Reassurance (MCR), the reinsurance subsidiary of the Monceau Group. The agreement covers contracts with non-affiliated insurance companies outside France.

Analysts say this business aligns well with PartnerRe's existing global operations, and will be incorporated within PartnerRe's Global (non-US) P&C and Worldwide Specialty sub-segments, as well as the Life segment. PartnerRe expects some MCR underwriting staff to join PartnerRe.

The Bermudian invasion

VALIDUS BUYS LLOYD'S SYNDICATE AND MORE SUCH MOVES ARE EXPECTED SOON

As if to underline the results of a survey by *Reactions* magazine which asked whether Bermuda or London was more important in the world's reinsurance market, Validus Re has become the latest Bermuda-based reinsurer to acquire a Lloyd's syndicate. Validus, backed by American private equity firm Aquiline, which is run by Jeff Greenberg, the former CEO of Marsh & McLennan, bought Talbot Holdings for an estimated \$400 million in May, adding weight to the survey conclusion that was 58% in favour of Bermuda over London.

Talbot is a privately owned Bermuda-based company underwriting marine, property, financial institutions, contingency insurance and treaty reinsurance through Lloyd's Syndicate 1183 and Underwriting Risk Services. Syndicate 1183 has a capacity of about \$644 million.

A M Best reacted to the news by placing Validus Re's A- financial strength rating, and the issuer credit rating of a-, under review with negative implications. Best explained this was "attributable to the execution risk inherent with financing this transaction, which hinges upon the successful completion of the initial public offering. Should the IPO be unsuccessful in raising sufficient funds, it could cause Validus' risk-adjusted capital to fall below expectations." Validus filed plans for a \$200 million IPO with the SEC in January, following fellow Bermudian start-ups Flagstone and CastlePoint.

Best said it was also concerned about softening property catastrophe rates that could put additional pressure on Validus to meet its targets. But it added that acquiring Syndicate 1183 would bring a seasoned book of business and broader market access to Validus and would enhance Validus's market profile.

Analysts speculate that the move — the first major takeover of

a Lloyd's syndicate by the Class of 2005 Bermuda reinsurers — could lead to further similar deals.

Britain's *Daily Telegraph* commented: "A low level of claims last year has left the [Bermuda] firms awash with cash. Many are now looking to expand into broader areas of insurance and reinsurance."



Colman

"Well, let's do something and do it quickly, because I'm sitting on a big pile of cash over here."

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JLT RISK SOLUTIONS
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Lockton opens Bermuda office

Kansas City-based brokerage Lockton now has an office in Bermuda to “provide its global clients and associates with direct access to risk capital in this key insurance and reinsurance centre”. The new office will focus on property, energy, financial lines, casualty and healthcare.

Bermudian former AIG and Marsh executive Ed Correia has been appointed to lead the development of the new business, together with Philip DiMeglio, formerly of JLT Risk Solutions, and William Lowe, from Aon, who join as producers.

Mr Correia started his career in

WHAT'S NEW

Bermuda in 1977 with AIG before joining Reed Stenhouse (subsequently acquired by A&A) where he was responsible for captive operations. In 1992, he joined Marsh where he was promoted to Managing Director, Property Manager and Deputy Head of Office.

William Lowe began with Alexander Howden and has also worked with Bain Clarkson and Jardine Insurance Brokers Inter-

national as an energy market broker. Later, at Newman, Martin & Buchan he was a Main Board Director responsible for running the Facultative Energy Division. He joins Lockton from Aon (Bermuda).

Mr DiMeglio started with Marsh in 1996 as a placement broker specialist and in 1999 was transferred to the Bermuda office, where he was responsible for the marketing and product development of newly formed insurance companies. He subsequently joined JLT Risk Solutions, offering Bermuda management liability products to US independent retail-

ers' clients and prospects.

Lockton is the largest independent, privately owned, global insurance broker, employing more than 3,800 people.

Ironshore, XL make D&O moves

Bermuda-based insurers Ironshore and XL Capital have both announced new or improved Directors & Officers products.

Start-up Ironshore is to open IronPro, a New York-based professional liability facility with industry veteran Greg Flood as President. IronPro will initially offer up to \$25 million of gross limits on D&O liability insurance with additional professional liability products to be introduced in the near future, including errors and omissions coverage for lawyers and insurance agents and miscellaneous E&O coverage.

Lexington here too

Lexington Insurance, part of AIG, has opened a property and casualty insurance underwriting office in Hamilton. Kevin Kelley, Lexington's Chairman & CEO, says the move “reflects Lexington's commitment to providing ready access to top-quality products and coverage limits. Risk managers and brokers in Bermuda will now have local access to Lexington's industry-leading property capacity and flexible casualty solutions.” The Bermuda office provides access to Lexington's entire portfolio of property insurance coverages as well as primary employment practices liability (EPL) insurance programmes.



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Meanwhile, XL Insurance, the UK-based professional lines division of XL Capital, has launched "A PLUS D&O Advantage", a development of its existing product line which offers primary coverage or excess and difference-in-conditions above an existing D&O liability product, the company said.

The product includes provision of blanket coverage for outside directorships of non-profit and privately owned for-profit entities, and coverage for extradition cost.

RMS launches new weather index

At risk modeller Risk Management Solutions and WeatherFlow, a leading provider of private weather data, have teamed up to start the WindX parametric index (www.windxnetwork.com) in time for what is predicted to be a highly active 2007 Atlantic hurricane season.

RMS said WindX is based on location-specific wind speed values which trigger a wide range of financial structures including over-the-counter derivative contracts, catastrophe bonds and industry loss warranties.

WindX values will be driven by wind measurements taken from WeatherFlow's network of hurricane-hardened weather stations. WeatherFlow is expanding its coastal weather observation system by adding more than 100 weather stations specifically designed to survive and accurately record hurricane winds.

WeatherPredict Consulting, a wholly owned subsidiary of Bermuda-based reinsurer RenaissanceRe, has been involved as an advisor for the WindX team, providing its expertise on customer and market needs.

According to RenRe President Bill Riker, "The WindX parametric index will for the first time allow insureds, insurers and reinsurers to separate hurricane hazard risk from the more uncertain property vulnerability risk.

"We believe hurricane and other pure hazard risk is more understandable and thus more attractive to emerging capital markets players accepting catastrophic risk."

