

BIQ

January 2008

BERMUDA INSURANCE QUARTERLY

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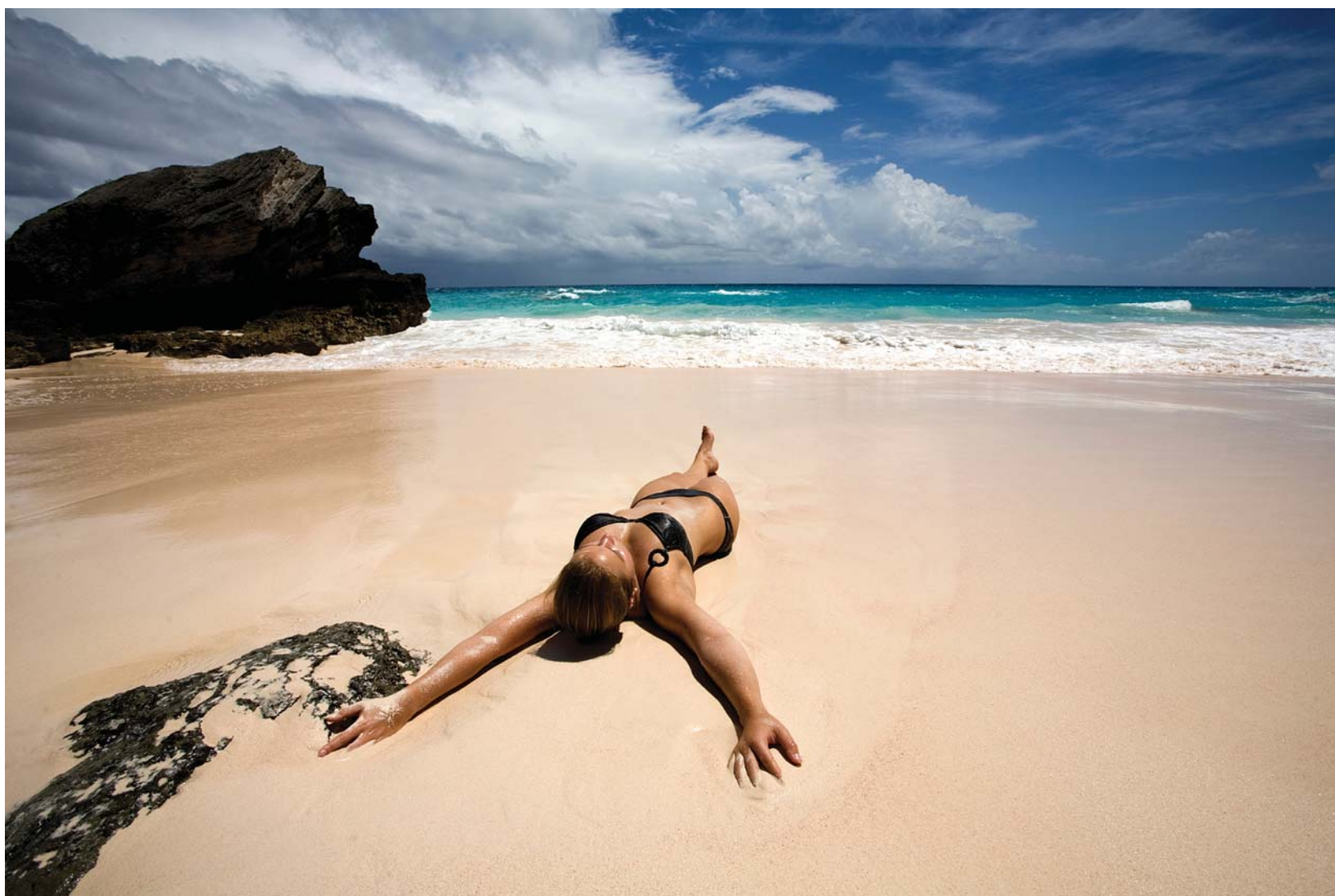


8

SIR JOHN'S
WORDS OF
WARNING



1



SUNNY DAYS FOR ISLAND'S RE/INSURERS

... but, as always, there are questions about how and when their tans will fade. S&P offers its analysis on page 11



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BERMUDA INSURANCE QUARTERLY

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THE QUOTES OF THE QUARTER

“Year-to-date, operating and net income were up more than 18% and 22% respectively, and book value has increased 12% or nearly \$2 billion.”

— ACE Chairman & CEO
Evan Greenberg



“Although it has been a relatively quiet summer in the western Atlantic, it has not been a completely benign period, as we have seen multiple events of minor to medium severity in various parts of the world. We believe that these events, combined with the fact that we have seen strong earthquakes and two Category 5 hurricanes occur this summer, should remind underwriters of the need to maintain discipline if we are to attain the appropriate long-term return on equity for shareholders.”

— IPC Holdings President & CEO Jim Bryce

“A continuing low level of incurred losses combined with a seasonally high level of earned premium resulted in an annualised operating return on beginning shareholders’ equity of 34% and 10% growth in GAAP book value per share in the

[third] quarter. For the nine months, we achieved a 23% annualised operating return on beginning shareholders’ equity and 16% growth in GAAP book value per share.”

— PartnerRe President & CEO Patrick Thiele



“Plentiful reinsurance capacity ... will likely put downward pressure on reinsurance rates across nearly all lines and geographies. However, given the significant asset base we have developed over the past five years and with our focus on underwriting for profitability, we believe our prospects for continuing to build book value per share are strong.”

— Platinum Underwriters CEO Michael Price

“Our focus is on growing book value per share over the long term. So far this year, book value per share has increased by 18% and we have generated an annualised operating return on equity in excess of 27%.”

— Renaissance Re CEO
Neill Currie



Bermuda risks losing international business

ELDER STATESMAN SIR JOHN SWAN ISSUES A STARK WARNING TO THE COUNTRY

Bermuda is in danger of driving international business off the island for good, according to the island’s former Premier (government leader), Sir John Swan.

In an interview with the *Bermuda Sun* published before the December 18 general election — the results of which we will carry in full detail in our next issue — Sir John said international business executives had told him privately that they increasingly felt unwelcome in a racially charged political climate of fear and intimidation.

He said: “I spend my days talking to these people. They are private people and don’t talk to just anybody. They contribute 80% of our GDP, they pay taxes, but we ask them not to get involved in our politics, not to give their opinions, because their opinions will be white ... and as soon as they speak they are accused of being racist. So, they would rather sit quietly and think about what they are going to

do next. I think they could do something next.”

He said that planned legislation such as the Workplace Equity Act (see also page 16) would be “disastrous” for the international sector and would cause irreparable damage to the island’s reputation globally. He warned that if international business declined, Bermuda’s standard of living — among the highest in the world — would very likely “evaporate overnight”.

He told the *Sun* that if Bermuda’s status as a “special diamond” was downgraded to “ordinary”, people might want to cash in by cutting up the ordinary gem and taking the pieces elsewhere. In that event, he warned, construction would cease, unemployment would rise, many educated people would lose their jobs, mortgages would

fail and rents would begin to fall. He said Bermuda needed to heed the lessons of other islands like the Bahamas and Antigua, where poor political decisions had frightened away investment and business, leaving economies floundering.

