

# BERMUDA

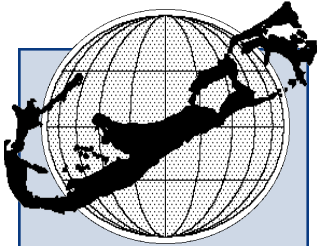
## Insurance Update

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## New healthcare facility attracts broker interest

One of the largest malpractice carriers in New York State, Physicians' Reciprocal Insurers (PRI), has incorporated a Class 3



Jeanne H. Pores

rent-a-captive reinsurance facility in Bermuda and is considering medical malpractice business, nationwide.

Healthcare rent-a-captive, Futuro Insurance Company Ltd., is capitalized at \$1,250,000 and is managed through Bermuda-based PowersCourt Management.

Jeanne H. Pores, Senior Vice President, Hospitals & Special Programs, commented: "We found that doctors and hospitals were looking for ways to lower their malpractice costs and participate in some of the profits, if any, of their insurance program. By establishing an alternative risk financing mechanism, we can now structure a program with the potential to generate future dividends."

Ms Pores praised PRI's foresight in setting up a rent-a-captive, a process that began almost

two years ago when market conditions were much softer than they are today.

"Our initial emphasis was on offering flexibility to our clients," she noted, "but recent tightening in certain lines of malpractice coverage has resulted in an unexpected level of interest from brokers around the US."

PRI concedes it has been overwhelmed with submissions looking for capacity to write nursing homes around the country, as the major writers of this insurance have pulled back in light of heavy losses.

Said Ms Pores, "We're not afraid to write nursing home business, especially with those who are prepared to take some risk and agree to follow our risk management protocols." PRI is presently negotiating with two large groups of nursing homes and will be approaching the reinsurance markets for support. These programs would be in the \$15-30-million range.

Reflecting on the selection of Bermuda as the domicile of choice for PRI, Ms Pores quickly referenced several reasons why this decision was an easy one.

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## Imagine Group seeks leading market role

*Imagine is at least in part, an organic Bermudian enterprise...As a Bermudian, I am particularly pleased that we can base Imagine Reinsurance here on the Island - Co-CEO Thomas Gleeson*

The Imagine Group has formed Imagine Reinsurance Holdings Limited, to serve as a primary holding company.

The Imagine Group is a second generation finite-risk reinsurance enterprise whose goal is to become the leading provider of structured insurance and reinsurance capital to the global insurance marketplace. Imagine was founded by Brad S. Huntington and Thomas Gleeson who have collectively more than twenty

years experience as senior executives in the finite risk marketplace.

Co-CEO Thomas Gleeson commented: "Imagine is at least in part, an organic Bermudian enterprise. It represents a new capital market focused reinsurance algorithm designed to alter traditional thinking about organizational process, design and the nature of risk and return.

"As a Bermudian, I am particu-

■ continued page 8



# Premier assures reinsurers

Bermuda has emerged healthy and whole from an inquiry into offshore jurisdictions by the Organisation for Economic Co-operation and Development, Bermuda's Premier told delegates to the 14<sup>th</sup> International Reinsurance Congress during the opening of the three-day conference at the Fairmont Southampton Princess Hotel.

Premier Jennifer Smith stated: "I am proud to report that Bermuda's 50 years of experience, careful public policy and strict attention to the "know your customer" rule, has meant that our systems meet (and sometimes exceed) the requirements reasonably expected by international bodies."

She said Bermuda pledged to continue to work with the OECD to maintain high standards and to continue to deliver a modern efficient and accountable regime.

Premier Smith noted: "Bermuda continues to establish itself as a preferred domicile. In this past year we were chosen by many



*Premier Jennifer Smith*

blue chip companies including such luminous names as Credit Suisse First Boston, who formed a credit risk insurer here.

"I must note that Bermuda is a small jurisdiction and growth places pressures on us which would not be felt as keenly elsewhere. To try and mitigate against such pressures Government is presently engaged in round table discussions with the private sector on the subject of sustainable development.

"However, I have to admit that much of the growth that has taken place this year does not add significantly to the staffing levels of Bermuda offices and makes relatively few extra demands on Bermuda's limited resources."

Meanwhile, the Government has spent the year 2000 trying to improve the operational environment for the international insurance industry.

The Premier said, "Already this year we have passed a number of significant pieces of legislation, with more slated for tabling this fall. In insurance and reinsurance terms the most significant of these is the Segregated Account Companies Act 2000 (SAC).