White Mountains, NATIXIS form Pentelia

Bermuda-headquartered reinsurance group White Mountains has joined forces with French investment bank NATIXIS to create a Bermuda-based asset management company, Pentelia Capital Management (PCM), which has already closed its first fund, Pentelia, with total capital commitments of about \$600 million. Pentelia is providing the initial capitalisation for a new Bermuda reinsurer, Pentelia Re. The fund says its strategy is to invest in a number of remote-probability insurance events and to deliver a consistent return with little to no correlation with financial markets.

Paris Re plans IPO Paris Re Holdings, the Bermuda-based reinsurer which last year took over AXA's reinsurance operations, plans an initial public offering later this year, to be followed by flotation on Euronext Paris. Paris Re has equity of just over \$2 billion, based on audited accounts for 2006, when it collected gross premiums of \$1.5 billion. Paris Re said its listing is likely to happen by the end of 2007. The offering will be limited to France.

ACE extends Eastern arm

ACE is continuing to extend its global reach by opening new offices in Budapest and Prague that will increase its European presence to 19 countries. ACE's Hungarian operation will be run by Peter Dudas, formerly with Genworth Financial. Jiri Schneller, formerly Winterthur's head of external service, will manage the Czech Republic and Slovakian activities.



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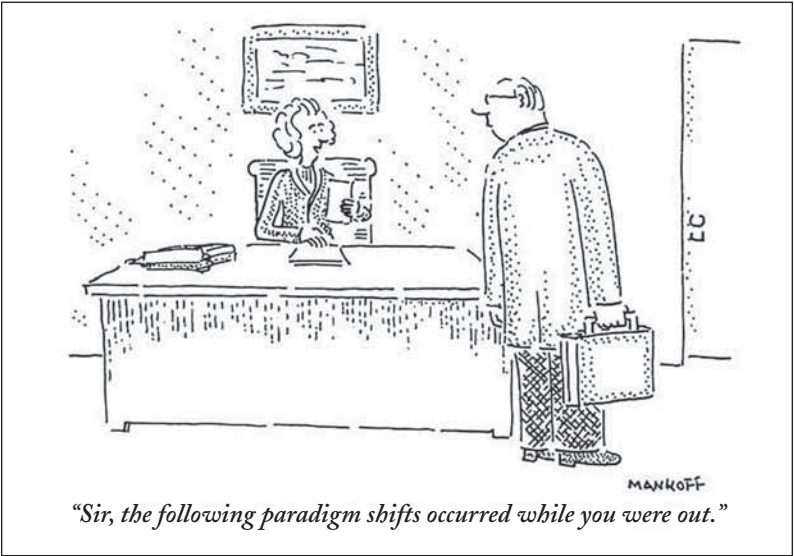
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ACE in bid-rigging settlement

ACE has reached a \$9 million settlement with the Pennsylvania State Attorney General's Office and the Pennsylvania Department of Insurance related to its involvement with other insurers and brokers in bid rigging for excess casualty insurance. As a result of a previous agreement, ACE — whose US headquarters are in Philadelphia — had already agreed to pay back \$40 million to policyholders for these illegal business practices, which occurred between 2000 and early 2004.

"ACE participated in a scheme with various insurance brokers to falsify quotes in order to easily steer business to preferred insurers, in exchange for the same thing in return," Attorney General Tom Corbett said. "This ... created a false appearance of market competition and cheated consumers out of millions of dollars."

Mr Corbett said the agreement requires ACE to reform its business practices. Meanwhile, the settlement will be paid from reserves and will have no effect on ACE's results for 2007.



Ironshore moves into US

Bermuda start-up Ironshore Insurance has received approval to write excess and surplus lines business in South Carolina. Ironshore plans to offer commercial

property and condominium coverages to coastal-exposed businesses statewide. Ironshore, which began operations in January, is largely writing

American business on a self-procured basis. "[But] this approval gains us the ability to work directly on a surplus lines basis in South Carolina whereas previously we only wrote on a self-procured basis dealing with brokers in

Bermuda or London," Ironshore told *Business Insurance*. CEO Robert Deutsch said the South Carolina move was just the beginning: "We're pursuing approvals for all 50 states with some Gulf Coast states taking top priority."



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BERMUDA COMPANIES LOOK TO UTILISE ALL THOSE PROFITS

After the rich pickings of 2006, Bermuda's leading (re)insurance companies face something of a dilemma. Flush with cash, they must return capital to shareholders, diversify into new lines of business or go shopping for acquisitions and mergers. Many analysts believe the island will see a rash of buyouts in the second half of 2007.

Earlier this year, PXRE, hard hit by the losses of 2005, was bought out by the Argonaut Group, creating a \$1.3 billion company. Another company wounded by Katrina, Montpelier Re, could be next — with its shares trading at half their pre-Katrina value.

So who's buying? Allied World, AXIS, PartnerRe and RenaissanceRe are rumoured to be in acquisitive mode but no one, of course, is confirming or denying anything.

According to Reuters: "Analysts, brokers and chief executives are trying to disentangle prospective buyers from sellers, and also figure out how soon they will jump. Too early, and a bad 2007 hurricane might leave them short of cash. Too late and someone else might seize the opportunity." The news agency added: "Buyout prospects are being fuelled by companies looking for a new way to sustain growth now that rates have peaked."

As many of the Class of 2005 were backed by hedge funds or pri-

vate equity funds, there may be pressure on many to produce a quick return either through a public offering or a buyout. Validus, CastlePoint and Flagstone have already either listed or filed for IPOs

Reuters said: "The most likely to pursue acquisitions or mergers are companies that just reinsure

property risk, and may want to diversify before another Katrina comes along."

Benfield's Bermuda quarterly report noted a 24% increase in shareholders' funds among the 16 Bermuda companies it tracks. A M Best said the Bermuda market had a healthy 2006 combined ratio of 83.7 compared with a catastrophic 119.4 for 2005. The composite return on equity was 19.3%. After taxes and other miscellaneous expenses, net income totalled \$11.6 billion.

The property-catastrophe companies posted the lowest combined ratios in the sector, indicating

higher underwriting margins for the year. But as Best pointed out: "One year's underwriting gain can be a shortsighted view of success, as gains can be wiped out overnight."

