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BERMUDA Insurance Update

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IN THIS ISSUE

Bermuda's global brokers outline the dramatic changes in the marketplace that has increasingly led buyers to seek Bermuda Market solutions. Events like the destruction of the World Trade Center and the collapse of Enron will be remembered for the human and financial loss. But in the aftermath, brokers explain the changing landscape in the search for risk financing solutions…..

…..Some of those solutions relate to captive insurance, a concept pioneered in Bermuda. The Island remains the biggest supplier of captives, and risk managers will come to Bermuda in June to learn the latest at ICAP 2003.....

.....Meanwhile, the Bermuda Insurance Institute salutes two leaders in the Island's powerful reinsurance market.

More lines buy into Bermuda markets

Insurance premiums written in Bermuda may have skyrocketed 300 percent when the underwriting year 2002 is compared with 2001. And the Island remains less reliant on reinsurance than other markets, as its industry remains net line oriented.

And as the Island continued to develop into a much broader market, says Joe Rego, head of Aon's insurance broking operations in Bermuda, his staff has nearly doubled in size over the last 18 months in order to handle the increased business flow.

His company has participated in the development of a market where there is no longer just a focus on high excess coverage.

Mr. Rego stated: "Particularly since the arrival of the new companies, there has been more appetite for lower attachments, for placing capacity at levels that will attract a higher premium. But it also means a higher volatility or frequency of loss.

Joe Rego

"For example, AWAC (Allied World Assurance Company) is a primary player in property, which we didn't really have before 9/11. Max Re has entered the direct casualty business. They are focusing on offering their capacity in the first $50 million on most programs, in contrast to many of the established markets, where the preference is to be in the top half or top third of a program. The Bermuda market is much broader now, with different companies looking at different layers. So you can get your whole program done here now, above the primary layer, in certain circumstances. It varies, of course, by industry and the level of risk

"There's a much broader market appetite in Bermuda than ever before. Historically, the Island was perceived as this high excess market, especially from the casualty perspective. There still remain companies, who want to put up large blocks of capacity at the upper half of the program.

"But there are more companies in the Bermuda market with smaller blocks of capacity, which they are willing to offer at much lower attachment points than has been the norm in the Bermuda market of the past.

"This translates into a broader base of business. We are seeing Bermuda evolve from a one or two-dimensional market into a multi-dimensional market, but still with the ability to react quickly to market changes, to recognize opportunities in lines such as workers compensation, which was not an area of much activity in Bermuda prior to 9/11."

Healthcare

The deteriorating US healthcare market forced some carriers to leave the business after the frequency and severity of losses picked up considerably. Bermuda carriers such as XL and AWAC and now Max Re are willing to provide capacity at much lower attachment points than has been typical in Bermuda, as they feel that the rates are reaching a level that will allow them to write that business profitably.

Attachment points, which in the past were in excess of $25 million or $50 million, may now be in excess of $5 million or $10 million, depending on the risk.

In long term health care, such as nursing homes, buyers have not historically purchased high excess limits, therefore there capacity needs were largely satisfied by the domestic market. As the domestic and London market place has deteriorated since 9/11 much of the traditional market has exited the business and therefore many buyers that did not need to come to Bermuda in the past, now find that Bermuda can offer a solution.

Mr. Rego said, "ACE and XL were brought to life because of a withdrawal of casualty capacity in the mid-eighties. As the market returned and there was plentiful capacity, the Bermuda Markets tended to stay

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Aon: More lines buy into Bermuda markets

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with a lot of those clients, but they migrated up in the programs, with limits cut and attachment points much higher. With premium volumes lower, these Bermuda firms simply diversified, broadening their product base and globalizing their platforms.

"You would hope that buyers would recognize the vagaries of the market and take a longer term view, as opposed to just being purely sensitive to pricing. We've seen so many failures and downgrades of insurance companies over the last year or so, I think there will be more sensitivity by the Fortune 1000, Fortune 2000, type of corporate buyers to the financial security of carriers.

"Bermuda has always been a market for high-risk exposures and now we are seeing Bermuda not only regain market share in those industries, but also in less volatile industries, which have not typically needed Bermuda to fulfill, their capacity needs.

"The property market has gone from having two or three players here, to ten players, and a focus by some of the new carriers to write lower layers and sometimes primary layers.

"Our most significant growth area over the last nine months has been in the executive risk area, including lawyers professional liability, Directors' and Officers' liability and professional/E&O and employment practices liability. Much of this was driven by the spectacular corporate failures we've seen recently, and the significant increase in frequency and severity of loss in these areas in recent years.

"There is a small amount of product recall, more geared to consumable goods companies, or food manufacturers. It's a small portfolio of business. XL was the only company doing that for the last several years, but I think you are going to see others get into that, as the demand becomes greater and pricing becomes more attractive.

"There seems to have been diminished activity in the ART and Finite Risk areas, particularly from corporate buyers, driven by a combination of stricter accounting treatment of such transactions and the poor interest rate environment that has prevailed over the past couple of years. As a result, certain carriers that were more specialty / ART focused in the past have moved into the more traditional risk transfer business in order to take advantage of the firming rates being experienced in most lines of traditional insurance."

Terrorism

Immediately post 9/11, the perception was that terrorism had become a major exposure in the US. It created a lot of concern and a lot of hype with regard to the need to have domestic coverage, which had never been excluded prior to that.