"Sometimes called a "protected cell", a segregated account is a way of separating assets and liabilities relating to different business deals. It is a truism that what is

today a cutting edge innovation, worked out between a private enterprise and Government, will tomorrow be emulated by others and ultimately find its way into law. So it is with legislation, Bermuda has always been in the forefront of these structures, having enabled them by way of private legislation for the last decade."

She said SAC had taken a long time to develop, because of the need for an analysis of the legal, business and public policy requirements.

The legislation provides for fast, effective and responsible segregation of assets between client accounts. Premier Smith said it will make Bermuda even more effective as a jurisdiction in which to structure insurance derivatives and structured reinsurance transactions.

Remarking on how Government and the private sector worked together to produce the landmark legislation, Premier Smith said, "We encourage this process of the transfer of creativity from private businesses to the public good. I assure you, our Government intends to continue a sound regulatory environment in relation to the many interesting reinsurance transactions that are conceived and executed here in this jurisdiction. We want Bermuda's tradition of industry leadership to continue and endure."

## OIL pumps capital into Global Risk Exchange

Bermuda-based Oil Investment Corporation Ltd. (OICL) and Oil Casualty Investment Corporation, Ltd. (OCICL) have poured major funds into Global Risk Exchange ([www.grx.com](http://www.grx.com)), taking a strategic stake in the Exchange.

The deal is expected to be a boon to insurance buyers in every major industry. The two investment companies represent, through their industry-owned Bermuda insurance parent companies, 75 of the largest global energy industry corporations with combined assets of over \$1 trillion.

The investment was an outgrowth of a strategy study conducted for Bermuda-based Oil Insurance Limited (OIL) and Oil Casualty Insurance, Ltd. (OCIL) by global management consulting firm A.T.

Kearney. It examined the cost structure of the commercial insurance industry and found up to two-thirds of the expenses in the business system could be eliminated.

Streamlined procurement systems, the

development of a shared market infrastructure and post transaction services (e.g., policy management) were identified as critical success factors for any serious e-commerce play in the sector.

Jon King, CEO of both OIL and OCIL, said, "This strategic investment will produce lasting benefits not only for our members, but also for all commercial insurance buyers. Once again, the energy industry's risk management community has taken a visionary step to transform the insurance industry into a more efficient and effective marketplace."

The investment will help Global Risk Exchange penetrate one of the largest and most significant vertical markets in the commercial insurance industry.

Energy companies pay approximately \$5 billion in insurance premiums annually and are among the most progressive entities in the risk management community. Global Risk Exchange's customer focus

and vertical market rollout strategy will ensure the development of a fully customized, industry-specific solution.

Andrew Berry, CEO of Global Risk Exchange, said, "The result of the A.T. Kearney study and the investment from such powerful buyers is incredibly exciting to us."

Global Risk Exchange is one of the early market leaders in bringing efficiency to the \$375-billion global commercial property and casualty marketplace. Its independent platform offers large and mid-sized corporations direct access to top-tier insurance markets through an integrated suite of internet-based services.

The company has two complementary offerings to help customers realize significant savings: an online market for competitive bidding; and, The RiskAssistant, an online risk management application that simplifies and streamlines the administration of insurance programs



# Max Re Reinsures UnumProvident

Max Re Ltd. has agreed to reinsure the long duration long-term disability claims of The Paul Revere Life Insurance Company, a UnumProvident Corporation subsidiary.



*Robert J. Cooney*

The claims being reinsured were incurred prior to January 1, 1996. The

transaction transfers approximately \$195 million of statutory reserves and will close in the third quarter of 2000, with an effective date of January 1, 2000.

The new Bermuda-based reinsurer's participation offers Paul Revere an effective way to manage the capital within its core business segments, as Max Re's reserves and capital support these long duration claims, releasing statutory capital for Paul Revere.

Max Re's Chairman, President & Chief Executive Officer, Robert J. Cooney, stated, "We are very pleased to have worked with Unum. This is exactly the kind of transaction we envisaged when we founded Max Re. Through reinsurance, we are able to offer the company and the UnumProvident group greater flexibility with their capital."

Philip R. Kruse, Max Re's Executive Vice President - Life & Annuity Operations, said, "Max Re is active in the life, disability and annuity reinsurance

market. Although every transaction is different, the structure we have created for Paul Revere is typical, in many ways, of the products Max Re can offer. The goal is to provide capital relief together with improved investment returns."