Sir John warned: “Already, executives are coming to Bermuda but not bringing their families. They would rather commute back to the States at weekends. They are getting the message that they are unwelcome. In turn, they are sending us a message but we are not listening.”

Sir John’s comments came just a week after a UK National Audit Office report commissioned by the Foreign and Commonwealth Office stated that Bermuda had become “less attractive” due to the high cost of living and work permit restrictions. The report

‘The
Workplace
Equity Act
would be
“disastrous”’

said “sustained efforts” would be needed to ensure Bermuda maintained its “positive international reputation”.

But the Bermuda Government’s race relations consultant Rolfe Commissioning accused Sir John of “rehashing the age-old scare tactic with his comments about international business in Bermuda”.

He said: “We have heard it during the last two elections, that international business would suffer, but it has not.” He pointed out that the giant UK-based global investment management company Invesco announced in mid-November that it would redomicile to Bermuda.

Mr Commissioning added: “These companies do their homework; they know the social and political climate of Bermuda. They feel the advantages of doing business in Bermuda far outweigh the costs of doing business in Bermuda.”

US and Bermuda battle over taxes

NOW ISLAND AWAITS FALLOUT FROM CRUCIAL HEARING

Legislation that could force Bermudian reinsurers who do business in the US to pay more tax is still very much a threat, according to Bradley Kading, President of the Association of Bermuda Insurers and Reinsurers (ABIR). The Bermuda market is still waiting to find out what the fallout may be from September's hearing by the US Senate Finance Committee.

"Our opponents continue to aggressively lobby for punitive tax treatment of US subsidiaries of non-US insurers," said Mr Kading. "Our opponents' attack is not just on Bermuda subsidiaries but any US subsidiaries of a non-US owned enterprise."

The Coalition For A Domestic Insurance Industry (CDII), led by William Berkley, CEO of Berkley Corporation, wants to see offshore competitors like Bermuda pay higher excise tax or be restricted in the amount of business they can acquire from within the US, in order to level the playing field with solely US-based companies. The CDII also wants

them to pay full taxes on earnings.

ABIR and the Coalition for Competitive Insurance Rates (CCIR) — whose members include the Florida Consumer Action Network, the Risk and Insurance Management Society (RIMS), the ACE Group, XL America, Arch Capital, Zurich and Munich Re — have called the move protectionist and anti-competitive.

They warned that it would lead to decreased capacity and higher insurance costs for US policyholders as any tax increases would be passed on to the consumer.

At September's hearing, Mr Berkley said that an unfair tax advantage had existed for 20 years, causing significant insurance capital to migrate abroad. Continuing this pattern, he stated, could threaten the US insurance industry. "Fixing the unfair tax advantage is not protectionist", Mr Berkley added, "because it does not favour domestic companies over foreign competitors".

American industry veteran Don

'Suggestions of the US insurance industry's demise...are exaggerated, unfounded'



Bradley Kading: opponents continue "aggressive" lobbying

Kramer, CEO of Bermuda-based Ariel Re, brought ABIR's case to Washington. He noted that offshore insurers and reinsurers benefit the US economy because they pay out quickly when disaster strikes; non-US re/insurers paid more than 60% of the World Trade Center insurance claims and 50% of the claims from Katrina. He also pointed out that US subsidiaries that are ABIR members pay full US corporate income tax and employ 17,000 people.

The CCIR argued against the tax measure in an October 26 letter to Senator Max Baucus, Chair of the Senate Finance Committee, and ranking member Charles Grassley. The letter explained that strong market competition is essential to consumers, especially in situations where availability and/or cost is a problem, such as hurri-

cane-exposed states and certain classes of commercial insurance.

The letter also stated that the CDII was incorrect in claiming that non-US companies had an advantage in raising capital and could therefore outbid US firms in acquisitions, costing the US its entire property and casualty industry.

The CCIR said: "The documented price to book ratio for the previous five-year period for US-owned groups is 1.62 compared to 1.31 for Bermuda-owned groups, suggesting that investors are very confident in the continued profitability of the US insurers. By all measures (profitability, stock price, return on equity) the domestic insurance industry is thriving, and suggestions of its imminent demise due to competition from foreign insurers are exaggerated and unfounded."

Flagstone sets up Dubai office

Bermuda-based Flagstone Re is joining the reinsurance rush to the Middle East by setting up an office in Dubai. Flagstone Underwriters Middle East will operate in the Dubai International Financial Centre and will be headed by CEO Irshied Tayeb, who joined Flagstone in July. The new office will focus on regional property, property catastrophe and specialty line business.



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Bermuda scores high in ERM

S&P SAYS OUR FRAMEWORKS ARE LEADING THE INDUSTRY

In its Global Reinsurance Highlights 2007 series, Standard and Poor's said 60% of Bermudian reinsurers assessed for enterprise risk management (ERM) were either strong or excellent. It said: "These results suggest that reinsurers, and particularly the Bermudians, lead the overall industry in the sophistication and advancement of their

ERM frameworks." PartnerRe and Renaissance Re were both rated "excellent" on S&P's ERM scorecard, while ACE Tempest Re, Arch Capital, Aspen, Endurance Specialty, Hannover Re and Platinum Underwriters were rated "strong". Amlin Bermuda, Allied World, AXIS Capital, Catlin, Harbor Point Re, Max Capital and Montpelier Re were among those

rated "adequate". S&P introduced ERM criteria two years ago and said ERM should be "one of the strongest lead indicators of a reinsurer's ability to deliver an appropriate cross-cycle risk-adjusted rate of return. Many reinsurers are now working on enhancements to their ERM, which is expected to be a key driver for reinsurer ratings over the medium term."




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WHAT'S ON

January 7

Registration begins for spring semester, in preparation for the May 27–June 13 Bermuda exam

Bermuda Insurance Institute, Bermuda
www.bii.bm

January 16 to 17

Demystifying Reinsurance: A Basis of Property/Casualty Reinsurance Course, presented by the Reinsurance Association of America, the Bermuda Insurance Institute and the Association of Bermuda Insurers and Reinsurers
Fairmont Hamilton Princess, Bermuda
<http://tinyurl.com/385jmc>

April 27 to May 1

RIMS 2008 Annual Conference & Exhibition
San Diego Convention Center, San Diego, California
www.rims.org

June 16 to 19

Bermuda Captive Conference
Fairmont Southampton, Bermuda
www.bermudacaptive.bm

Name changes at ACE

ACE European Markets Insurance and ACE European Markets Reinsurance have changed their legal company names to ACE Bermuda International Insurance (Ireland) and ACE Bermuda International Reinsurance (Ireland) respectively. They will trade under the business name of ACE Bermuda International (ABI).

Anup Seth, ACE Bermuda International Managing Director, explained: "It provides us with the flexibility to continue our geographic growth and expand the reach of our products to clients within Europe and beyond."

The firm also opened a new box on Gallery 2 at Lloyd's of London in October 2007.

Cyclical predictions and prescriptions

BRIAN O'HARA AND MICHAEL BUTT SHARE THEIR
CONSIDERABLE WISDOM AT CONFERENCE

Leading Bermuda reinsurance executives Brian O'Hara and Michael Butt believe smarter deployment of capital is critical to managing industry cycles.