Concluded Best: "The peak of the cycle... is now clearly in the rearview mirror. As a result, the key to successful navigation in 2007 will be a clear focus on capital management and underwriting discipline. Given the increased competitive pressures ... the 2005 start-ups now will be forced to seek alternative business opportunities in an attempt to fully utilise the capital raised."

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'One year's underwriting gain can be a shortsighted view of success, as gains can be wiped out overnight'

OPERATING RATIOS

QUARTERLY LOSS RATIOS

	Q1 2007	Q1 2006	Q1 2005
ACE	62.1%	61.2%	63.4%
Arch	56.3%	61.5%	61.0%
Aspen	51.4%	57.7%	54.8%
Allied World	57.9%	66.7%	73.6%
Axis	57.3%	56.6%	55.0%
Endurance	55.9%	56.8%	57.4%
Everest Re	56.3%	68.4%	66.4%
IPC	50.6%	25.4%	46.3%
Max Re	69.5%	72.0%	87.0%
Montpelier	41.8%	38.7%	44.1%
PartnerRe	54.4%	57.7%	68.5%
Platinum	63.9%	60.1%	57.8%
Renaissance Re	40.2%	28.2%	66.9%
White Mtn	65.4%	62.6%	64.8%
XL Capital	61.4%	65.7%	64.3%

QUARTERLY EXPENSE RATIOS

	Q1 2007	Q1 2006	Q1 2005
ACE	25.0%	29.4%	26.2%
Arch	27.1%	26.8%	27.7%
Aspen	28.0%	32.7%	26.3%
Allied World	21.8%	18.4%	17.7%
Axis	23.4%	22.9%	23.3%
Endurance	30.8%	28.4%	27.5%
Everest Re	26.1%	26.1%	25.0%
IPC	16.5%	17.4%	17.2%
Max Re	18.9%	19.3%	11.9%
Montpelier	23.8%	37.0%	29.1%
PartnerRe	31.0%	30.1%	31.5%
Platinum	23.1%	25.1%	27.6%
Renaissance Re	25.4%	25.5%	23.3%
White Mtn	35.2%	33.5%	36.5%
XL Capital	27.7%	25.8%	25.4%

QUARTERLY COMBINED RATIOS

	Q1 2007	Q1 2006	Q1 2005
ACE	87.1%	90.6%	89.6%
Arch	83.4%	88.3%	88.7%
Aspen	79.4%	90.4%	81.1%
Allied World	79.7%	85.1%	91.3%
Axis	80.7%	79.5%	78.3%
Endurance	86.7%	85.2%	84.9%
Everest Re	82.4%	94.5%	91.4%
IPC	67.1%	42.9%	63.5%
Max Re	88.4%	91.3%	98.9%
Montpelier	65.6%	75.7%	73.2%
PartnerRe	85.4%	87.8%	100.0%
Platinum	87.0%	85.2%	85.4%
Renaissance Re	65.6%	53.7%	90.2%
White Mtn	100.6%	96.1%	101.4%
XL Capital	89.1%	91.5%	89.7%

FINANCIAL STRENGTH RATINGS

A M BEST RATING

May 31, 2007 May 31, 2006

S&P RATING

May 31, 2007 May 31, 2006

	May 31, 2007	May 31, 2006	May 31, 2007	May 31, 2006
ACE	A+	A+	A+	A+
Arch	A	A-	A	A-
Aspen	A-	A-	A	A
Allied World	A	A	NR	NR
Axis	A	A	A	A
Endurance	A-	A-	A-	A-
Everest Re	A+	A+	AA-	AA-
IPC	A	A	A-	A
Max Re	A-	A-	NR	NR
Montpelier	A-	A-	A-	A-
PartnerRe	A+	A+	A	AA-
Platinum	A	A	NR	NR
Renaissance Re	A	A	A+	A+
White Mtn	A	A	A-	A-
XL Capital	A+	A+	A+	A+

Notes: NR3 — Not rated by AM Best; NR — Not rated by S&P

ANALYSIS / PRICEWATERHOUSECOOPERS

Q1, 2007: fascinating times

Premiums

1 Rate reductions on renewals continue to be seen, and new business premiums have tended to show even more rapid decline.

1 Trends continue to be affected by conversion of QS cover into excess of loss/straightforward catastrophe cover, as well as higher retentions.

Earnings

1 Despite premiums being generally lower, most companies exceeded earnings estimates due to a combination of better than expected current year combined ratios and prior year reserve releases.

1 Several companies saw earnings helped by alternative market/equity fund earnings contributions.

1 The effective tax rates for the quarter generally declined from the same period in the prior year. This decline is still mentioned as a key Bermuda advantage.

Ratings

1 IPC Re was downgraded to A- by S&P. Reasons cited included

the relatively high risk appetite, particularly when compared with IPC's more diversified peers.

1 Arch saw its ratings from both S&P and Best raised to A, with its excellent capitalisation, strong operating performance since inception, and robust risk management systems cited as factors.

Capitalisation

1 Given the strong results and increased competition, this topic continues to get considerable focus, with several companies announcing plans during Q1 and more announcements expected.

1 Share buybacks from founder shareholders have continued at some of the SEC-listed companies and several IPOs are expected from the Class of 2005 during 2007.

1 Price to book trends indicate that the diversified reinsurers show a less volatile ratio than the specialist players over the last three years, with Bermuda reinsurers tending to show a lower ratio than US insurers.

GROSS PREMIUMS WRITTEN \$M

	Q1 2007	Q1 2006	Q1 2005
ACE	4,496	4,511	4,543
Arch	1,220	1,168	981
Aspen	633	679	804
Allied World	438	498	505
Axis	1,303	1,165	1,199
Endurance	573	571	702
Everest Re	1,017	1,055	1,048
IPC	236	236	206
Max Re	214	256	456
Montpelier	261	225	306
PartnerRe	1,302	1,373	1,446
Platinum	303	335	513
Renaissance Re	633	748	694
White Mtn	1,202	1,229	1,254
XL Capital	3,273	3,243	3,524

NET PREMIUMS EARNED \$M

	Q1 2007	Q1 2006	Q1 2005
ACE	3,082	2,805	2,877
Arch	745	762	697
Aspen	439	403	379
Allied World	287	309	324
Axis	685	634	626
Endurance	377	420	438
Everest Re	1,005	1,022	1,006
IPC	105	87	82
Max Re	139	160	308
Montpelier	143	131	181
PartnerRe	842	833	896
Platinum	285	344	411
Renaissance Re	363	352	302
White Mtn	938	901	955
XL Capital	1,791	1,819	1,899