UnumProvident Chairman, President and Chief Executive Officer, J. Harold Chandler said, "This transaction with Max Re was part of a series of strategic initiatives intended to sharpen our business focus, strengthen our balance sheet, increase our financial flexibility and provide a strong base to support the needs of our industry-leading businesses.

"The net effect of these transactions will significantly strengthen our insurance subsidiary capital ratios while lowering our holding company leverage."

Max Re Capital Ltd., through its operating subsidiary Max Re Ltd., offers innovative risk financing solutions to life and health insurers, property and casualty insurers and large corporations.

## Bermuda Symposium postponed

The highly successful Bermuda Insurance Symposium (BIS), has been postponed for a year from its scheduled February date and will be re-organised for February 2002.

Billed as the World Insurance Forum, the conference attracts leading insurance and reinsurance executives from Bermuda, and from other top insurance markets.

Chairman Robin Spencer-Arscott said the event would normally be held at the Southampton Princess Hotel, which is now the only Bermuda hotel large enough to accommodate the conference.

Mr. Spencer-Arscott pointed out that the event had grown to more than 600 attendees by 1999, including more than 400 people who flew to the island for the event in 1999.

"The biennial conference has grown so quickly," he said, "that the Fairmont Southampton Princess Hotel is the only one large enough to accommodate the entire event. Unfortunately, the hotel will be under extensive renovations and the board of directors determined that it would be in the best interest of the conference to postpone the event for a year so that we

can take advantage of the expanded facilities for the next conference.

"In fact, the World Insurance Forum will be the first event to be held in the newly-renovated hotel, because the multi-million dollar face-lift is expected to be completed by December 2001."

The conference is organised by The Whitfield Group and the directors have resisted the urge to make it an annual event.

Mr. Spencer-Arscott pointed out: "There are so many insurance-related conferences on the calendar these days that some are perceived as having a stale agenda, dealing with issues that have long been discussed. We want to avoid that and that is the major reason why we have maintained our original stance that the symposium should be held every two years.

"A lot happens in two years and we are then able to take a broader view of developments in the marketplace and bring leading insurance executives to a forum where we deal with the big picture, as opposed to an annual re-hash of captives 101.

"I also believe that is one of the reasons why the conference has grown in atten-

dance so quickly. But Bermuda is also a major attraction because of the pioneering work being done in insurance and reinsurance, especially as regards to the convergence of the industry with the capital markets.

"And in addition to that, we have managed to attract industry leaders as speakers



*Robin Spencer-Arscott*

to the event. That, we know, has interested a number of people both in and outside the industry, and swelled the list of attendees in recent years."

# Wall Street gets the Bermuda Angle

The 9<sup>th</sup> Annual Conference of the Bermuda Angle ended with top executives of seven of the largest Bermuda-based insurers and reinsurers determining that although the market was hardening, it will be companies specialising in niche business that are more likely to be successful.

The annual series of meetings, at the Fairmont Southampton Princess Hotel, is an opportunity for 140 investment analysts and investors, to hear direct presentations from the firms, regarding their performance and future outlook.

The meeting concluded with a roundtable discussion involving: ACE Ltd. Chairman and CEO Brian Duperreault; IPC Re President and CEO Jim Bryce; Partner Re Ltd. President and CEO Herbert Haag; Mutual Risk Management Ltd. Chairman and CEO Robert Mulderig; Trenwick Group Chairman, President and CEO James Billett, Jr.; Renaissance Re

Ltd. Chairman, President and CEO Jim Stanard; and, XL Capital Ltd President and CEO Brian O'Hara;

Mr. Stanard agreed with the assertion that there is an increased number of disputes in the global marketplace between reinsurers and their reinsureds, and that it is likely to grow, in part because the oversupply of capital led to the writing of some under priced business.

Mr. Mulderig noted: "I think you will see more disputes and more additions to the reserves. A lot of bad business has been written in recent years."

Added Mr. Haag, "Our industry has been extremely good at destroying capital." He was joined by Mr. Bryce in observing that it was always important for reinsurers to understand that it is crucial to build strong and understanding relationships with reinsureds.

Mr. Billett raised concern about a distri-

bution system that was not geared for a dramatic hardening of rates, because of "a generation of brokers and underwriters who have never experienced a market upturn."