Speaking at the recent Bermuda Insurance Conference, Mr O'Hara, President and CEO of XL Capital, noted: "Unlike in previous cycles, there are a lot of things like share repurchasing going on, which are keeping capital in check. In the Sarbanes-Oxley, post-Spitzer world there is more transparency, and that has empowered actuaries, accountants and outside auditors, and there are more checks and balances than before."

Mr O'Hara added: "We're living with a more level playing field than before, where we compete on our natural strengths and weaknesses and not on accounting procedures and how we spin our results. Cycles will always be with us, but this time I think we will see a more natural bottoming-out and re-emergence."

While some customers have pushed for rate reductions in the current soft market, Mr Butt, Chairman of AXIS Capital, said: "Most of the clients we deal with would prefer to have a price they understand and a range within that. Most clients dislike volatile pricing. I believe that this cycle will be smoother and we'll get to the bottom faster. Then we can be more reasonable going forward."

Mr O'Hara concurred, adding: "It's a little different this time. We've seen about a 7% rate decline in general over the last 12 months. Most customers in areas that have been profitable value continuity and relationships — they don't view it as a commodity and are not going to move accounts for 10 to 15%."

Both men agreed that new capital models such as sidecars were proving successful in managing

cycles. For example, XL formed one of the first, Cyrus Re, in November 2005. Mr O'Hara explained that XL was attracted to sidecars "because we saw a good opportunity but not necessarily a long-term one. We didn't see any point in loading up the balance sheet with excess capital to write the cat business."

Mr O'Hara added that in future, he thought more capital would likely enter the market through alternative models. "I don't think this industry needs more capital — at this point it is about the deployment of capital and its well-defined uses rather than a broader application, which will yield success."

Looking ahead, Mr Butt noted: "I think the model of short-term capital for underwriting profit gives us hope of more stable cycles. If capital can come in, take profit and get out, it's better for business generally than creating a franchise, diversifying badly and then losing value."



"The poor are getting poorer, but with the rich getting richer it all averages out in the long run."

XL buys GAPS from Swiss Re

XL Insurance, a unit of Bermuda-based XL Capital, has agreed to acquire loss prevention consultancy Global Asset Protection Services (GAPS) from Swiss Re. XL will merge GAPS with its existing loss prevention services to form XL GAPS. The merged unit, which will remain independent of XL's insurance underwriting operations, will have 150 engineers worldwide, with a strong presence in America, Europe, Asia and Australia. GAPS head Tim Heinze will become Managing Director.

Industry criticises state cat pools

Industry leaders have criticised the US House of Representatives' recent approval of a federal backstop for state catastrophe insurance pools. This measure, known as the Homeowners' Defense Act, would create a National Catastrophe Risk Consortium to issue securities and other financial instruments linked to the catastrophe risk in the capital markets. It would also institute a national homeowners' insurance stabilisation programme.

The National Association of Insurance Commissioners explained:

"There are gaps in the coastal insurance marketplace where the private market is unwilling to provide property coverage or where

consumers are unable to afford it. This bill is a tool that allows states to aggressively address that challenge."

Industry leaders do not believe that the measure will bring about the desired solution. Marc Racicot, President of the American Insurance Association, said of the legislation: "It will not generate new private-sector insurance, reinsurance or capital market capacity, and is likely to encourage states to create thinly financed, state-run reinsurance facilities that will displace the pri-

vate market and require a federal government bailout in the event of a catastrophe."

Frank Nutter, President of Reinsurance Association of America, agreed that government was not the right solution: "The capital markets and the insurance/reinsurance industry have demonstrated their ability to meet natural catastrophe risk transfer needs of insurers and consumers when market dynamics are allowed to work. This legislation will do nothing more than disrupt the marketplace."

'It will not generate new private-sector insurance, reinsurance or capital market capacity'

Underwriters 'undervalued, underpaid'

Bermuda's underwriters are undervalued and underpaid, according to Michael Butt, the Chairman of AXIS Capital. Speaking at the recent Bermuda Insurance Conference, Mr Butt said rewarding underwriters properly could help companies better manage industry cycles.

"They are the company's real

WARNING THAT TALENT POOL IS BECOMING DANGEROUSLY SHALLOW

wealth creators," he explained, adding: "Underwriting is a relatively long-term business and therefore the rewards should be related to when they create the wealth."

Mr Butt continued: "You want them to think about the value of

the company long-term." He suggested that options and grants now provided the ability to reward underwriters appropriately.

However, he also warned that the talent pool had been strained and could become even shallower, noting underwriting redundancies

that resulted from mergers and acquisitions, and competition from hedge funds and other financial businesses.

His advice? Head for the universities. He explained: "There's not a shortage of talent — it's up to us to go find it."

Another capital performance by locally-based firms

Going into 2008, Bermuda's leading reinsurers expect further softening in the market and the return of more capital to shareholders, according to a quarterly review by Benfield's Industry Analysis and Research Team.

The *Benfield Bermuda Quarterly* report tracks a group of 17 Class 4 reinsurers. The most recent edition also noted that 2007 was expected to be a record year.

Benfield reported that strong earnings bolstered capital in the third quarter. The aggregate net assets of the group rose 11% to \$72 billion, despite just under \$3 billion of share repurchases. Benfield estimated that a further \$3.4 billion is outstanding.

Net income rose to its highest level on record at \$9.2 billion, and the aggregate combined ratio ticked down from 88.0% to 86.9%.

Return on equity was weaker, however, dipping to 18.6% as the weight of capital diluted returns. Total premium for the group was stable at \$46 billion for the first nine months of 2007.

Facing a softening market, insurance operations generally fared better than reinsurance, said Benfield. "Underwriting discipline was at the forefront with some players looking to strategic acquisi-

tions, new underwriting teams and emerging markets to both alleviate pressure on and diversify the top line."

Benfield reported that senior executives were cautious in their outlook for the January 1, 2008, renewal season. "Most emphasised that pricing generally remained disciplined while there was some evidence of a weakening in terms and conditions."

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XL's O'Hara to retire

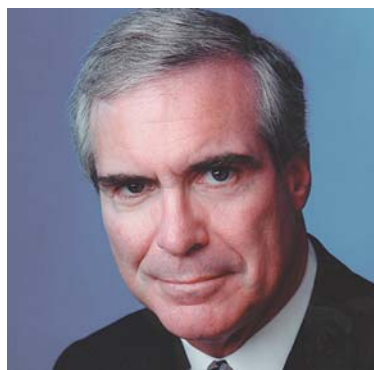
BUT HE WILL REMAIN CHAIRMAN UNTIL NEXT YEAR

Brian O'Hara (pictured right), one of the leading figures in the growth of the Bermuda reinsurance market over the past 20 years, is planning to retire as President and CEO of XL Capital in mid-2008.

In a statement, the company said it had implemented a CEO succession plan, including the authorisation of a succession committee to lead the selection process. In addition, Chairman Mike Esposito has advised the Board of Directors that he will retire from the Board upon the appointment of Mr O'Hara's successor. He explained it was appropriate, since he had served as Chairman through Mr O'Hara's term as CEO.

Paying tribute to Mr O'Hara, Mr Esposito added: "Over the last two decades, including the last 13 years as CEO, Brian has developed a formidable global business franchise, with a values-based culture built on integrity, which has established a record of strong performance."