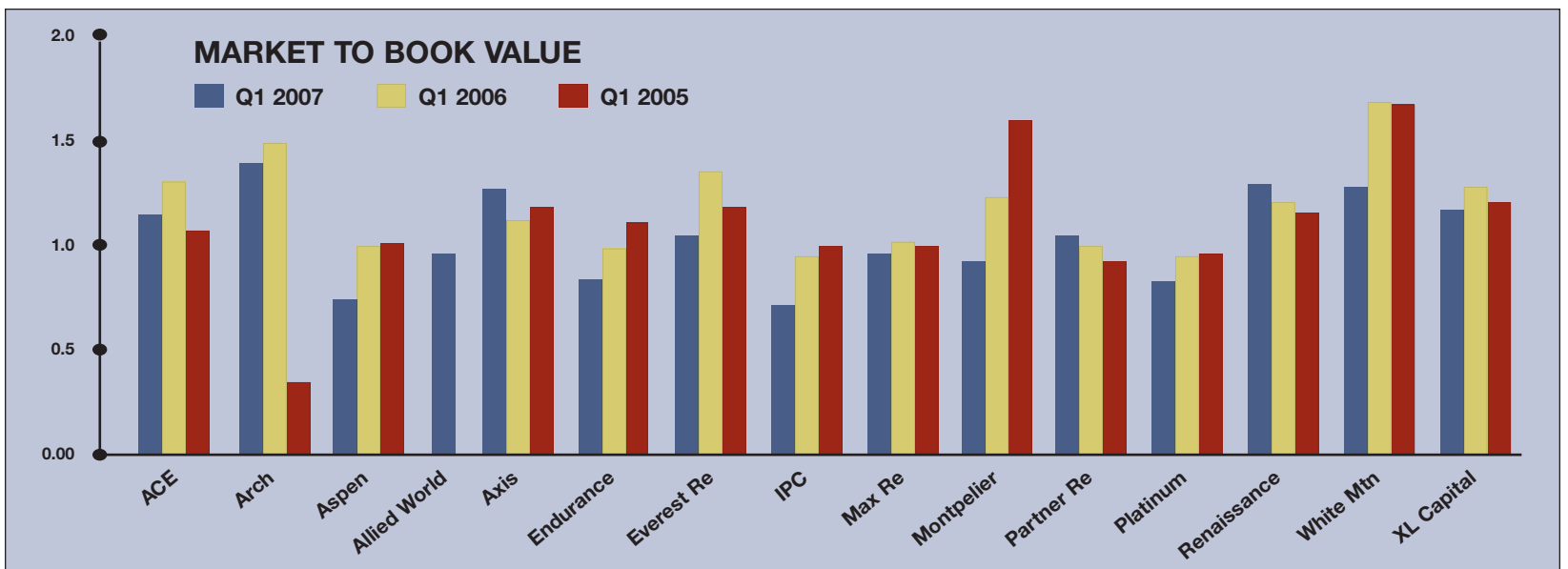
QUARTERLY EARNINGS DATA

Net income attributable to common shareholders (\$m)			Fully diluted earnings per share (\$)			
	Q1 2007	Q1 2006	Q1 2005	Q1 2007	Q1 2006	Q1 2005
ACE	701	489	437	2.10	1.46	1.46
Arch	199	130	116	2.59	1.71	1.57
Aspen	122	62	70	1.27	0.59	0.98
Allied World	114	98	64	1.83	1.94	1.29
Axis	228	195	152	1.37	1.19	0.95
Endurance	98	103	96	1.36	1.45	1.45
Everest Re	298	168	167	4.59	2.57	2.93
IPC	73	58	44	1.07	0.86	0.91
Max Re	80	75	37	1.24	1.19	0.74
Montpelier	73	40	75	0.76	0.44	1.11
PartnerRe	161	185	103	2.76	3.21	1.84
Platinum	70	74	73	1.08	1.16	1.49
Renaissance Re	191	179	44	2.63	2.49	0.62
White Mtn	92	96	176	8.54	8.89	16.24
XL Capital	550	459	443	3.06	2.56	3.18

COMPARISON OF BOOK VALUE & MARKET VALUE PER SHARE (\$)

	Q1 2007		Q1 2006		Q1 2005	
	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE	BOOK VALUE	MARKET VALUE
ACE	45.82	57.06	37.60	52.01	34.70	41.27
Arch	46.89	68.21	37.72	57.74	66.60	40.04
Aspen	28.47	26.21	21.83	24.66	22.06	25.21
Allied World	39.01	42.75	29.48	N/A	32.88	N/A
Axis	25.11	33.86	24.34	29.90	21.14	27.04
Endurance	35.75	35.74	29.04	32.55	31.08	37.84
Everest Re	82.23	96.17	65.73	93.37	66.59	85.11
IPC	32.17	28.85	26.36	28.05	34.61	39.28
Max Re	24.01	25.48	20.61	23.80	20.77	23.53
Montpelier	16.23	17.34	12.34	16.30	21.76	35.15
PartnerRe	58.45	68.54	55.18	62.09	60.44	64.60
Platinum	32.47	32.08	26.69	29.10	27.12	29.70
Renaissance Re	36.71	50.14	33.61	43.62	37.06	46.70
White Mtn	417.47	566.50	351.19	594.50	363.12	608.50
XL Capital	54.95	69.96	47.10	64.11	55.82	72.37

Book value has been calculated as shareholders' equity divided by shares outstanding at March 31



Allied World (AWAC) became public in July 2006 and hence no market value available prior to that time

SHAREHOLDERS' EQUITY (\$M)

	Q1 2007	Q1 2006	Q1 2005
ACE	14,959	12,157	9,970
Arch	3,783	2,750	2,289
Aspen	2,509	2,079	1,529
Allied World	2,356	1,479	1,649
Axis	4,642	3,645	2,962
Endurance	2,367	1,924	1,883
Everest Re	5,197	4,266	3,756
IPC	2,054	1,679	1,677
Max Re	1,448	1,213	964
Montpelier	1,560	1,100	1,378
PartnerRe	3,907	3,179	3,328
Platinum	1,937	1,578	1,173
Renaissance Re	3,304	2,416	2,638
White Mtn	4,543	3,872	3,913
XL Capital	11,313	8,491	7,815

The name is bond...