There was a view advanced that the industry couldn't provide the necessary cover, due to aggregation concerns, and that the Government had to step in, which ultimately led to the TRIA Act. Today, Mr. Rego, said, people are still sorting through what it all actually means.

The feeling was that the pricing would be high, regardless of the federal backstop, because there was a meaningful deductible to be reached before that federal protection kicked in.

Carriers like those in Bermuda who were not subject to the act, it was believed, couldn't provide it, or their price would be higher, because of the lack of a Government backstop.

Mr. Rego explained, "But what we've seen to date, although it is still early days, is that the rates have been lower than expected and coupled with that, the take-up rate on terrorism coverage has been much lower than expected.

"The price has been less onerous than expected, overall, including rates from the non-US companies not covered by the act. In addition we have experienced a good response from the Bermuda market to requests to provide TRIA coverage."

"The whole thing was driven by the trauma of 9/11- the magnitude of something like that happening on US soil and how that changed the perception of exposure or risk within the United States. There appears to have been a leveling off of that concern, as we get further away from that event, although there remains a heightened awareness.

"The perception of exposures differs dramatically, depending on what type of business you are in, and where you are located. There are a significant amount of insureds that have looked at their risk profile and have said they don't think they are significantly exposed, and have therefore elected not to purchase terrorism coverage. Others have found themselves compelled to purchase terrorism coverage either due to their own view of their risk profile or as a result of demand from third party lenders who view the insureds' terrorism exposure as significant."

Property

Mr. Rego says that the overall property market does appear to be stabilizing. Aon is seeing programs over-subscribed, sometimes significantly so, confirming that capacity and competition has returned to this line of business.

He said, "While we are not necessarily seeing absolute rate decreases, we are seeing premiums flatten while coverage is often broadened, providing an effective rate reduction. The property market has gone from hardening, to stabilizing, and may be heading for softening.

"Property would be one of the first to change because of the relative lack of tail exposure, when compared to the liability coverages. It is surprising how quickly that market has changed. But whether that is going to be sustainable in the months ahead, remains to be seen. There are still some issues out there with carriers. We've already seen companies adding significantly to their reserves. We may see some more of that, or some companies finding their capacity restricted because of those issues, and you may still see some failures in the market.

"The 2002 year was extraordinarily quiet for natural catastrophes. If you see an up tick in that activity with multiple significant events, that could also have a very dramatic effect on the property market. There are a number of factors in play, but the signs right now are that that market is becoming more competitive.

"For all of the major direct writers, including just about all of the Bermuda start-ups, a significant portion of their portfolio is property.

"Before 9/11, XL Capital and ACE were the major corporate property writers from Bermuda. There were some specialty writers, too. But the capacity provided from Bermuda has greatly increased with the new companies that have opened their doors."

Willis observes market maturation

The growth in the Bermuda Insurance Market has been so steady that it is being perceived in many circles as no longer the alternative market, but a market of choice.

Built on the provision of excess layers which were not available in the traditional market, the Bermuda Insurance Market is increasingly becoming also a provider of more business at lower limits. In many lines, the Island is becoming an integral part of the traditional market.

And while growth has been substantial in Bermuda, observers see even more business coming, especially in healthcare and property lines.

Henry Scully, President of Willis (Bermuda) Ltd. said, “The changes in the healthcare market have been tremendous. AWAC, Endurance and XL have been three tremendous carriers for us, especially because they are now offering solutions down low, on the lower layers. Bermuda has traditionally been an excess market.”


Henry Scully

Endurance had over 70 submissions for January 1 renewal in excess liability healthcare. In fact, the flood of interest and the need for market capacity was so high Willis had to hire brokerage talent just to do excess liability healthcare business.

Willis Senior Vice President, Anthony Rynne said, “The companies here in Bermuda are doing so well because of the increasing withdrawal of capacity in the US. There is so little capacity being provided in the US and elsewhere.

“And you are going to see an increase in the flow to the Island, because there are more problems going on in medical long term care, hospital, professional and other lines. There is a withdrawal in all those lines. Therefore, there’s more interest in the Bermuda Market.

“You’re also going to see insurers taking greater self insured retentions in coming down to look at this market to first lead health care business, which is being resisted. But it will be excess, high, self insured retentions, which haven’t been there in the past.

“We had a tremendous year in professional lines, as it has been a major growth area. Directors and officers, employment practices liability and to a lesser extent, errors and omissions. It’s grown so much so that we are employing additional staff to handle that book.”

Mr. Scully added, “That’s again due to the cut back in capacity in the US and the UK. We understand that London and Lloyd’s can put together maybe $10 million to $15 million of D&O coverage in London, whereas in Bermuda, we can put together $100 million to $200 million of coverage.

“We are getting excess liability submissions in Bermuda to replace US capacity that has fallen by the wayside, and that will go to companies like AWAC and Arch and Endurance – all new capital.

“We are no longer the alternative market, but the market of choice. With capacity cutbacks in London and the US, Bermuda has seen an additional $10 billion to $20 billion in new capital since 9/11, setting up new companies to cater to clients and brokers who need to fill program. It has meant competition in a hard market, which Bermuda has created.”


Anthony Rynne

Said Mr. Rynne, “People look at this and say it is a hard market. Relatively, it’s not a hard market at all. You go back to 1985 and 1986. The recent scenario is that Bermuda has provided some capacity to prevent it from becoming that hard market.