Mr O'Hara is expected to serve as Chairman of the Board after his retirement until his current term ends in 2009.



Subprime crisis will hit D&O hard

According to a report by broker Guy Carpenter, Directors' and Officers' insured losses related to the subprime market crisis could reach \$2 billion for claims filed in 2007 — but the full impact may not be clear until 2009. Analysts estimate total insured losses could top \$3 billion, with the brunt of the impact falling on underwriting. Over the coming years, more litigation is expected on D&O, E&O and other professional liability exposures. The highest-risk D&O exposures will be hedge funds, real estate agents and mortgage brokers.

Ironshore acquires US shell

Ironshore Holdings (US), a subsidiary of Bermuda-based reinsurer Ironshore, has acquired Stockbridge Insurance Company from Folksamerica Reinsurance Company. The company will be renamed Ironshore Indemnity. Ironshore Indemnity has licences in 46 US states. It will be the admitted carrier for Ironshore's US operations.



Tawa buys PXRE

London-based run-off specialist Tawa plc has agreed to buy reinsurer PXRE from Bermuda-based Argo Group International Holdings for approximately \$114 million. The acquisition would give Tawa its first operation in the US, the largest run-off market in the world.

PXRE went into run-off in February 2006.

Assured OKs buy-back

The Bermuda-based holding company Assured Guaranty has approved a new share repurchase programme for up to two million common shares. The company's previous share repurchase programme took place in the third quarter of 2007 and involved one million shares.

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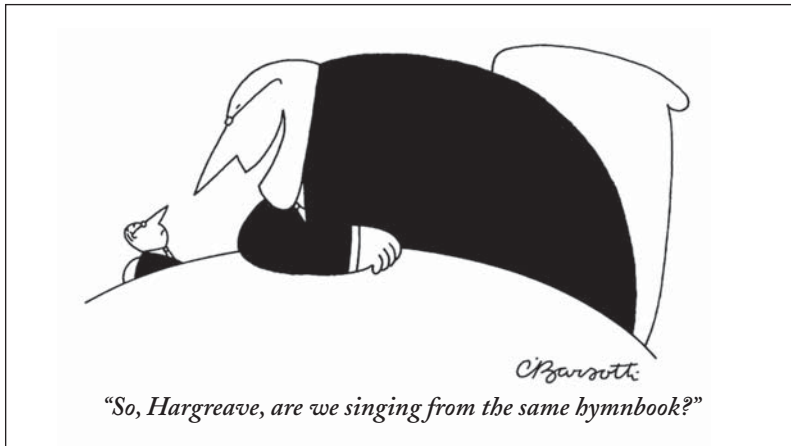
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Glanville warns on globalisation



BERMUDA'S FUTURE ROLE MAY BE SMALLER

Leading financial services investor Robert Glanville has given Bermuda a stark warning about the challenges it faces in an increasingly competitive global market. Mr Glanville, one of the Co-Founders of Pine Brook Road Partners, said that if a major catastrophe led to a "class of 2008", new reinsurers would be less likely to set up in Bermuda.

Mr Glanville's New York-based private equity firm was an early investor in Bermuda companies such as Aeolus Re, Arch Capital, Catlin, Lancashire Holdings, Montpelier Re Holdings and Renaissance Re.

At the recent Bermuda Insurance Conference, Mr Glanville explained that his firm's own portfolio has a much greater diversity of domiciles than it did just a few years ago, adding that Bermuda was a victim of its own success. "Other tax jurisdictions have become more competitive. They have learned from Bermuda's success and are beginning to mimic it."

Firms looking to settle down for five to 10 years want a comfortable regulatory environment and a solid talent pool, he noted. Investors need to feel comfortable as well, yet a limited number of immigration approvals are available, a particular challenge for Bermuda. But as long as investors receive reassurance, Mr Glanville believes Bermuda will continue to play a significant role in the global market.

His words were echoed by fellow conference panellist Robert Jones, a London-based Managing Director of Standard & Poor's. Mr Jones agreed that the Bermuda market still carried great momentum but that diversity was also increasing. He said that companies wanted to be closer to their markets, while also having the flexibility to redomicile quickly in response to regulatory changes.

See also page 19

'Others have learned from Bermuda's success and are beginning to mimic it'



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US faces higher storm risk

The US faces a high risk of major storms over the next five years, according to catastrophe modeller Risk Management Solutions (RMS). The company's prediction for hurricanes making landfall in the Atlantic Basin from 2008 through 2012 is "significantly above the risk averaged over the long term".

RMS said the prediction was endorsed by seven of the world's leading hurricane researchers,



who recently met in Miami.

Dr Claire Souch, Senior Director of Model Management at RMS, commented: "Although US hurricane-related losses have been

low since 2004 and 2005, it was apparent from the views expressed among the experts that we are still in a period of elevated hurricane activity that started in 1995. However, there remains disagreement and uncertainty about what is driving the change in hurricane frequency, with some researchers believing it is mainly due to natu-

ral cycles in oceanic circulation, and others arguing it is primarily caused by human-induced climate change."

RMS estimated that average annual insured losses in 2008 are likely to be 40% higher than the long-term average for the storm-prone Gulf Coast, Florida and south-eastern US. For the exposed mid-Atlantic and north-eastern coastal regions, it estimated they will be 25% to 30% higher.

Hiscox offers all-in-one crisis policy

Bermuda-domiciled Hiscox has launched a combined insurance policy to protect companies against the individual or combined effects of war, terror and political violence. In conjunction with Control Risks, a business risks consultancy, Hiscox will offer advanced security-related services with these policies.

Stephen Ashwell, Hiscox Underwriter for War, Terrorism and Political Violence, commented: "We live in an increasingly globalised world with more and more companies operating in unstable territories. In the past, companies have protected themselves by buying individual insurance policies to cover against, for example, terrorism. This is still relevant for a lot of companies, but with increasing ambiguity between what defines a loss related to war, terrorism or political violence, there is a danger that a company could find itself uninsured, and therefore facing severe commercial obstacles.

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INSURANCE/REINSURANCE



Captive conference moves to June



Roger Gillett: our captive audience is expanding

BOOMING GET-TOGETHER LOOKS SET TO BECOME EVEN BIGGER

After a record third year, the Bermuda Captive Conference is moving from September to June. The 2008 event will be held at the Fairmont Southampton Resort from June 16 to 19. Conference Chair Jill Husbands explained that many companies hold their AGMs on the island in June, and feedback from delegates indicated more would

attend at that time of the year.

Roger Gillett, Chairman of the Bermuda Insurance Development Council, which started the conference three years ago, told market newsletter *Bermuda Insurance Update*: "We had more than 300 delegates for the first and second year and have now exceeded 500 in our third year." There were a record 535 delegates at the

September 2007 event, including about 100 captive owners, risk managers and other risk buyers.

William Baxley, the newly-elected President of the Bermuda Captive Owners' Association, said that sessions included "taxation and audit topics, as well as measuring captive performance, using captives for international benefits and segregated account companies".

Mr Baxley added that the conference provided captive owners with an opportunity to hear first-hand from the Bermuda Monetary Authority (BMA). Owners learned about regulatory issues affecting the Bermuda market and how they could be impacted from both a legal and auditing perspective. He stated that the openness shown by the BMA indicated their intent "to work with us and support our efforts towards continued growth while maintaining a partnership approach".