A discussion of the threat from a second wave of asbestos claims led Mr. Duperreault to point out that no one knew how much it would hit the industry. While the new claims may push the original pre-1985 estimates to the high end, he said, it would take a generation to play out, and mechanisms may already be in place to pay additional claims.

And while under-pricing by traditional markets had slowed the rise of the Alternative Market in the last five years, most of the top executives foresee that trend reversing in a hardening market.

Mr. O'Hara noted: "Almost everybody in the traditional market, is now in the alternative market."

## XL Capital focuses on financial initiatives and continues building reinsurance capabilities

The book value per share of XL Capital Ltd has nearly doubled in the last five years as it continued one of the most generous dividend policies of any public insurance company.

And Bermuda Angle attendees also heard how steadily rising annual revenues have now topped \$2.7 billion, as gross premiums have exceeded \$2.8 billion and net premiums climbed to nearly \$2 billion.

XL Capital is taking aggressive steps to improve the operating expense ratio, after just one year (1999) when the combined ratio actually rose above 100 percent. Recent re-alignment charges of between \$100 million and \$125 million will be recouped through annual savings upward from \$35 million per year.

The realignment brings reporting segments to the company that then comprise Insurance (with a Lloyd's component), Reinsurance (through the soon to be fully re-branded XL Re vehicle) and Financial Products and Services.

XL has re-focused itself to maximise growth in specialty lines and cross selling, reduce expenses, expand in the under-served capital and financial markets, build e-commerce opportunities and employ more stock buy-back and other capital management tools.

Henry C.V. Keeling, the Reinsurance CEO in charge of the emerging XL Re, said the aim is to be one of the world's top reinsurers, and the reinsurer of choice in XLRe markets. XL Re is evolving out of the combination of XL Mid Ocean Re and NAC Re, with Latin American Re and the relatively new joint venture, Le Mans Re, as subsidiaries.

Increasingly, there are indications that XLRe is emerging into one of the top reinsurers globally, with S&P and A.M. Best both having already placed it as the 18<sup>th</sup> largest in the world.

Element Re is the company being built by XL through the development of an original weather market, as part of their financial and capital markets initiative.

The Financial Products and Services undertaking is aimed at creating a diversified stream of earnings for XL, using high quality, focused businesses with a common theme that builds on the strengths of the company.

It will mean insurance related projects involving financial guarantees or Element Re; and the accumulation of useful assets, such as investment affiliates, a developed Financial Services business, and assets of long duration liabilities.

## RenRe forecasts high EPS in 2001

RenaissanceRe Holdings Ltd. said it expects to surpass analysts' expectations for the third quarter, ended September 30, with operating earnings in the range of \$1.70 to \$1.75 per share for the three months then ended.

Assuming normal loss activity for the fourth quarter, full year operating earnings per share could total between \$6.70 and \$6.85, the company reported.

RenRe also indicated that it is comfortable with estimates of \$7.00 to \$7.30 operating EPS for 2001, assuming normal loss activity.

The company attributed these increases to the greater than 30% growth in managed catastrophe premium, which is expected to total approximately \$375 million for 2000. This figure includes \$80 million for the Top Layer Re and OPCat joint ventures managed by Renaissance, and \$295 million written for the Company itself.

RenaissanceRe Holdings Ltd. is a global provider of reinsurance and insurance products. The company's principal product is property catastrophe reinsurance.

# Acquisitive ACE consolidates growth

Chairman and CEO of ACE Ltd., Brian Duperreault, welcomes the arrival of new Bermuda reinsurers writing life business, and he also foresees a future interest by his company in the life reinsurance business.

But his company is currently focusing on an ACE Financial Products division that has relatively quickly become a market leader.

Mr. Duperreault was speaking to 140 investment analysts at the 9<sup>th</sup> Annual Bermuda Angle at the Fairmont Southampton Princess Hotel.

When asked his competitive view of start-up reinsurers such as Max Re, he stated that a key point was that such reinsurers were being formed in the important marketplace of Bermuda.

He said, "Regardless of why they've been formed, they have been formed in the most interesting and dynamic marketplace. Hence that helps us, because it increases the traffic. I think it's terrific."

He said that after an exhaustive period of acquisitions, ACE was concentrating on growing business from the platforms already established.

He said, "We've been an acquisitive company. We wanted to diversify. But right now, there isn't anything in the property casualty arena that we can't do, anywhere

in the world. Our capital is in good shape and we are well enough to grow."