“Back then, you couldn’t buy the coverage. It just wasn’t there. At now, at least it’s available. It may not be at the right price for the buyer, but it’s there. The Bermuda market is very much responsible for that.

“It’s not difficult to see Bermuda’s contribution as an advantage to the overall insurance market too, because frankly we’ve supplied capacity down here that simply wasn’t available anywhere else.

“So many companies are doing badly. The combined ratios in all companies are continuing to do badly after years of just investment portfolios making it profitable….and now investments are down the toilet, as well. Now you have companies putting their rates up, other companies are going out of business because of asbestos and other long term, latency issues. And they’ve got Bermuda coming to the fore with new, unencumbered capital, providing capacity in lines no one else is prepared to do.

“It’s hard to see how Bermuda is not seen as one of the saving markets at the moment, because Lloyd’s and London are having a tough time. Even companies in Bermuda are withdrawing some of their capacity from the Lloyds’ syndicates, which is a message all by itself.

“Willis Bermuda is now structured around what we see as the niche areas in the market right now, which includes healthcare business. It’s well documented that healthcare is in a mess. Doctors are going out of business because they can’t afford to work…or buy the required cover.

“We’ve employed some staff there, boosted our professional lines side and will do more. Our general liability side is continuing to be busy with insurers, who are getting rate increases, but buying additional capacity or altering the programs according to the market.

“Our property book has also taken off tremendously in the last year. We will have three, possibly four brokers, working on the property side. We had a tremendous year last year, based on our property, healthcare and financial lines businesses, and our casualty book is growing also.

Mr. Scully said, “Over the last 15-20 years, there has been a market here….but it has been an insurance laboratory, with things forming and developing in a softer market. But with the new $20 billion of capacity and 10-15 new companies, since 9/11, it has strengthened the market. The market has become something more firm – a strong and tremendous market.”

Willis Bermuda Vice President David Holmes noted: “Just look at the way at the new companies are building their capital base and their presence. Endurance is doing an IPO, Montpelier has just completed an IPO, and AXIS Specialty has just been on a buying spree, purchasing various companies and lines of business.

“These companies incorporated here because they could set up quickly, and get organized. Now they are just spreading globally and using Bermuda as a base.”

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MARSH: Corporate scrutiny opens markets

With a record level of bankruptcies, an increase in scrutiny relating to corporate governance, and an increase in both frequency and severity of losses, corporations are seeking more Directors & Officers Liability insurance – and more are often finding solutions in Bermuda.


Michael Fisher

Marsh Global Broking (Bermuda) Ltd. Managing Director and Head of Office, Mike Fisher, said Bermuda brokers' revenues increased last year and with the present state of the market we would expect that success to continue.

He said, "We had a tremendous year, last year, when revenue almost doubled. That's a result of the hardening of the market, and the number of new markets that have been created here, and to some extent the withdrawal of capacity from some traditional carriers. We obviously have access to significantly more capacity in the casualty, property and D&O arena in Bermuda than we ever did before.

"Most of the new markets down here are writing property, casualty and financial lines. The business that Marsh places into the Bermuda market continues to be largely Fortune 500 accounts.

"There has been an overall hardening of the market for all product lines but particularly in the financial lines arena. Property and casualty placements continue to see some premiums increasing but to a much lesser extent."

George F. Leite, Senior Vice President of Marsh's FINPRO, added, "D&O is the most critical. There's been a very significant increase in securities and liabilities law suits in the US because of Enron, Worldcomm and other corporate issues.

"In addition, the Sarbanes -Oxley Act, which requires corporate heads to certify their financials has created a significant amount of stress in large companies, and even in small companies. The re-statement of earnings has also had tremendous impact.

"Finaly, in the last 15 months there has been a record history of companies filing for bankruptcy. Those four factors have caused a tremendous swing in the D&O market. That hardened market has meant contraction of coverage, pricing increases, new underwriting requirements and increased retentions. The level of scrutiny within corporate governance has risen in the last two years."

Mr. Leite forecast at least a year and a half to two years before the D&O market gets back to some semblance of normality.

Mr. Fisher said, "We'd like to think George is right, but there is also a fair amount of uncertainty that we will ever get back there again.

"There have been a lot of companies out there writing this business for some time during a period of sustained low rates. Many of these companies are starting to see some loss development on their books now. The severity of the losses is becoming more significant, and the frequency is increasing. There's a lot of concern about the losses that are yet to develop, and there is concern among some carriers as to what impact that will ultimately have on their results."

Bermuda's D&O markets are gaining more visibility, standing out as a strong number two in market capacity to the US.

Mr. Leite said, "The markets such as XL Capital Ltd, ACE Ltd. and Starr Excess Liability Insurance Company have consistently offered large capacity and prided themselves on prudent underwriting. Post 9/11, with the creation of new companies, we've essentially gone from four D&O markets to eight. And potentially there could be ten by April 1."

Mr. Fisher noted: "A critical factor for Marsh is the financial security of those companies. In our world in global broking, the number one factor when we are looking to do business with a market is a strong financial rating, and the approval by our securities people. This philosophy has become even more important as buyers are attempting to protect their directors and

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Willis observes market maturation

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Bermuda is seeing more and more senior executives who are arriving to make deals.

It used to be the risk managers arriving in Hamilton. But with market changes and uncertainty, more firms are sending their treasurers, CFOs, lawyers and claims people.

Said Mr. Scully, "We had a healthcare company that renewed a $325-million excess liability coverage and they probably paid $30 million on renewal…and expiring it was probably $5 million.