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Cash settles with SEC

Former Renaissance Re executive Michael Cash has been fined \$130,000 by the US Securities and Exchange Commission for allegedly participating in a sham transaction of \$50 million to smooth earnings. He has also been barred from working as a US public company director or officer for five years.

The SEC said Renaissance Re "materially understated income in 2001 and materially overstated income in 2002".

Both Michael Cash and Renaissance Re refused to admit or deny any wrongdoing, and both settled with the SEC. The company agreed to pay \$15 million and hire an outside consultant to help strengthen its auditing and compliance departments.

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Future of Bermudian re/insurance

S&P ISSUES WARNINGS WHILE PRAISING ACHIEVEMENTS

After another relatively benign Atlantic hurricane season, analysts are asking how long the good times will continue. Are Bermuda companies positioned to withstand the softening market and the next big catastrophe? What are analysts' chief concerns going into 2008?

In a November 12 report titled "Will The Good Times Last For Bermudian Re/Insurers?", S&P stated: "Despite numerous natural disasters in 2007, such as Windstorm Kyrill, UK and Australian floods and Atlantic hurricanes, the interactively rated Bermudian companies collectively had one of the strongest operating results on record in the first nine months of 2007." The report added that these results reflected 2006 rate increases, as well as favourable reserve development and strong investment income.

Despite these encouraging words, it also pointed out several areas of concern, beginning with the all-too-familiar crisis in sub-prime lending. The report warned: "Because of the possibility of sub-prime-related litigation, some of these companies [reinsurers] could be exposed to losses stemming from underwriting professional liability coverage, and the full effect might not be clear until 2008 or beyond."

The report also reflected the agency's concern over insurers and reinsurers maintaining premium price discipline following another year of record profitability. S&P stated that this kind of discipline would require a stern "test of resolve". The report pointed out that prices decreased in 2007 between 5% and 15%, just as terms and conditions were put under more and more pressure. These challenges to profitability occurred primarily in the insurance market, but also along the fringes of the reinsurance market, S&P explained.

The report also warned: "Casualty reinsurance rates have fallen at low double-digit rates. On

the property side, including US property catastrophe, rates have also been declining, though to a lesser extent than in casualty lines, and we expect similar trends in 2008."

On a more positive note, S&P indicated that Bermuda's reinsurers are making better use of risk-modelling tools and have improved their enterprise risk management (ERM) overall. However, these

positive words came with a further warning: "This sensible approach should enable the Bermudian companies to mitigate some of the effects of the softening cycle. In general, reinsurers have behaved rationally in the marketplace. However, if these companies' ERM practices don't hold up and they start leading the market down by providing cheap capacity, the

insurance market could quickly slip into more competitive levels similar to those seen in the late 1990s."

In the end, what are the expectations for 2008? In spite of its dire warnings, S&P said Bermuda's leading re/insurers are well positioned to face the challenges that the future will most certainly bring.

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OPERATING RATIOS

QUARTERLY LOSS RATIOS

	Q3 2007	Q3 2006	Q3 2005
ACE	62.5%	60.2%	92.5%
Arch	54.7%	58.8%	89.9%
Aspen	52.4%	54.0%	180.0%
Allied World	61.1%	56.9%	163.3%
Axis	47.9%	52.8%	167.8%
Endurance	46.6%	46.1%	177.8%
Everest Re	58.5%	57.0%	137.6%
IPC	31.2%	7.4%	412.9%
Max Re	44.0%	54.7%	131.1%
Montpelier	26.8%	28.5%	412.0%
PartnerRe	47.1%	52.1%	127.5%
Platinum	56.5%	56.4%	131.5%
Renaissance Re	35.9%	11.6%	190.2%
Validus	29.5%	12.5%	n/a
White Mtn	63.2%	60.7%	94.6%
XL Capital	58.1%	60.4%	154.6%

QUARTERLY EXPENSE RATIOS

	Q3 2007	Q3 2006	Q3 2005
ACE	26.0%	25.8%	24.0%
Arch	30.1%	25.5%	27.8%
Aspen	32.1%	27.0%	27.1%
Allied World	23.0%	20.0%	18.0%
Axis	26.2%	24.9%	17.6%
Endurance	33.0%	32.0%	26.6%
Everest Re	28.1%	26.1%	24.6%
IPC	16.0%	18.8%	11.3%
Max Re	25.0%	19.0%	12.5%
Montpelier	31.1%	29.8%	10.7%
PartnerRe	27.0%	29.3%	28.8%
Platinum	24.8%	28.0%	24.4%
Renaissance Re	24.7%	24.9%	25.5%
Validus	33.5%	26.3%	n/a
White Mtn	35.2%	39.7%	36.1%
XL Capital	27.2%	26.4%	27.6%

QUARTERLY COMBINED RATIOS

	Q3 2007	Q3 2006	Q3 2005
ACE	88.5%	86.0%	116.5%
Arch	84.8%	84.3%	117.7%
Aspen	84.5%	81.0%	207.1%
Allied World	84.1%	76.9%	181.3%
Axis	74.1%	77.7%	185.4%
Endurance	79.6%	78.1%	204.4%
Everest Re	86.6%	83.1%	162.2%
IPC	47.1%	26.2%	424.2%
Max Re	69.0%	73.7%	143.6%
Montpelier	57.9%	58.3%	422.7%
PartnerRe	74.1%	81.4%	156.3%
Platinum	81.3%	84.4%	155.9%
Renaissance Re	60.6%	36.5%	215.7%
Validus	63.0%	38.8%	n/a
White Mtn	98.5%	100.4%	130.7%
XL Capital	85.3%	86.8%	182.2%

FINANCIAL STRENGTH RATINGS

A M BEST RATING

Nov 20, 2007 Nov 15, 2006

S&P RATING

Nov 20, 2007 Nov 15, 2006

	Nov 20, 2007	Nov 15, 2006	Nov 20, 2007	Nov 15, 2006
ACE	A+	A+	A+	A+
Arch	A	A-	A	A-
Aspen	A-	A-	A	A
Allied World	A	A	A-	A-
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+	AA-	AA-
Platinum	A	A	NR	NR
Renaissance Re	A	A	A+	A+
Validus	A-	A-	NR	NR
White Mtn	A-	A-	A-	A-
XL Capital	A+	A+	A+	A+

NR — Not rated by S&P

Q3 ANALYSIS / PRICewaterhouseCOOPERS

News and notes

Renewals

● As expected, rates generally softened across most lines of business.

● Trends continued to be affected by conversion of quota share cover into excess of loss/catastrophe cover as well as higher retentions and increased reinsurance purchases. Several companies increased their primary insurance operations through acquisition.

● Many company executives stressed the need for continued discipline in underwriting in the softening market.

Earnings

● Despite a lack of premium growth, most companies continued to exceed earnings estimates due to a combination of better than expected current year combined ratios and some prior year reserve releases. Full year guidance was revised upwards for many companies.

● The impact of the losses from the UK flooding in July was partly

offset by reserve releases related to Windstorm Kyrill and the June floods.

● Despite the damage caused by the California wildfires in October, most reinsurers did not expect this to have a material effect on their results for Q4.