He added: "There isn't a deal in the market that we don't see. We may not write it, but that's because we don't want to."

In fact the Financial services division will have written about a billion dollars worth of business this year, and that's



Brian Duperreault

about as big as all of ACE was just a couple years ago. ACE is now recognised and entrenched as a market for financial services products.

And no where is the company more poised for growth than in the financial services sector, through ACE Financial

Services (which includes ACE Guaranty Re, ACE Capital Re and ACE Asset Management) and ACE Financial Solutions (which includes ACE Financial Solutions USA and ACE Financial Solutions International).

Demand for US and international mortgage guaranty products have continued to increase. In the financial guaranty reinsurance business, demand for asset-backed securities and credit derivatives products has been larger than expected.

The establishment of that platform has been so successful that it now has built-in long term earnings, through providing such specialty lines as credit derivative business, with projections that the credit derivatives market could triple in the next three years to a \$3-trillion a year industry.

But when asked about securitization, Mr. Duperreault was not convinced it had a bright future in the near term.

He said, "The leading candidate for securitization is the property catastrophe reinsurance business. The rates are going up. The jury is still out whether or not it will be a big thing in terms of how catastrophe business is written.

"Securitization doesn't seem likely to be a big thing in the insurance industry in the near future."

# MRM targets more Alternative Market share



Robert Mulderig

The Alternative Market accounts for 34 percent of the US commercial property/casualty market and is set to grow rapidly,

Chairman and CEO of Bermuda-based Mutual Risk Management (MRM), Robert Mulderig, told the Bermuda Angle Conference.

MRM, the most established, profitable and innovative leader in the Alternative Market, expects the hardening market will drive a new wave of participants into alternative market programs.

Mr. Mulderig said, "The commercial lines insurance market is in turmoil and positive change is finally taking place.

Traditional carriers finally lost their appetite for top line growth in the face of unprofitable results, inadequate reserves and last year's sharply discounted public equity pricing.

"We have always believed that traditional insurers do not have any ability to direct prices. Rather, their only choice is whether to write more business next year or less business next year. For more than 12 years we have seen an endless appetite for growth at any cost, which has resulted in extreme declines in price.

"Now we see capacity being withdrawn from the unprofitable lines of business, resulting in higher prices. This is especially true in the workers' compensation line and in the California workers' compensation market."

MRM President, John Keesock, said, "As property/casualty insurance distribution becomes more efficient, which we believe is inevitable, risk will become

even more of a commodity and efficient low-cost distribution will be rewarded.

"We are interested in working with, and even owning, producers who can be low-cost, efficient distributors. We are working on a number of projects to use the Internet to efficiently communicate with agents and to sell products directly on the web."

MRM has four business units. Program Business involves replacing traditional insurers as the conduit between producers of specialty niche books of business and reinsurers wishing to write that business. Corporate Risk Management provides Alternative Market services to businesses and associations willing to self-insure a significant portion of their own risk.

Specialty Brokerage relates to the provision of access to Alternative Risk Transfer insurers and reinsurers in Bermuda and Europe. The company is also in the business of providing Financial Services, the newest and fastest growing line.



# Thiele to succeed Haag at PartnerRe

The directors of PartnerRe Ltd. have taken steps to ensure continued strong leadership at the helm of the Bermuda reinsurer after the December 1 retirement of President and CEO, Herbert Haag.

Mr. Haag, who is leaving to pursue personal interests, has agreed to remain as a company advisor until the end of 2002.

His successor is Patrick Thiele, 49, who most recently held the position of Group Director for Development at CGNU and, prior to that, was President & CEO of The St. Paul company's worldwide insurance operations.

Mr. Thiele has more than 25 years of broad experience in insurance and finance. While at CGNU, he oversaw all aspects of strategic development and e-commerce initiatives, and was responsible for the recently announced divestiture of CGNU's US operations.

During his tenure as CEO of The St. Paul's worldwide insurance operations, revenues increased 65%, and the company grew to become the fourth largest commercial lines carrier and eighth largest property and casualty insurer in the US.

Prior to assuming the leadership of the insurance operations, Mr. Thiele was CFO and Chief Investment Officer of The St. Paul Company for more than seven years.

Chairman of PartnerRe's Board, David McLaughlin, said, "As the financial services industry converges, Patrick Thiele's broad-based capital markets and insurance experience makes him an ideal individual to serve as the next President & CEO of PartnerRe and to further build on the tremendous platform that has been created under Herbert Haag's outstanding leadership.