"So when the numbers get that big, you get some very senior people coming to the Island to make sure they understand what the process is, and why they are paying these numbers.


David Holmes

"But they are also concerned about putting $3 million with Endurance or $2 million with AWAC, or a million dollars with companies that are new. They've only been around about a year. They then see that these companies have terrific backing and great capital behind them, and they don't have the loss experience of more established insurers.

"The new Bermuda companies need to diversify, and they are doing that, because when the markets become soft again, they'll at least be in different areas. The excess liability book of XL Capital and ACE has dropped in the last ten years, but luckily they'd diversified so well, that it really hasn't hit them.

"So for the new companies to have a really stable future here, they have to diversify to ensure they can get through the softer times."

Captives congress slated for June

Risk management and other corporate executives are expected to flock to the birthplace of captive insurance, in Bermuda this June, to learn about risk financing options through captive insurance.

In a climate of economic pressures and restrictive renewal opportunities in commercial insurance, the world's leading captive domicile has helped a large number of corporations who have sought out the best expertise in the business.

Many more will use The International Captives Congress, ICAP 2003, which begins June 1, to explore captives as a hard market solution to their insurance needs.

The four-day conference at the plush Southampton Princess Hotel is an Informa event, produced by IBC USA Conferences (www.ibcusa.com/icap) and is in its seventh year.

For those who are new to captive concepts, two pre-conference workshops get attendees directly into the basics. "Understanding Captives" highlights key elements of captive insurers, including useful information about the process of their formation.

The other pre-conference workshop is entitled "An In-depth Analysis of Tax Issues Affecting Captives and Their Owners", which is an inter-active tutorial that reviews the latest captive cases and IRS rulings. It is a practical guide to avoiding mistakes in the evolving arena of US tax law, as regards captive insurers.

The main conference is traditionally opened daily by ACE Bermuda Insurance Senior Vice President, Roger Gillett, Chairman of the ICAP 2003 Distinguished Advisory Board.

In addition, a warm Island welcome is extended by Bermuda's Premier, the Honourable Jennifer Smith.

Several key themes are expected to emerge during the discussions. They include a focus on the difficult fronting and reinsurance environments. A panel of experts will explore the process of finding fronting and reinsurance opportunities. They will also look at alternative reinsurance structures and products that may be viable options for captives.

Break out sessions provide attendees with an option of two tracks. Track A includes a panel discussion entitled "Are Insurance Regulations Keeping Up with Today's Insurance Trends", which will be addressed by regulators from four jurisdictions, including Deputy Director of Insurance at the Bermuda Monetary Authority, Shelby Weldon.

It is followed by the panel session "Avoiding Common Pitfalls in Developing Your Captive". Delegates will hear from four top captive managers, including Marsh Managing Director Rory Gorman and President and CEO of Castlewood Risk Management, Ltd. Bermuda, Andy McComb.

The International Captives Congress or ICAP 2003 begins with a welcome reception, hosted by the Bermuda Insurance Market, allowing delegates to get acquainted with industry leaders on an informal networking evening.

Corporate scrutiny opens markets

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officers, whilst ensuring that they are buying protection from companies who will still be around to pay losses, should they materialise.

"The Bermuda carriers are providing the financial security that the buyers are searching for."

Mr. Leite points out that the advantage of the new companies is that they have no legacy of losses. Their capital is unencumbered. Since September 11, 2001, the start-up companies with whom Marsh Global Broking (Bermuda) have placed business include Allied World Assurance Company, Axis Specialty, Endurance Specialty, Everest Re, Montpelier Re and Arch Insurance.

He said, "There are three coverage sides in D&O: A-side or individual D&O liability; corporate reimbursement; and, entity coverage.

"But it is the A-side which is the most critical, because it protects the personal assets of the individuals. That's a significant issue with every potential board of director. Their first question is whether the company has personal asset protection and how much.

George Leite

"Bermuda markets have always been able to offer large capacity of broad side-A coverage."

Mr. Fisher said, "Throughout the 90s the D&O marketplace was extremely competitive, with US firms offering similar products to ACE and XL, often with more aggressive terms, particularly as respects pricing and coverage.

"But as the market has tightened up and those traditional underwriting companies in the US have begun reducing the coverage offered, and, as the pricing has increased in the hardening market, the Bermuda companies have come back into play again. The Bermuda market is still doing what they have done all along. They really haven't changed."

Mr. Leite offered that a typical D&O program placed by Marsh Global Broking (Bermuda) three years ago, would have Bermuda companies contributing approximately 30 percent of the total capacity. Today, the Bermuda markets could easily provide 50% or more of the capacity.

Said Mr. Fisher, "To a large extent, what has happened in the Bermuda Market in recent months seems like deja-vu - We are coming back into our own again. We have new companies joining the more established companies to offer good solid capacity, prudent underwriting and strong financials.

"These companies have a product that buyers demand and can understand. As such, attention has been refocused on Bermuda.

"The underwriting companies in Bermuda saw an erosion of their book of business in the 90s, but now, much of the business that sought other alternatives to the Bermuda carriers in that soft market is returning to seek options from the Bermuda companies."

Markets hammer reinsurers

The reinsurance market has lost $200 billion in capital since the year 2000, a Bermuda broker has told an insurance conference recently. And a major proportion of those losses were as a result of the downturn in the stock market.