CAT BOND, THAT IS. AND ITS APPEAL SHOWS NO SIGN OF DECLINING, SAYS CHRIS GIBBONS



As far as many reinsurers are concerned, cat bonds — or insurance-linked securities — remain a capital idea for managing the risk of huge losses from natural disasters. Last year, around 40% of the new capital that poured into the industry was in the form of cat bonds. According to Benfield's *Global Reinsurance*

Market Review, bonds worth more than \$4 billion were issued in 2006 — almost double the 2005 total.

This increased interest was clearly spurred by the significant losses during the 2004 and 2005 hurricane seasons, which led to higher reinsurance costs and have put catastrophe risk management

on the front burner for more companies.

Typically issued by insurers or reinsurers as a means of spreading their risk, cat bonds allow investors to bet on whether natural disasters and thus big insurance claims will strike.

Allianz, Chubb, Catlin and Travelers are among the leading

global companies to have issued cat bonds this year. Bermuda-based Aspen Insurance Holdings announced in April that it had completed a \$100 million cat bond to protect its balance sheet against severe California earthquake events. The multi-year agreement with Cayman reinsurer Ajax Re provides cover for Aspen from August 18 to May 1, 2009. The bond pays out proportionally when industry losses as reported by Property Claims Services (PCS) are between \$23.1 billion and \$25.9 billion.

[Aspen is also taking out a \$100 million Industry Loss Warranty (ILW) to provide protection against US catastrophic wind events. ILWs are similar in concept to cat bonds and cover losses from events where the industry-wide insured loss exceeds a predetermined threshold. They typically attach at lower levels than cat bonds.]

It is these thresholds — known as triggers — that are the key to cat bonds' appeal to investors. They can be linked to industry losses or to the strength of a hurricane or earthquake. As they usually attach at high levels and are rarely triggered, they offer security as well as high interest rates. Indeed, damage caused by hurricanes Katrina and Rita in 2005 triggered the first known hurricane-related loss of principal on a cat bond — a \$190 million transaction by Kamp Re, a special purpose vehicle set up by Zurich Financial Services to cover part of its US windstorm exposures.

Not surprisingly, cat bonds have been a big hit with institutional investors who made a mint when the 2006 hurricane season was unusually benign and will be hoping that the weather experts are off target again.

As one analyst on leading investment website *TheStreet.com* recently noted: "These investments carry big risks — you can lose your

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entire investment, including the principal, if specific triggers are met and insurers are allowed to tap the money to pay damage claims. But they can also pay big returns. Interest rates on cat bonds soared after three major hurricanes battered the southeastern US in 2005."

In May, the cat bond market took a new twist when American company Pioneer Investments announced the launch of Pioneer Diversified High Income Trust, the first US closed-end fund to offer smaller investors significant exposure to cat bonds. The fund — which will be part-managed by a subsidiary of the Bermuda-based reinsurer Montpelier Re — is to feature cat bonds as part of a diversified portfolio that includes other debt securities. Initial asset allocation will be 37.5% in global high-yield bonds, 37.5% in floating rate loans and 25% in event-linked



"I'm looking for a hedge against my hedge funds."

catastrophe bonds.

The Pioneer Diversified High Income Trust sold 7.3 million shares, raising \$182.5 million in gross assets, through an initial public offering managed by UBS Securities. Total assets, which include financial leverage, should reach around \$260 million.

The fund is being managed by members of Pioneer Investment's US-based fixed-income team,

along with Montpelier Capital Advisors, which serves as "subadvisor" with respect to the event-linked bond allocation. Pioneer explained: "Montpelier Re's significant expertise in evaluating catastrophic- and insurance-related risks is ideally suited to the analysis and selection of event-linked bonds for the portfolio."

Whether the cat bond market will continue to thrive through the

2007 hurricane season remains to be seen. But it is undeniable that the capital markets are playing an increasingly important role in the insurance industry.

Michael Moody, an analyst for insurance publishers *Rough Notes*, commented recently: "Investors have gotten more comfortable with the insurance industry in general and, more specifically, with the cat bond concept ... The cat bond movement is just further evidence of the overall trend of convergence of the insurance and capital markets."

And Benfield, in its Spring 2007 issue of *B*, concluded: "The prediction of catastrophe events is a risky business but when times are quiet, the greater ease with which capital can flow between reinsurers and the capital markets may at last extinguish some of the more extreme cyclical bonfires of underwriters' vanities."

'You can lose your entire investment, including the principal, if specific triggers are met and insurers are allowed to tap the money to pay damage claims. But they can also pay big returns'



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Island’s CEOs are on their toes

New competitors, volatile weather patterns, an unpredictable underwriting cycle and the entrance of alternative capital providers: Bermuda market CEOs must live off their wits. PricewaterhouseCoopers’ first Bermuda market survey, *Capitalising On Opportunity: A Time Of Change*, shows just how alert Bermuda bosses are to their operational and strategic challenges.

Most CEOs put underwriting

SURVEY REVEALS JUGGLING OF PRIORITIES AS THE BERMUDA MARKET RECALIBRATES

and capital management at the top of their ranking of the many issues they face. Specifically, CEOs said they are most focused on underwriting performance and cycle management. But with the underwriting cycle currently at an inflection point, the survey showed that many organisations are now uncer-

tain about how to ensure underwriting discipline while also delivering shareholder value.

CEOs responding to the survey cited a wide range of controls they would implement to manage a downturn in the underwriting cycle, including monitoring renewal rate movements and issu-

ing new internal pricing and underwriting guidelines.

Controlling aggregations of exposure and optimising their reinsurance coverage was placed second in the ranking, followed by protecting and allocating capital.

The unprecedented series of devastating windstorms that hit southern US states in 2005 prompted Bermuda companies to renew their focus on risk aggregation. Although their balance sheets coped well with the accumulation of losses from KRW, many were taken by surprise by the size of the hit. Storm surge and demand surge accounted for significant differences between actual and modelled insured losses, CEOs said.

Bermuda companies are examining model changes being brought in by rating agencies and the impact these have on capital charges relating to natural catastrophes. This, plus the need to deploy capital profitably, is leading to a strategic rethink for many companies. Indeed, some have embarked on a process to return capital that they are unable to deploy at the right rates.

Sourcing new distribution channels is also a key priority, but reducing their dependence on a handful of dominant brokers is proving difficult to achieve in practice, CEOs said.