"In addition to his extensive industry experience, Patrick brings a combination of an exceptional track record of optimizing performance and delivering growth, and a

clear commitment to the basic strategy and core principles upon which PartnerRe is based: client focus, organizational efficiency, financial security and value creation.

Mr. Thiele said, "I am extremely pleased to be joining PartnerRe, a company of great accomplishment and even greater potential. This organization has increasingly assumed the scale, financial strength and expertise needed to reinforce its position as one of the leaders in global reinsurance.



Herbert N. Haag

"PartnerRe's Executive Committee is a well established, cohesive international team and I look forward to working with them and the company's talented employees to enhance the already superior products and services PartnerRe offers."

Mr. Haag, who has served as PartnerRe's President & CEO since the company's inception in August 1993, had previously informed the Board of his desire to pursue personal interests.

Since orchestrating PartnerRe's successful 1993 initial public offering, Mr. Haag has overseen the company's significant growth and profound transformation from a specialized property catastrophe reinsurer into one of the world's leading diversified reinsurance groups.

Since its formation, PartnerRe has earned an accumulated net income of over \$1.3 billion, total assets have grown nearly eightfold from \$976 million to \$7.4 billion, shareholders' equity has doubled from \$959 million to \$1.9 billion and net premiums have increased dramatically from \$16 million to over \$1.34 billion.

From a base of 151 clients served by six employees in two offices in 1993, today PartnerRe has more than 600 employees in 16 offices serving 1,800 clients in 122 markets.

Mr. McLaughlin continued, "It was with great regret that we learned of Herbert Haag's desire to step down from his position as President & CEO in order to pursue his many personal interests. After seven years of devoting his remarkable talent, energies and time to nourishing and growing the PartnerRe business, it is understandable that Herbert wishes to stand back and involve himself in other pursuits.

"As the chief architect of PartnerRe's development into a truly world-leading multi-line reinsurer, he has carefully steered the company along a clear strategic path, succeeded in attracting a top class management team and built a premier franchise. We have enormous admiration and gratitude for the contributions that Herbert has made. His leadership, expertise and vision, his integrity and unflinching devotion to our company are his hallmark; the company's continued growth and success will be his finest legacy."

Mr. Haag commented, "After more than 30 years in the global reinsurance business, and having spent the past seven years intensely focused on PartnerRe's development, I have decided to step down and to devote my time to long-cultivated plans in areas of personal interest. The fascinating task of leading PartnerRe from formation to success, through exciting and difficult market conditions, allows me to look back at a most satisfying professional life.

"I believe PartnerRe's Board of Directors has made an excellent choice in selecting Patrick Thiele to take the helm at PartnerRe. I welcome him to PartnerRe, and I look forward to working with him to ensure a smooth and seamless transition."

## Max Re named Launch of Year

UK-based Reinsurance publication, Review Magazine has named Bermuda-based Max Re Ltd. "Company Launch of the Year."

The Review said, "In launching Max Re, its founders recognised the opportunity presented by shifts in customer needs and a trend towards convergence of insurance

and capital market products, consolidation and growing price sensitivity."

Robert J. Cooney, Max Re Chairman, President & Chief Executive Officer said, "We have always believed that our business plan was well-conceived. To have had the markets agree with us during a very busy first six months was most rewarding. Now, to win the respect of our peers across the insurance industry makes us very proud indeed."

Max Re, which started business in

March 2000, has opened offices in Bermuda and Dublin and wrote just under \$300 million in gross premiums in its first six months.

The judges, drawn from a range of insurance disciplines, stated: "Max Re is providing capacity in areas of business where it is much needed." The panel of judges for the prestigious Review annual awards comprised E.W. Blanch Jr., Gregson Carter, David Corben (Chairman), John Engstrom, Richard Meyer, Marie-Louise Rossi and Goran Thorstensson.



# Overseas Partners acquire Reliance

Overseas Partners Ltd. (OPL), Bermuda, has completed the acquisition of Reliance Reinsurance Company (Reliance Re), of Philadelphia. An agreement of sale had been reached in late June for the acquisition of Reliance Re.

The new US subsidiary has been renamed Overseas Partners US Reinsurance Company, with its principal operations in Philadelphia.