● Expense ratios were generally higher than comparative quarters due to the dual factors of higher performance related compensation and somewhat lower earned premiums.

● Sub-prime losses affected results of some companies but, in general, the impact was not expected to be material for most.

Capital management

● The favourable earnings trend increased overall capital of the group by approximately 18% despite share repurchases of close to \$3 billion so far. The expectation was that there would be more share repurchases or other returns of capital before year's end.

GROSS PREMIUMS WRITTEN \$M

	Q3 2007	Q3 2006	Q3 2005
ACE	4,463	4,297	4,261
Arch	999	1,105	1,048
Aspen	374	458	494
Allied World	276	362	330
Axis	755	735	795
Endurance	423	476	371
Everest Re	1,075	1,048	1,081
IPC	43	56	166
Max Re	223	178	288
Montpelier	128	121	290
PartnerRe	878	813	780
Platinum	297	320	425
Renaissance Re	209	258	383
Validus	245	117	n/a
White Mtn	1,037	1,077	1,256
XL Capital	1,934	2,248	2,381

NET PREMIUMS EARNED \$M

	Q3 2007	Q3 2006	Q3 2005
ACE	3,150	3,088	3,091
Arch	736	758	748
Aspen	420	429	379
Allied World	284	318	313
Axis	686	693	617
Endurance	400	408	441
Everest Re	997	958	959
IPC	97	108	207
Max Re	178	147	296
Montpelier	138	151	281
PartnerRe	1,056	974	915
Platinum	290	340	429
Renaissance Re	367	367	348
Validus	296	92	n/a
White Mtn	936	919	982
XL Capital	1,731	1,855	1,800

QUARTERLY EARNINGS DATA

	Net income (loss) attributable to common shareholders (\$m)			Fully diluted earnings per share (\$)		
	Q3 2007	Q3 2006	Q3 2005	Q3 2007	Q3 2006	Q3 2005
ACE	656	578	(112)	1.95	1.73	(0.43)
Arch	200	186	(86)	2.76	2.44	(2.48)
Aspen	117	95	(362)	1.21	0.94	(5.22)
Allied World	109	114	(283)	1.72	1.89	(5.65)
Axis	270	226	(468)	1.65	1.37	(3.32)
Endurance	128	124	(377)	1.81	1.74	(6.26)
Everest Re	247	246	(418)	3.90	3.76	(7.41)
IPC	109	111	(657)	1.63	1.60	(13.57)
Max Re	67	26	(44)	1.05	0.42	(0.96)
Montpelier	101	83	(875)	1.06	0.86	(12.16)
PartnerRe	254	227	(297)	4.44	3.93	(5.48)
Platinum	89	82	(176)	1.37	1.28	(4.02)
Renaissance Re	133	251	(287)	1.85	3.48	(4.07)
Validus	137	70	n/a	1.90	1.19	n/a
White Mtn	111	162	(66)	10.32	15.01	(6.16)
XL Capital	328	416	(1,049)	1.82	2.32	(7.53)

CUMULATIVE EARNINGS DATA TO SEPT 30

	Net income (loss) attributable to common shareholders (\$m)			Fully diluted earnings (loss) per share (\$)		
	2007	2006	2005	2007	2006	2005
ACE	2,006	1,640	792	5.98	4.92	2.63
Arch	598	453	156	8.00	5.96	2.09
Aspen	354	259	(208)	3.67	2.55	(3.00)
Allied World	346	314	(68)	5.51	5.76	(2.94)
Axis	749	645	(143)	4.53	3.94	(1.01)
Endurance	357	288	(171)	5.02	4.03	(2.81)
Everest Re	827	634	(56)	12.96	9.71	(1.00)
IPC	205	273	(549)	3.06	3.99	(11.34)
Max Re	241	122	22	3.77	1.91	0.44
Montpelier	225	181	(692)	2.35	1.95	(10.49)
PartnerRe	511	481	(43)	8.83	8.33	(0.79)
Platinum	247	236	(35)	3.79	3.68	(0.80)
Renaissance Re	507	561	(71)	7.02	7.79	(1.01)
Validus	264	114	n/a	4.11	1.95	n/a
White Mtn	306	374	257	28.35	34.61	23.73
XL Capital	1,422	1,251	(470)	7.89	6.98	(3.39)

MARKET CAPITALISATION

	Q3 2007		Q3 2006		Q3 2005	
	Common shares issued	Market value	Common shares issued	Market value	Common shares issued	Market value
ACE	329,460,367	60.57	323,322,586	54.73	288,672,450	47.07
Arch	69,141,795	74.41	74,006,652	63.49	35,504,734	49.59
Aspen	87,145,828	27.91	95,260,798	25.83	69,342,486	29.55
Allied World	60,424,795	51.91	60,283,040	40.40	50,162,842	n/a
Axis	147,936,000	38.91	149,994,363	34.69	141,553,736	28.51
Endurance	64,080,540	41.55	66,196,147	35.26	59,935,738	34.11
Everest Re	62,800,000	110.24	65,000,000	97.53	56,600,000	97.90
IPC	60,659,489	28.85	63,703,567	30.42	48,486,985	32.65
Max Re	58,707,527	28.04	59,549,893	22.96	46,112,212	24.79
Montpelier	102,617,706	17.70	111,775,682	19.39	89,178,490	24.85
PartnerRe	57,145,463	78.99	56,830,493	67.57	54,054,247	64.05
Platinum	57,210,877	35.96	59,638,834	30.83	49,604,759	29.89
Renaissance Re	71,944,904	65.41	72,114,675	55.60	70,631,975	43.73
Validus	74,199,837	24.24	n/a	n/a	n/a	n/a
White Mtn	10,842,613	519.75	10,780,053	496.96	10,773,723	604.00
XL Capital	179,697,903	79.20	180,508,133	68.70	140,525,466	68.03

SHAREHOLDERS' EQUITY (\$M)

	Q3 2007	Q3 2006	Q3 2005
ACE	16,035	13,511	10,299
Arch	3,875	3,346	2,352
Aspen	2,733	2,315	1,224
Allied World	2,613	2,095	1,514
Axis	4,944	4,141	2,872
Endurance	2,526	2,117	1,558
Everest Re	5,612	4,824	3,601
IPC	2,063	1,883	1,081
Max Re	1,534	1,295	954
Montpelier	1,630	1,359	1,132
PartnerRe	4,225	3,545	3,085
Platinum	2,004	1,774	1,228
Renaissance Re	3,522	2,797	2,491
Validus	1,789	1,122	n/a
White Mtn	4,733	4,119	3,883
XL Capital	11,432	9,524	7,039

Endurance, Amlin head for top

BEST ALSO PRAISES HARBOR POINT, CHUBB AND WHITE MOUNTAINS

AM Best has raised the FSR of **Endurance Specialty Insurance** and its affiliates from A- to A. Best said the upgrade was due to the Bermuda-based company's "enhanced underwriting and risk management controls". It also said Endurance had bolstered its insurance programme and "exited marginally performing

lines of business". The agency added that Endurance's growth in the admitted and non-admitted US excess and surplus markets gives the reinsurer new opportunities in the current softening market.