Number five of the top five issues on Bermuda CEOs’ agendas in 2006 was the penetration of new markets, both geographically and by business class. Start-ups, formed to focus on US property-cat business, and more established companies alike want to broaden their offering into “other lines of business”.

Some participants said they were considering opportunities in London, the US, Continental Europe and Dublin for geographical expansion — and recent announcements show that this particular strategy is already under way.



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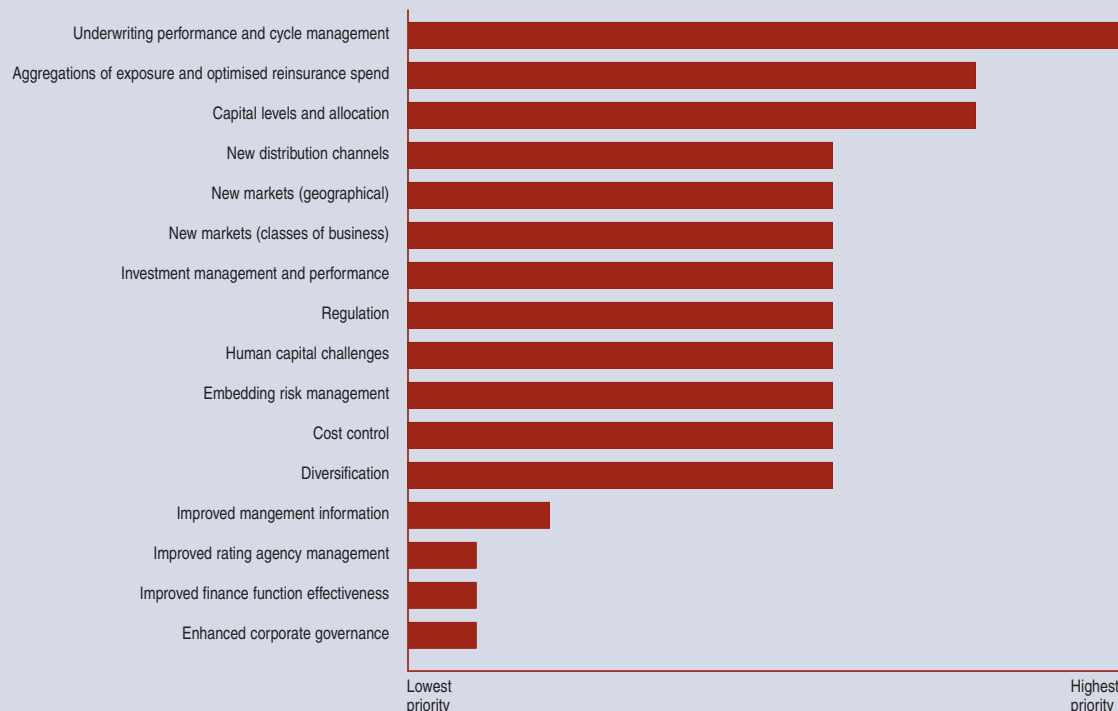


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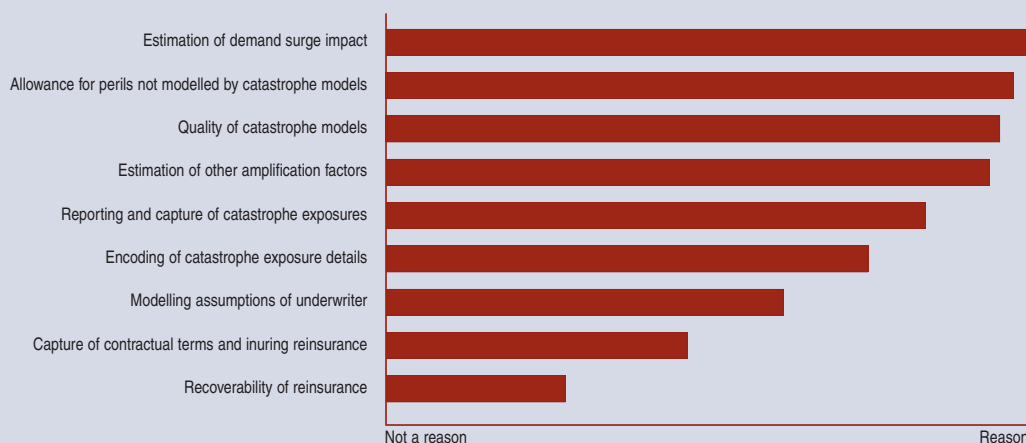
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HOW KEY PEOPLE RESPONDED

What were the top issues on your agenda in 2006?



Main reasons for any differences between actual and modelled results in 2005?



Source: PricewaterhouseCoopers

Ways we can survive warming

Bermuda's insurers and reinsurers, along with the rest of the industry, are likely to face increased liabilities as a result of global warming. And how they respond could be critical to how successfully society deals with climate change, according to a new study.

The 84-page study, *Limiting Liability in the Greenhouse: Insurance Risk-Management Strategies in the Context of Global Climate Change*, appeared in the *Stanford Environmental Law Journal*. Authors Christina Ross, Evan Mills and Sean Hecht said: "The insurance industry has the

power to set the stage for enduring and significant contributions to solving the problem of global climate change. In doing so, liability insurance considerations could prove as important as the more widely-studied property insurance consequences of climate change."

While property damage from extreme weather events is the most obvious impact of climate change, there are emerging liability risks from third party claims that personal injury and property damage are the fault of insureds. Worryingly for insurance companies, the study concluded that these risks "are rising as scientific uncertainty sur-

rounding climate change declines".

Potential liabilities include:

- Commercial general liability claims including negligence, personal injury and third-party business interruption via disruptions in supply chains, transportation, utility services and communications;
- Product liability claims associated with materials or products that contribute to climate change;
- Environmental liability claims for emitters of greenhouse gases based on various impacts of climate change or secondary consequences associated with toxic releases, mould etc;
- Professional liability claims such

as corporate D&O for those involved as emitters, or arising from failure to safeguard shareholder value from the impacts of climate change;

- Political risk liability claims triggered by new government policies; and

- Personal and commercial vehicle liability claims from increased traffic accidents related to adverse weather.

And as *Insurance Journal* noted: "One only has to look at the growth in asbestos or mould claims to realise the potentially devastating impact of climate change-related environmental claims or product liability lawsuits."