The purchase transaction encompassed the acquisition of all outstanding stock of the Reliance Re, and OPL offered employment to over 40 of the senior management, underwriting, actuarial, financial, legal and claims staff of the former Reliance Insurance assumed reinsurance division.

Executives staying on include: Ed Stanco, Executive Vice President and Chief Operating Officer; Jon Ingersoll, Senior Vice President and head of Treaty Operations; John Countryman, Senior Vice

President and head of Facultative Operations; Bob Miccolis, Senior Vice President and Chief Actuary; Rick Shaw, Senior Vice President and General Counsel; and Joe Giordano, Senior Vice President, Marketing.

In addition, the Overseas Partners US Reinsurance Company management team has also been expanded by the hiring of Steven McElhiney, formerly of TIG Insurance and Fireman's Fund, as Senior Vice President and CFO; and Bob Muir, from TIG and American Re, as Vice President and head of Information Services.

Overseas Partners US Reinsurance Company will have initial capital of \$275 million and is accepting business submissions from US reinsurance intermediaries.

Mary Hennessy, OPL CEO, stated "We have a five year plan to transform OPL into one of the world's best and most prof-

itable specialty reinsurance companies and the acquisition of Reliance Re represents an essential component in our strategy.

"The acquisition gives us a US platform with no existing liabilities, and a management team and professional staff with recognized technical expertise who have a proven track record in the US reinsurance and insurance markets.

"We look forward to expanding the profile of the OPL group in the US market through Overseas Partners US Reinsurance Company."

Overseas Partners US Reinsurance Company operates as a subsidiary of Overseas Partners US Holding Company, which is wholly owned by OPL. Overseas Partners US Reinsurance Company is licensed and domiciled in Delaware, and is authorized to write reinsurance in all 50 states and Washington, DC, as well as having insurance licenses in over 40 states.

# Kempe elected first woman president of IBA

Dianna Kempe, Q.C., J.P., Senior and Managing Partner at Appleby Spurling & Kempe (AS&K), has been elected President of the International Bar Association (IBA).

Mrs. Kempe, elected to the top post in a vote by the IBA's 178 member Law Societies and Bar Associations, assumed the presidency at the IBA's Biennial Conference in Amsterdam, Holland in September.

Mrs. Kempe, Secretary-General of the IBA from 1994-1998 and the organisation's Vice-President since 1998, is the first woman to be named to the prestigious post.

Mrs. Kempe said, "This is an important milestone for the IBA, as well as for women everywhere who aspire to become leaders of the professional organisations that they serve. More importantly, it is a wonderful thing for Bermuda."

Mrs. Kempe is Vice-President and a Director of BIBA, and has been a member of BIBA's Executive since 1990. AS&K is a member of BIBA.

Mrs. Kempe has been a general member and council member of the IBA since 1990. She was the founder of the IBA's Women's Interest Group, and is currently co-chairman of the organisation's General

Professional Programme Committee. She is a past chairman of the Membership Committee, and has served on the Missions and Goals Committee, 50th Anniversary Committee, Fundraising Committee and Public Relations and Marketing Committee.

In Bermuda, Mrs. Kempe was the first woman to become President of the Bermuda Bar Council, serving in that capacity from 1987-1990. She was Vice-President of the body from 1985-1987, and has been a member since 1973.

Always a ground-breaker, Mrs. Kempe was the first woman to be appointed as a Magistrate in Bermuda when she served as an Acting Magistrate for a six-month period in 1975, and was the first woman in Bermuda to be appointed a Queen's Counsel when she was so honoured in 1992. Mrs. Kempe was appointed as a Justice of the Peace in 1995.

In 1998, the National Association of Women Lawyers in the United States named her as their Outstanding Member of the Year. She was the first non-American to be given the award.

Mrs. Kempe, born in London, England, was called to the Bar of England and Wales on November 24, 1970, having obtained a Degree of Utter Barrister at Middle Temple and Inns of Court School of Law in London.

She was a Pupil at AS&K through 1971, and was appointed as an Associate Lawyer with the firm in January 1972. She became a Partner of the firm in December 1979 and was appointed Managing Partner in December 1990. Mrs. Kempe became Senior Partner of the firm in April 1999.

Mrs. Kempe, 51, has specialised in all types of liquidation matters, but particularly cross border insolvencies, for the past 16 years.

The International Bar Association is the world's largest international organisation of Law Societies, Bar Associations and individual lawyers engaged in international practice. Founded in 1947, it has 16,000 individual lawyer members in 183 countries and 178 Law Societies and Bar Associations together representing more than 2.5 million lawyers.