Best has upgraded the FSR and ICR of **Amlin Bermuda** to A and a, respectively. The agency commented on the firm's "prudent

approach to underwriting and exposure monitoring". Best also factored in some deterioration in the loss ratio as a result of the softening market, but indicated that "the spread of business written by the company in its target sectors effectively limits major loss exposures to a manageable level".

Best has assigned an FSR of A

and an ICR of a to **Harbor Point Reinsurance US** (HPRUS). The outlook for both ratings is stable. The Connecticut-based company was recently acquired by Bermuda's Harbor Point Re, and will provide reinsurance for casualty, property, marine, aviation and other specialty lines. Best expects HPRUS to perform as projected and maintain risk-based capitalisation within required levels.

The New Jersey-based **Chubb Group of Insurance Companies** and its property/casualty members, including Bermuda-based Chubb Atlantic Indemnity, received some good news from the rating agency. Best has affirmed their FSR of A++ and ICR of aa+, and the outlook for all ratings remains stable.

Best said the affirmation reflects Chubb's superior risk-adjusted capitalisation, excellent underwriting, overall operating performance and favourable holding company liquidity.

Best has also affirmed the FSR and ICR of selected subsidiaries of Bermuda-based **White Mountains Insurance Group**, including the FSR of A and the ICR of a for the US operating companies comprising the **OneBeacon Insurance Group**. Best has affirmed the ICR of bbb for White Mountains and assigned an ICR of bbb to its Bermuda-based company, OneBeacon Insurance Group.

Best said White Mountains' ratings reflect its conservative financial leverage of 22% (debt plus preferred stock to total tangible capital) and its strong financial flexibility, as well as the steps taken to improve earnings sustainability at its various operating entities.



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Jo-Ann Pully

[pictured with daughter Ri-Ann]

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'Prudent approach to underwriting and exposure monitoring'

BMA launches new rules model

Bermuda's long-awaited new regulatory supervision model for Class 4 reinsurers is finally being wheeled out for a test drive. Although companies won't legally have to file financial reports until the end of 2008, most are expected to take the new model for a spin to help the Bermuda Monetary Authority (BMA) fine-tune details during a one-year transitional period. According to the BMA, there will be a dialogue with the industry during this time to ensure all the wrinkles are ironed out before the December 2008 filing.

Both the BMA and the Association of Bermuda Insurers and Reinsurers (ABIR) agreed that the revised risk-based framework is essential if Bermuda is to maintain its leading role in a global marketplace — one in which regulatory standards, consistency and transparency are increasingly seen as critical.

Changes include the introduction of a Bermuda Solvency Capital Requirement (BSCR), a provision for insurer risk management information and a proposal for GAAP financial statements to be made publicly available. The BMA said capital adequacy is in the best interest of policyholders and should be a function of company-specific risk profiles. In addition, it said the current minimum solvency margin (MSM) does not reflect the inherent risk of different lines of business and does not give credit to individual companies for superior risk management practices.

According to the new model, Class 4 companies will need to

RISK-BASED FRAMEWORK GEARED TO THE GLOBAL MARKETPLACE. CHRIS GIBBONS REPORTS

maintain a minimum level of capital: 120% compared with either the BSCR or with the company's own internal model. Companies falling below that level will be required to report more frequently and may be subject to more on-site inspections. Firms with less than the current MSM will be considered insolvent.

Leila Madeiros, Assistant Director and Secretary of ABIR, said the new framework was "a natural evolution. As far as solvency, introducing a risk-based model is to everyone's benefit. With Solvency II coming into operation

in Europe in 2012 and all the federal and state regulations in the US, we want to be sure that when Bermuda is measured for equivalency, it is up to standard."

Taoufik Gharib, an Associate Director at the rating agency Standard & Poor's, welcomed the move.

"Most of the regulators around the world are enhancing the capital requirements or at least the tools they use to measure solvency. We see it in the US and in Europe. Bermuda is one of the most important insurance markets so the minimum solvency require-

ment it was using was too simplistic. Moving to this is a more sophisticated view of the capital adequacy of a company."

Mr Gharib said the new regulations are unlikely to impact the competitiveness of Bermuda's companies. "Most of the Class 4 companies are already in London and New York and have to abide by Sarbanes-Oxley regulations and so on. It's just part of business as usual."

Although initially the model will address only Class 4 companies, it will eventually be applied to all classes of insurers and reinsurers — most likely within two to three years.

For more details, see *Insurance Proposals* at www.bma.bm/publications/current_developments

'Capital adequacy is in the best interest of policyholders and should be a function of company-specific risk profiles'



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— *Bermuda’s Community and Cultural Affairs Minister* **Wayne Perinchief** on the controversial planned workplace equity legislation

“There is a competition going on for capital and talent. No one jurisdiction will have a lock on a market but geography, regulation, government support and quality of life will all factor into domiciliary decisions.”

— **Brad Kading**, *President, Association of Bermuda Insurers and Reinsurers*

“A CEO can stand up today and say: ‘We’re shrinking our business in these areas; premiums are down.’ Whereas 10 years ago he



“It’s true, Caesar. Rome is declining, but I expect it to pick up in the next quarter.”

would have been shot in the stock market, today that’s viewed as an effective way to manage your shareholders’ capital. That’s a sea change and I think that does provide the companies with excess capital with cover to give it back.”

— *Investor* **Robert Glanville**

“One, be cautious. Two, be very cautious. Three, be extremely cautious.”

— *S&P’s* **Robert Jones** on the three rules of acquisition

“We view diversity as a positive overall, but bad diversity is the

shortest route to financial distress. There has been a perception that we credit diversity for its own sake but that alone would not be viewed by us as an indicator of financial strength.”

— *S&P Director* **Peter Grant**, addressing concerns about diversification

“There is a misunderstanding in the reinsurance business, and especially here on the island among brokers, that A- is a threshold to do business as a reinsurer, but that’s not S&P’s view. That’s a misconception of the market. We have BBB rated entities and we view them as a secure rating.”

— *S&P Associate Director* **Taufik Gharib**

This quarter’s entries extracted from The Royal Gazette and the Bermuda Insurance Conference.



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Squeezed? Outsource back office

Could outsourcing non-competitive back office operations to a centralised automatic processing centre help solve the Bermuda market's problems of sustainable growth? That's one benefit that might come from a dedicated Bermuda Market Utility being developed by London-based electronic trading service RI3K and business outsourcing company Xchanging.

The utility would allow brokers and underwriters to move their placement, accounting and settlement data to a central processing centre and to receive electronic cash settlement locally. In addition to faster and more accurate cash settlement, which they claim will reduce financial risk and increase capital efficiency, the utility promises faster access to data and lower core business costs.

In a joint statement, the companies said: "It is specifically intended to allow capacity on the island to be scaled in line with demand, creating longer-term opportunity and prosperity for the island and its workforce."

Alex Letts, CEO of RI3K, explained that email and document management systems are currently used to manage much of Bermuda's trading, creating additional manual work. Capturing all the data at the broker end, he added, would help electronic trading succeed through more efficient data processing — something

email could not do.

Mr Letts also stressed that the utility "has to be a local service, complying with local regulations, and meeting needs on the island. However, for economies of scale to reach the island, it also needs to be linked to the international infrastructure that is available to other markets."