President of Kirkway International Limited Michael Woodroffe, said the reinsurance industry raised $26 billion in new capital in 2001 and $19 billion in 2002, but lately they've been forced into significant loss reserve increases as a result of asbestos and environmental claims, workers compensation, the World Trade Center losses, D&O and E&O.

And European and US reinsurers had a surprisingly large combined $78 billion in 2001 and $91 billion in 2002 in equity market losses alone.

He said, "The collapse in global equity markets has cost the industry dearly. The impact was more greatly felt by European reinsurers. Munich Re (the world's largest reinsurer) lost as much as 60 percent of their equity investments in companies such as Commerz Bank and Allianz."

Mr. Woodroffe was addressing the March meeting of the American Governmental Risk Pools (AGRIP) in Houston, Texas, as public entities are increasing seeking Bermuda Market solutions to their risk financing needs.

He said, "Bermuda currently reinsures a number of governmental pools and I believe will provide an increasing percentage of the reinsurance bought by AGRIP members."

There was cheap and plentiful reinsurance in 1990s, but things began changing in March 2000. And since that time there has been a dramatic reduction in the supply of reinsurance. Over the last year, there has been more than $20 billion in reserve increases in 10 global reinsurers and he sees more on the way.

In the interim, he saw the number of US professional reinsurers shrink from 153 in 1992 to 72 in 2001.

He said, "I recently have been struck by the lack of choice amongst domestic reinsurers, after many years of consolidation and market withdrawals. It is worth noting that several companies have withdrawn since my 2001 figure of 72 companies, and many of the remaining reinsurers are mono-line specialists, such as Radian Re and FGIC."

He noted the rise in the combined ratios for the world's reinsurance industry, adding, "This deterioration is worse than it appears as the interest rates in 1996 and 1997 were much higher than currently. This enabled a reinsurer to operate at an underwriting loss and offset this against investment income. In the current investment climate, it is essential for reinsurers to make a genuine underwriting profit."

He outlined the insurance and reinsurance assets in the Bermuda Market of more than $163 billion, comprising more than 1600 companies, mostly captive insurers.

Michael Woodroffe

But in focusing on the active open market reinsurance companies, he said, "These are the ones that we can take most US property casualty business to. Since 9/11, there has been an extraordinary influx of new capital and we now have 12 new billion-dollar-plus reinsurers. "These are the most active companies reinsuring classes such as property catastrophe, property per risk, umbrella liability, E&O, D&O, auto and general liability.

Most reinsure or insure on an excess-of-loss basis, but there are many large proportional treaties placed in Bermuda. You will note that all of these companies are A rated with ten at A.M. Best's A Plus or better. You will also note that the average capitalization is extremely high."

Mr. Woodroffe also noted that Bermuda remains the leading center for finite reinsurance, with companies there looking at most lines of US casualty business, including Governmental Pools.

He outlined the consistent growth of the Bermuda Market for the last 12 years and the conservative growth in premium, compared to the very high capital and surplus.

He said, "Bermuda companies have some of the most unleveraged and conservative balance sheets in the world.

"The Bermuda Market grew from a collection of companies writing specialist lines. Although many of the reinsurers are now multi-line, that tradition of specialist focus by line is still very prevalent."

In looking at reinsurers specializing in municipal business he noted that *Allied World Assurance Company* (AWAC) opened for business in December 2001 with the backing of AIG and Chubb. AWAC has already written two large municipal business reinsurance treaties and is a constantly changing and expanding company. AWAC writes excess-of-loss reinsurance and insurance and have the ability to take large proportional lines.

Catlin Insurance Company started recently with an A rating and a team of experienced underwriters who had worked for the Catlin syndicate at Lloyd's. They are focused on captives, and risk retention groups and are seeking to participate on the larger Governmental pools, preferably on an excess-of-loss basis. They are able to write most lines of coverage that a pool could need.

Chubb Reinsurance Specialists have been in Bermuda since the early '90s, and are now writing on behalf of the Federal paper, Federal being the Chubb Group's largest operating company. They are interested in writing reinsurance of municipal pools for larger groups, especially at the working layers and on a proportional basis. They are also capable of issuing both traditional and finite solutions to their reinsurance clients.

Endurance Specialty Holdings was formed in November 2001 and has recently completed a successful IPO. They have over a hundred staff in Bermuda and the underwriting team is extremely experienced, many having worked with the largest US reinsurers. They have a keen appetite for municipal business and have already authorized on between 12 to 14 municipal pools. They can offer a broad range of coverages on an excess-of-loss basis.

Max Re initially focused on pure finite solutions but has increasingly taken more and more traditional reinsurance risk. They welcome municipal pool business for all casualty lines. Mr. Woodroffe said they would be most competitive on limits within the first $5 million.

RenaissanceRe is a very successful reinsurance company which has switched from being purely an excess property catastrophe player to being able to provide excess workers Compensation. They need to look at

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Pooling execs get captive primer

A Michigan workers compensation fund for school employees believes it can save hundreds of thousands of dollars because of its newly-incorporated Bermuda captive.

And it may be part of a trend by public entities, as the demand for captives continues to sweep through the insurance marketplace, for yet another industry to look to Bermuda to help with insurance needs.

At the Association of Governmental Risk Pools (AGRIP) Spring Conference in Houston, Texas, Pamela C. Woodroffe, CPA presented a captive primer to pooling executives.

Mrs. Woodroffe is President of CC Consulting Bermuda Limited (CC). The firm provides operational and analytical consulting services to the US and Bermuda insurance community.