AS&K is a Bermuda law firm of approximately 65 lawyers and 350 staff with offices or affiliations in Hong Kong, Cayman, Jersey, British Virgin Islands, Guernsey and the Isle of Man.



Dianna Kempe



# BF&M initiates online sales

Domestic insurer, the BF&M Insurance Group ([www.bfm.bm](http://www.bfm.bm)) has begun offering insurance services over the Internet. The company began this summer providing a quote and buy facility, allowing Bermudians to instantly purchase personal insurance and bind the cover immediately.

Glen Gibbons, Vice President Customer Relations, said, "Our e-surance facility enables consumers to conduct their insurance business from anywhere, anytime, without the hassle of waiting in line or waiting on the phone for the next available customer representative. At the present time we have travel, home, personal effects, car and bike insurance products available on the web. You can get a quote and immediately bind the cover if you like what you see. You can even begin the personal insurance claims process online."

Vice President Hugh O'Neill added, "We have compared other insurance sites around the world, and we feel that we have one of the easiest to use. Surprisingly there are still not many insurance sites around the world where you can instantly buy insurance, and even though we currently serve only the Bermuda domestic market, we believe ours to be quite advanced from a global perspective."

The focuses on new business but Mr. Gibbons makes it clear that the e-commerce initiative at BF&M is only the beginning.

He said, "We focused first on the quote and buy aspects of personal insurance products, with online renewals and other services to follow shortly. Business to Business ( B2B) products are also being addressed. B2B in the form of electronic

claims has been in use in various parts of the group for some time and has enabled greatly reduced turnaround times in critical areas."

Glenn Titterton, President & Chief Executive Officer, said, "We are committed to continuous development and believe that these exciting Internet developments will also enable us to deliver better products and services to customers who elect to communicate by fax, phone or direct one to one. There is little doubt that these developments will revolutionize the way we do business and impact all areas of our group."

## Healthcare facility attracts brokers

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She said, "We looked at other offshore domiciles, but found Bermuda's regulatory environment and strict standards appealing. We were also impressed with the quality and professionalism of the captive managers and the attorneys, and appreciated the benefits associated with a closely-knit insurance community.

"The breadth of reinsurance capacity on the island is staggering," Ms Pores noted, "and we hope to take advantage of that capacity."

PRI has partnered over the last five years with another Bermuda captive, functioning as issuing carrier, third party administrator and risk sharer.

Ms Pores also found it very useful to meet with busy Bermuda regulators and discuss Futuro's business plan well before the company was established.

"Futuro's intention is to stay within medical malpractice and general liability, our areas of expertise," she said. "Initially, Futuro will write programs on a no retained risk basis, but we are looking forward to establishing long term relationships with Bermuda-based carriers so that we have the capacity we need to grow."

Despite market fluctuations, Ms Pores predicted that captives would continue to flourish as a cost-effective alternative to traditional insurance programs.

Clients committed to controlling their losses are well-suited for risk sharing programs. Finding the right partners, Ms Pores cautioned, was perhaps more crucial.

She said, "When it comes to malpractice insurance, we see ourselves as a leader in this field. Establishing partnerships with the right clients, brokers and reinsurers is number one on our agenda."

## Imagine Group seeks leading market role

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larly pleased that we can base Imagine Reinsurance here on the Island, as a tangible demonstration of what our commercial environment and individual determination can create."

The common shares of the Imagine Group are ultimately held by Trilon Financial Corporation and management of the Imagine Group. Trilon is a major Canadian financial service company with extensive experience as an owner in the finite reinsurance marketplace.

George Myhal, President and CEO of Trilon Financial stated: "We are excited about being back in the finite risk marketplace and are proud to have associated ourselves with a management team which brings with it tremendous depth and experience in the area."

The Imagine Group has initial subscribed capital of US\$200 million with a stated goal to substantially increase its capital base in the next twenty months to over \$1 billion dollars in consolidated shareholders equity.

Brad Huntington, Co-CEO of the Imagine Group stated: "Plans and discussions for the secondary infusion of our equity capital are positively advancing and will allow us to build within a short time frame a world class capital platform without historic business or organizational constraints."

Imagine also has a principal office in Barbados and intends to open an office in Ireland. ING Barings LLC served as financial advisor to the Imagine Group in connection with its formation.

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