Recommendations as to how liability insurers might reduce the risk of loss included:

- Improve modelling and other methods of analysing risks;
- Tighten up terms and conditions to encourage loss-preventing decisions by customers. This could range from rewarding risk minimising behaviour to excluding climate change liabilities for emitters of greenhouse gases;
- Make concerted efforts to restore and maintain the insurability of extreme weather events. For example, partner with governments on improved land-use planning and enforced building codes;
- Develop new products and services to facilitate maximum customer utilisation of climate-friendly technologies and practices, and take steps to minimise liabilities;
- Re-balance investment portfolios to recognise climate-related risks to investments, and capitalise on opportunities for emerging industries that will participate in climate-change solutions;
- Actively participate in carbon markets, both as investor and risk manager;
- Minimise your own "carbon footprint" as well as emissions associated with business operations;
- Educate customers about climate-related risks and opportunities for minimising them.

The study concluded: "Proactive approaches are likely to yield a 'win-win-win' situation [for] insurers, policyholders and third parties." Complete download available from <http://eetd.lbl.gov/EMills/PUBS/PDF/Liability-in-the-Greenhouse.pdf>

The good, the bad ... and the beach

"Bermuda is ... a very high impact people business — you don't drive growth through mass marketing of commercial lines. There is a high quality local reinsurance workforce but one of the challenges Bermuda faces is maintaining a deep pool of talent to help the insurance industry continue to develop here."

— **Henry Keeling**, COO of *XL Capital*

"Diversification just for the sake of it — whether it's driven by investors or rating agencies — is not a good thing. Diversification because it reduces volatility and because you can make money out of it is a good thing."

— **Henry Keeling** again

"When the market is very hard, the [Bermuda and London] markets are truly complementary. When the market is soft, they could be competing. And the loser is the one who wins, because in a soft market you don't want to win market share anyway."

— *Hiscox* CEO **Robert Childs**



"Some of the Class of 2005 are having to be a little creative in how they deal with staff. Companies are having to work out what is the absolute core staff that they need on the island without compromising the business."

— *S&P* analyst **Laline Carvalho** on the growing physical limitations on businesses here

"I think Bermuda will continue to be the preferred ground for new start-ups. From a property catastrophe perspective, Bermuda is becoming

very important and perhaps taking a little away from other markets. I do think, however, that London will always remain resilient and there are many other lines of specialty for which London will remain the preference."

— *S&P* analyst **Laline Carvalho**

"People have been saying for years that Bermuda will reach its physical limit but I think the island has coped really well. I don't see there is an absolute limit on new capital coming in. The question is more: is there a customer base for that new capital?"

— **Henry Keeling** yet again

"I thought they would all be out at the beach, but they had a great work ethic."

— former *ACE* Chairman **Brian Duperreault**, speaking at the recent *Bermuda Insurance Institute* awards about his apparently groundless concerns over coming back to work in Bermuda in 1994

This quarter's entries extracted from *Reactions* and *The Review*.

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XL Capital well positioned: Best

FLAGSTONE, IRONSHORE, LANCASHIRE AND TOKIO ALSO GET THE NOD

AM Best has affirmed the financial strength rating of A+ and the issuer credit rating of aa- to the operating subsidiaries of **XL Capital**. Additionally, Best has affirmed the ICR of a- and the existing debt ratings of a- on senior debt, bbb+ on subordinated debt and bbb on preferred shares of XL Capital. It also affirmed the FSR of A and ICR of a for **XL Re Life America**. The outlook for all the ratings is stable.

Best stated: "These rating actions reflect XL Capital's record earnings reported for 2006, with consolidated net income of \$1.763 billion as the group's diversified portfolio of risks and lack of catastrophe activity enabled it to nearly recoup the \$1.97 billion in pre-tax net losses incurred related to the 2005 natural catastrophes. Enhancing net income is a growing asset base, which has increased the contribution of net investment income to operating results. Although market conditions are softening within the global reinsurance industry, Best believes that XL Capital is well positioned to manage the current underwriting cycle, albeit at potentially reduced operating margins given rate softening and increased global capacity."

Meanwhile, Fitch has assigned **Flagstone Re** and **Flagstone Suisse** A- insurer financial strength ratings. Fitch has also assigned **Flagstone Reinsurance Holdings** a BBB+ issuer default rating.

The ratings, whose outlook is stable, reflect Flagstone's capital strength, well-designed risk management practices and operating platforms, and the capabilities of the company's experienced management team.

Best has assigned a FSR of A- and an ICR of a- to **Ironshore**. The outlook for both ratings is stable. Best said the assigned ratings reflect Ironshore's solid capitalisation and conservative business plan, as well as an experienced and

highly regarded management team.

Best has also affirmed the FSR of A- and the ICR of a- of 2006 start-up **Lancashire Insurance Company** as well as an FSR of A- an ICR of a- to **Lancashire Insurance Company (UK)**. Best said the affirmations "reflect Lancashire's successful first-year execution of operations, solid risk-

based capitalisation, increasing presence in targeted markets and development of risk management systems. Overall, Lancashire operated within the first year parameters presented during the initial rating process."

The same agency has affirmed an FSR of A+ and ICR of aa- for **Tokio Millennium Re** with sta-

ble outlooks for both ratings. TMR President & CEO Tatsuhiro Hoshina said the ratings reflected "excellent results following the 2006 decision to expand our lines. We have also continued to expand our activities in the capital markets in line with our ongoing strategic initiative of exploring new markets."



"I choose to fight racism by facilitating racism awareness workshops and by challenging discrimination and prejudice."

Craig Morfitt

Police Inspector and
CURE Consultant



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Bill Davis retires from Allied World

AN 'INTEGRAL PART' OF THE COMPANY'S DEVELOPMENT HONoured BY SCOTT CARMILANI

Industry veteran **Bill Davis** has retired as Executive Vice President, Worldwide Treaty & Facultative Reinsurance at Allied World. Mr Davis joined Allied World in 2002 and he was primarily responsible for building its global reinsurance operation. He has agreed to remain with the company as a consultant. Allied World President & CEO Scott Carmilani said: "Bill Davis was an integral part of building Allied World's reinsurance operations. His commitment and leadership helped our company grow to where it is today." Mr Davis commented: "Concluding my career at Allied World — an entrepreneurial, global, underwriting success — was highly fulfilling, and helping Allied World play its part in developing Bermuda as the centre of excellence for our business was an added gratification." Before joining Allied World, Mr Davis was Senior Vice President of St Paul Re, and Senior Vice President of Skandia America Reinsurance. In retirement, he plans to invest resources into breast cancer research as well as embark on a cross-country motorcycle tour of his native US. Meanwhile, **Robert Allen** has joined Allied World Assurance Company (US) as Vice President of Healthcare. He has 16 years of experience in the underwriting and placement of healthcare professional liability business, having previously been Vice President of Operations & Marketing for Zurich's healthcare group.