She said that with two new captives formed in 2003 to service the US public entity sector, it is clear that pools are becoming more interested in captives as a solution to their risk financing needs.

Mrs. Woodroffe provided attendees with the basics about captives and captive domiciles, and discussed how utilizing or forming a captive could benefit pools. Attendees at the conference included pool boards of directors, executives and staff.

The presentation started with the history of modern-day captives in Bermuda and followed with a detailed discussion on captive basics such as types and benefits, and an overview of domiciles. As the largest captive domicile in the world, Bermuda market particulars were discussed with great interest, as were the domiciles of Vermont, Washington, D.C., and South Carolina.

Of particular interest were the discussions of new captive ventures being initiated by pools. This included Governmental Entities Mutual (GEM), a reinsurance captive serving public entity pools domiciled in Washington, D.C. that started writing business on January 1, 2003; Pennsylvania Liability Insurance for County Affiliated Nursing Homes (PELICAN), an association risk retention group founded in 2003 and domiciled in Vermont that was capitalized with funds from the State of Pennsylvania; and Middle Cities Mutual Insurance Company (MCIC), a single parent captive domiciled in Bermuda.

MCIC's parent is the Middle Cities Education Association. MCIC insures the risks of Middle Cities Workers' Compensation Fund – a subsidiary organization – which provides workers' compensation coverage to school districts in the State of Michigan. Because Michigan regulations required full funding of projected losses, disallowed discounting of reserves, and restricted their investment opportunities, Middle Cities decided they needed to come up with an alternative risk financing vehicle.

Their solution to these restrictions was a single parent captive. They chose Bermuda as the domicile because of its favorable capital requirements, ability to expand to other coverages under their license, expertise available in Bermuda and its regulatory environment. By using a Bermuda captive they project to save $375,000 after expenses in the first two years of operation.

Markets hammer reinsurers

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attachment points of at least $5 million. Excess workers' compensation reinsurance is typically more competitive on larger pools. The smaller pools would be better served with an excess insurance placement for this line of business.

Mr. Woodroffe also provided tips for reinsurance placement, pointing out that a good actuarial presentation helps a reinsurance broker succeed more than anything else.

'As if' statistics which exclude certain historical losses merely because the pool has adjusted their underwriting guidelines, do not fool reinsurers these days.

He said, "A large stack of claims runs, without any overview or totals is not a very good way to encourage the broker…let alone the reinsurer to review the risk.

"Often we see pools or captives buying low level reinsurance, for example, a layer such as $900,000 excess of $100,000 when typically they have at least one loss averaging $600,000 each year. A better solution than "dollar swapping" with a reinsurer is to create an inner aggregate so that the known loss is kept on the pool's balance sheet.

"In this case, this would be $900,000 in excess of $100,000 which, in turn, excess of an inner aggregate of $600,000. This should reduce the premium instantly by $600,000. This technique works better with larger books of business, where there is less uncertain volatility.

"Traditionally, many excess workers compensation insurers provided statutory cover and reinsurers provided coverage excess of a million dollars very cheaply. 9/11 changed that very rapidly and our clients are now looking carefully at what their true workers compensation exposures are. Most are buying limits between $15 million and $50 million."

Mr. Woodroffe pointed out a key strength of the Bermuda Market when he noted that reinsurers with clean balance sheets, free from pollution and asbestos claims reserves, have a tremendous advantage to those playing catch-up to a decade of under-reserving.

He said, "To finish a pool's reinsurance program in this market, we have used a combination of treaty and facultative reinsurers, as well as excess insurance companies. We have had facultative underwriters issuing treaty style coverage, and excess insurers issuing swing-rated policies. You have to be creative and knock on a lot of doors to get the best deals.

"When you and your reinsurer cannot agree on a price for the layer, having a minimum, maximum and provisional price can make both sides meet in the middle. It certainly focuses loss control if one knows that bad experience will automatically result in greatly increased reinsurance premium.

"In a hard market, risks are often priced well above expected losses, merely due to the effects of a lack of supply. The most commonly used tactic is very obvious, and that is to retain it. A hard market is when a pool is most useful to its policyholders.

"This is not the time to be buying unlimited coverages or dramatically large limits well outside your historic loss patterns. Much of this cover was given away for free, or for very little, in the soft market of the 90s. Now, you will pay dearly for it."

Mr. Woodroffe also emphasized the importance of doing business with strong reinsurers, such as the highly capitalized and conservatively leveraged companies in the Bermuda market.

He said, "Paying premiums to a reinsurer who goes bust, doubles your woes, as you still have to pay the claims, and you can't recover the premium. Pools are typically smaller than traditional insurance companies, and the loss of a reinsurer is much more of a catastrophe."

BII issues annual awards

The Bermuda Insurance Institute (BII) awarded the "father of the Bermuda reinsurance market", Mr. Robert Newhouse, a Lifetime Achievement Award for his significant contributions to the development of Bermuda's leading reinsurance market.

And the President and Chief Executive Officer of IPC Holdings Ltd., Mr. James P. Bryce, has been named the 2002 Market Leader of the Year.

The prestigious annual awards were handed out during the BII's gala black-tie banquet March 22 at the Fairmont Southampton Princess Hotel.

This was the fifth year the awards had recognized the contributions of outstanding individuals whose initiative and leadership in the insurance world set them apart from their industry peers. The awards observe the global significance of the Bermuda market and are in keeping with the BII's commitment to excellence in preparing the industry's future innovators and leaders.