The initial service, which is already available, is expected to be fully operational by late this year. Business traded online over the RI3K service can pass straight through to the utility's external processing services for settlement

via the global financial infrastructure. In addition, Xchanging can translate paper-based transactions into data output to be uploaded onto companies' own underwriting and claims systems. Xchanging has a service office on the island that supports existing software customers and will also support the implementation and delivery of the Bermuda Market Utility.

Early this year, the system will begin to allow companies to manage electronic closings and interact directly with broker and underwriting systems such as Brokasure and Genius. During the final phase, scheduled in July, the system will add a market directory and a dedicated Bermudian document repository.

For more information, visit www.ri3k.com and www.xchanging.com

'In addition to faster and more accurate cash settlement ... the utility promises faster access to data and lower core business costs'

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The law firm was founded by Lynda Milligan-Whyte, J.P., the former U.B.P. Government Leader in the Bermuda Senate.

Alternative capital feeds a changing marketplace

Special Report



by Chris
Gibbons

ROBERT GLANVILLE SAYS SHORT-TERM CAPITAL BENEFITS COMPANIES AND THE INDUSTRY

Alternative capital will continue to flow in and out of the re/insurance industry for the foreseeable future, and CFOs will need to be increasingly flexible about how their companies access capital, according to investor Robert Glanville.

Mr Glanville, Co-Founder of the New York private equity firm Pine Brook Road Partners, spoke on the topic of global consolidation at the recent Bermuda Insurance Conference. In his remarks, he said new forms of capital entering the market are going to change the dynamics associated with the return on capital. At the same time, he pointed out that concepts such as cat bonds and sidecars are not truly new, but rather “it is just the volume and variety that are changing”.

He added that the influx of non-traditional capital from hedge funds is due to three factors:

- Fund managers believe the investment helps reduce correlation.
- They appreciate the typically short duration.
- They like the intellectual framework.

He explained: “A cat-exposed risk provider can say to a capital provider: ‘We can create a portfolio for you that looks like this. One out of 10 times you’re going to break even, one out of 20 you’re going to lose a third of your capital

‘We’re seeing a shift in investor mentality — from backing a management team over time to taking a risk-adjusted bet for a portfolio’



Robert Glanville: intellectual property of companies remains key to unlocking capital

and one in 50, 100 or 250 times, you’re going to lose all of your capital, and your expected return is this.’ They really like that intellectual framework.”

Mr Glanville observed a shift in investor mentality — from backing a management team over time to taking a risk-adjusted bet for a portfolio. “For most, it’s a pretty good bet.”

He argued that putting capital to work in short-term entities allows it to flow more quickly, creating shorter periods of market disruption and flatter peaks. He explained: “Going into 2008 with many of the sidecars unwinding, you will see capital flow out as well as in, and that’s the difference with this new form of capital. With the old form of capital, once you brought equity into a business, it was difficult to get rid of it except via share purchases or large dividends, which all have costs associated with them.”

But he added: “We still strongly believe that the intellectual property of an insurance/reinsurance business to identify and access well-priced risk remains the key, fundamental driver. If you can do that, you will attract capital.”

In a separate discussion on cat risk man-

agement, two leading Bermuda reinsurers agreed that sidecars and other alternatives are here to stay.

Greg Hendrick, XL Re’s President and Chief Underwriting Officer, said: “The sidecar was a great way for us to manage our exposures post-KRW at a time when we didn’t have the balance sheet capital to retain the risk.” (XL formed the sidecar Cyrus Re in 2005.) Mr Hendrick continued: “We have a pretty good franchise in the business and we didn’t want to let go of that market presence, and the capital came in to support just that line of business in a very timely manner — in a matter of 10 weeks, we were done. The biggest concern I have with sidecars is that they are very model-dependent, and you always wonder if your investors that are in the sidecar understand it is a model and it’s not a precision instrument — it’s a crude instrument.”

Fellow panellist Jay Nichols, Executive Vice President of Renaissance Re Holdings and President of Renaissance Re Ventures, added: “I don’t think it’s a question of whether sidecars or cat bonds are good for the industry; I think they are an essential part of the industry.

“The way I look at it is that we are a capital provider, and our primary product is the reinsurance product, and the secondary product is the cat bond and sidecars. These are great things because they spread the risk on more shoulders and give you a more flexible source of capital. In the old days you had to raise capital and hold on to it and deploy it. Now you can raise capital and then return it.” Mr Nichols added that over time, having these flexible sources of capital would allow clients to access it at a lower cost.

‘Putting capital to work in short-term entities allows it to flow more quickly, creating shorter periods of market disruption and flatter peaks’

BMA boosts actuarial division

RICK SHAW AND GINA SMITH LURED FROM PRIVATE SECTOR TO REGULATOR

The BERMUDA MONETARY AUTHORITY has appointed **Rick Shaw** as Director, Actuarial Services and **Gina Smith** as Actuary, Actuarial Services. Mr Shaw is the former Manager of Tower Perrin's Bermuda office. He has advised many government and corporate entities on actuarial and strategic issues, including the World Bank and the International Monetary Fund. Ms Smith's most recent position was Assistant Vice President, Actuary, for Endurance Specialty Insurance. There she was responsible for loss reserving, catastrophe modelling and assisting underwriters with the evaluation of risk and exposure.

Bermuda-based IRONSHORE has announced the addition of three industry leaders to IronPro, its professional liability facility: **Tom Leahy, Jeremy Frumkin** and **David Rogers**. Tom Leahy joins as Senior Vice President of Underwriting, managing the New York-based underwriting teams. Mr Leahy has more than 13 years of industry experience, having most recently served as Executive Vice President, National Accounts Division of AIG Executive Liability, a subsidiary of American International Group. Jeremy Frumkin has joined IronPro as an Assistant Vice President located in San Francisco. He will manage regional distribution and business development for the western region. Before joining IronPro, he



Rick Shaw and Gina Smith: joining BMA

was Branch Manager for the National Accounts Division of AIG Executive Liability. David Rogers also joins as an Assistant Vice President and will be based

in Chicago. Like Mr Frumkin, Mr Rogers will be responsible for distribution and development, but he will manage the eastern region. He previously worked in the

Professional Lines group at Endurance Insurance in Bermuda.

Kevin Marine has been promoted to Chief Operating Officer of PLATINUM UNDERWRITERS REINSURANCE, the US reinsurance subsidiary of Platinum Underwriters Holdings. Mr Marine will also continue to serve as Chief Underwriting Officer, Property and Marine of the US subsidiary. Meanwhile, **Thomas Kelly** has been promoted to Chief Underwriting Officer, Casualty of the US subsidiary.

Patrick Aeschbacher will join ENDURANCE WORLDWIDE REINSURANCE to lead the development of Endurance Specialty Holdings' reinsurance business in Asia and Australia. Mr Aeschbacher has 23 years of experience in the reinsurance industry, most recently at Converium AG as its Chief Underwriting Officer for Asia Pacific, located in Singapore.

The HANOVER INSURANCE GROUP, based in Worcester, Massachusetts, has appointed **Robert Myron** as Director of Corporate Finance and Treasurer. Mr Myron was Chief Financial Officer at PXRE as well as Executive Vice President, Chief Financial Officer and Treasurer at Bermuda-based Argo Group International Holdings. The latter was formed in 2007 through the merger of troubled PXRE and the Argonaut Group.



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