Bill Davis

said: "Kevin's wealth of insurance experience will allow him to quickly integrate into our mutual operations and move OIL forward. His knowledge of group captive dynamics, risk assessment as well as reinsurance purchasing will be a tremendous asset to OIL."

ACE: **Robert Gaffney** has been made Senior Vice President of ACE's newly formed Global Services Unit, overseeing the delivery of ACE products and services through ACE's worldwide network of offices.

D E SHAW GROUP: **Darren Redhead** has been appointed Chief Underwriting Officer of D E Shaw Re (Bermuda), a recently formed Bermuda-based Class 3 reinsurance company that is focused on the property catastrophe market. He joins Shaw after serving as Syndicate Deputy Underwriter of Lloyd's syndicate Talbot Underwriting, where he was responsible for all reinsurance writing, reinsurance purchasing, property direct underwriting, and structuring and raising syndicate capital.

RENAISSANCE: **Bill Riker** will remain with RenaissanceRe Holdings after the end of the year despite his retirement as President. He has agreed to serve in an advisory capacity until August 2008. Meanwhile, CEO **Neill Currie** will replace him as President. "Bill has been an important part of RenaissanceRe since our first year of operation in 1993," said Mr Currie, while Mr Riker pointed out that they had "created an industry leading company with a first-class team of professionals", adding: "I look forward to continuing to work with Neill and the rest of the team to facilitate a smooth transition."

PLATINUM: **James Krantz** has been named Executive Vice President & Chief Financial Officer of Platinum Underwriters Holdings. Mr Krantz currently serves as Platinum's Chief Accounting Officer and will succeed Joseph Fisher, who is leaving the company.

HISCOX: **Sue Langley**, the former Hiscox COO who was responsible for setting up the firm's Bermuda office, has been appointed to a new position at Lloyd's as Director, Market



Bill Riker



Glyn Jones



Kevin Bean



Robert Fosley



Matthew Yeldham

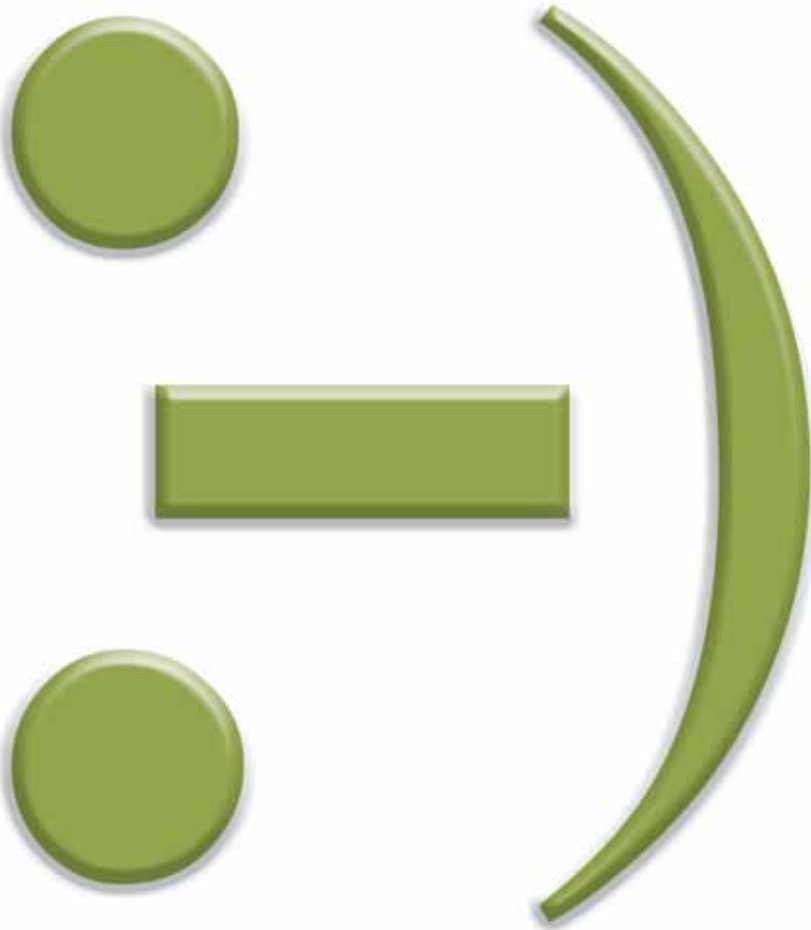


Richard Houghton

Operations & North America. She has been charged with continuing the market's drive for operational efficiency and competitiveness, and ensuring a focus on North American business.

AMLIN: Amlin Bermuda has appointed **Alun Thomas** as an Underwriter. He was formerly with Aon as a Director of North American Reinsurance in the Property Division.

ASPEN: Bermuda-based Aspen Insurance Holdings has recently announced a string of personnel changes. **Paul Myners**, Chairman since the company was founded in 2002, has stepped down. He is being replaced by **Glyn Jones**, a former CEO of Thames River Capital, Gartmore Investment Management, Coutts Natwest Group and Coutts Group, and a former Consulting Partner with Coopers & Lybrand/Deloitte Haskins & Sells, Management Consultants. **Richard Houghton** has been appointed CFO. He joins Aspen from Royal Bank of Scotland Group, where he was Chief Operating Officer, RBS Insurance. **Nathan Warde** has joined as President of Aspen Insurance US. He was previously with Arch Capital Group where he was Executive Vice President, Worldwide Property. **Matthew Yeldham** has been appointed to a newly created position, Head of International Insurance. He is currently Deputy Chief Underwriting Officer for the Lloyd's business at Catlin, a position he assumed when Wellington Underwriting was acquired by Catlin in 2006. He will be responsible for all specialty and insurance products sold outside the US.



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