The Lifetime Achievement Award is given to insurance industry personnel who have distinguished themselves over their careers. The Market Leader of the Year Award is conferred upon executives who distinguish themselves during the course of the year.

The Awards Selection Committee includes representatives from Business Insurance, The School of Risk Management, Insurance and Actuarial Science of The Peter J. Tobin College of Business (formerly the College of Insurance) at St. John's University, the Bermuda Insurance Management Association, the Bermuda Independent Underwriters Association, the Insurance Brokers Association of Bermuda, The Royal Gazette, and the BII.

The Bermuda Insurance Institute is a registered charity and educational institution, funded and controlled by insurance industry members. The Institute facilitates insurance studies, and insurance-related studies, organized discussion of industry matters and other interaction among industry participants. Incorporated under The Bermuda Insurance Institute Act 1984, the organization has been preparing Bermudians for the insurance industry since 1970.

Robert J. Newhouse
Lifetime Achievement Award

The development of a leading reinsurance market in the Bermuda Islands began with the vision of Robert J. Newhouse, Jr., a career insurance and reinsurance man who, in the early 1990's, led a bold initiative to establish the first of a new breed of global catastrophe reinsurers.

A decade on, in a new world where Bermuda is now synonymous with 'reinsurance', Mr. Newhouse is cited as the man who planted the potent seed of its beginnings.

Mr. Newhouse conceived of Mid Ocean Re at an opportune time. Having begun a career in 1946, out of the ashes of post-World War II, he had barely retired from Marsh and McLennan's Companies Ltd. in 1990 when he pondered the state of the property catastrophe reinsurance market.

He had just wound up a 44-year career that had involved positions throughout the industry, having been on both the underwriting and broking sides, and having dealt in both insurance and reinsurance.


Robert J. Newhouse

Heading into retirement, he saw the impending vacuum in property catastrophe reinsurance coverage. He thought it was a business opportunity that should be pursued. Having worked with Bob Clements of Marsh & McLennan and Roberto Mendoza of J.P. Morgan in the formation of ACE Limited and XL Capital, he approached Marsh & McLennan and J.P. Morgan with his idea and they agreed to form Mid Ocean Re with Mr. Newhouse as Chairman.

Mid Ocean Re was capitalized in November 1992 with $325 million. It had barely begun, and hadn't even completed writing its first policy, when Hurricane Andrew struck the US east coast. Catastrophic as it was, the timing could not have been better for those who shared a sense that there was a need for new reinsurance capacity.

And within six months of Mid Ocean Re's inception, seven

James F. Bryce
2002 Market Leader of the Year Award

A near three decade veteran of American International Group (AIG), James P. Bryce, led a management team that had a highly successful, in fact, landmark year in 2002.

Under his leadership as President and Chief Executive Officer, IPC Holdings, Ltd. has this past year doubled its business volume without sacrificing its high underwriting standards.

After the successful follow on offering which effectively doubled the size of the company in December 2001, IPCRe fully utilized the capital, resulting in an extremely successful operational year.

The reinsurer remains the only stand alone, mono-line catastrophe writer from the original 'Class of 93 cat reinsurers'. And over the last year, IPC successfully managed the catastrophe underwriting for the 2001 start up reinsurer, Allied World Assurance Company Ltd. (AWAC).


James F. Bryce

There has also been no staff turn over at the management level.

Operating income for 2002 was nearly double that of the company's previous best year. With the earnings generated over the five quarters to the end of fiscal 2002, the reinsurer returned to paying a periodic dividend.

Operating income for the year was $202.8 million, compared to an operating loss of $(4.5) million for the year before. Net income for the year was $157.9 million compared to a net loss of $(3.9) million in 2001.

IPC Re executed a plan to utilize additional capital - $546 million - raised at the end of 2001, and more than doubled deposit premium volume. The increase was achieved without any reduction in the quality of overall portfolio of business, or the high standards of client selection.

In a benign year of catastrophe activity, the company had one of its lowest ever loss ratios. This, together with the economies of scale of writing a much larger volume with only small increases

Asbestos is a burning issue: lawyer

A lawyer with Bermuda firm, Attride-Stirling & Woloniecki, has labeled recent statistics and projections for asbestos claims in the United States as staggering.

Stephen Leonard cited estimates that $54 billion has already been paid for such claims, with the bulk funded by insurers. And a Tillinghast - Towers Perrin study projects a million future claims costing $200 billion, while Milliman USA estimates 1.1 million future claims costing $265 billion. Mr. Leonard said that asbestos payments total around 15% of all property/casualty payments in the last two years.

He said the prime mover of this new claims activity is (unsurprisingly) a group of entrepreneurial and battle hardened US claimant lawyers who having already financially ruined a large number of asbestos related industries. They have now turned their attention to finding new claimants to bring new claims against new solvent defendants in the most pro-claimant of State courts.

Mr. Leonard said, "The new claimant issue is the most controversial, and involves lawyers actively seeking out claimants through litigation screening where lung X-rays are taken and then diagnosed in a matter of minutes.

"Not only do the vast majority of new claimants originate from screening, but arguably most of them are unimpaired. In layman's terms, they are not really sick. There may be lung scarring but with no functional impediment. This has in turn led to an explosion of hundreds of thousands of new claims with, as examples, engineering firm Halliburton facing approximately 312,000 pending claims, Pfizer 120,000 and Viacom 109,000 at the end of June 2002.

"Three consequences flow from this. First, the volume of new claims makes it logistically difficult to sift the good from the bogus. Virtually everyone submitting a lung X ray is in line for a payment with the US tort system becoming an extension of a TV game show but with everyone a winner.

"Second, claimant lawyers increasingly will only settle their impaired (cancer) claims with their unimpaired claims. This is a potent negotiating chip as defendants usually lose the cancer claims heavily before juries.

"Finally, more dollars are now being paid to the unimpaired than the impaired/cancer victims which displeases the lawyers for the seriously sick."

Mr. Leonard argues that with so many asbestos related insolvencies, these claims are now aimed at new classes of solvent defendants and their insurers.

These defendants include premises owners with claims made by the contractors and construction workers who built them in the first place. Serious claims arise from industrial premises with a recent $35-million verdict against Shell in Illinois. Documents apparently show Shell's awareness since the 1940s that asbestos was carcinogenic but it continued to be used in their premises' construction.

The defendants also include brake manufacturers, including Ford, Chrysler and General Motors, with claims made by the mechanics installing brakes containing asbestos.

And thirdly, there are manufacturers and suppliers of the protective masks that were used until recently to protect workers exposed to asbestos and which were allegedly defective.

The potential cost to insurers of this increased claims activity is huge with Tillinghast in 2001 estimating a total insurance bill of between $110 – 130 billion, split equally between US and non US carriers.

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RenRe projects growth

Bermuda-based RenaissanceRe Holdings Ltd. expects over 15 percent growth in its consolidated written premium for the full year 2003 compared with 2002. Premium in its reinsurance segment is growing faster than previous estimates, although the company currently anticipates that much of its 2003 premium growth will be concentrated in the first quarter.

For the first quarter of 2003, the company estimates that growth in catastrophe reinsurance premium will be greater than 20 percent, and growth in specialty reinsurance premium will be greater than 90 percent, compared with the first quarter of 2002.

James N. Stanard, the company's Chairman and CEO, commented: "We are very pleased with the performance of our reinsurance unit during the critical January 1 renewal season. Although the broad market was competitive, RenRe was able to achieve preferred signings. Because of strong client relationships, our underwriters achieved remarkable success in initiating and participating in private transactions that were not available to the general market."

Mr. Stanard concluded: "In view of our strong performance in the January renewal season, we have raised our 2003 operating earnings per share projections to a range between $5.30 and $5.70, assuming normal loss experience."

RenaissanceRe also expects to report fourth quarter operating earnings per share between $1.45 and $1.50. This represents annual operating earnings per share of $5.17 to $5.22 for 2002. The company attributed the results, which exceed Street estimates, principally to increased earned premium and the limited catastrophe activity during the fourth quarter.

Max Re pledge

In 2000, although only in business a few months, Max Re generously pledged $120,000 to the Bermuda Foundation for Insurance Studies. Now, just three short years later, as it is poised to move into its own building on Pitts Bay Road, the reinsurer has contributed a further $120,000.

Robert Cooney, Max Re President and CEO, said, "As we have grown rapidly we are very aware of the need to find Bermudians who have the education and training necessary to help us build our business. We identified insurance education as our number one contribution priority and we continue to be impressed with BFIS's track record.

"The work BFIS does in providing scholarship funding, as well as its mentor and career programs, is very important in helping Bermudians gain the skills they need for a career in the insurance industry."

Market Place Realities Report

Backed by solid capital and seasoned managers, new insurance and reinsurance ventures in Bermuda can expect to generate added market premium of approximately $15 billion in 2003, according to a report by global broker Willis.

In a report entitled “Marketplace Realities and Risk Management Solutions 2003”, a section on the Bermuda Marketplace outlines the history of the Island’s development as a major centre for insurance and reinsurance.

The report stated: “Starting shortly after September 11, 2001 and throughout the year 2002, more than $15 billion in capital poured into new and existing Bermuda insurance and reinsurance companies. The past year has seen unprecedented activity in the Bermuda Market by almost every measure: number of submissions, premium growth and staffing levels.”

The report also noted: “Insurance buyers typically look to Bermuda as a place to find competition, solutions and choice in a hard market. In some areas, however, the forces of market hardening forces are not expected to ease.

“Classes of business such as Executive Risk, Healthcare Liability and Excess Liability—particularly for difficult classes of business such as chemical, energy and pharmaceuticals - will continue to see steep premium increases in Bermuda in 2003. For Property insurance, on the other hand, premium increases are still expected, although not as dramatically as in the recent past.”

And it says, “Over the last several years, Bermuda carriers have expanded into the US and Europe. This was especially true of the new underwriters of 2002, and the trend is expected to continue in 2003. AWAC, AXIS, Arch and Endurance are expected to increase the size and number of access points to maximize their visibility and to attract choice premium dollars.

“This expansion has created a sometimes contentious issue for clients and brokers: if offices on different shores offer the same products, what is the best access point? Price variation may be one deciding factor.

“Broker-client-underwriter relationships also play a part. Most carriers do not state a preference of access point for identical products. However, some insurance companies do offer different terms in different locales. For example, smaller limits and lower attachment points might be more common in the US while larger blocks of capacity at higher attachment points would be offered in Bermuda.”

In the early 1970s, OIL was formed along with other entities. In the hard market of the mid-1980s, more companies formed on the island, including OCIL, ACE Ltd., XL Capital Ltd and others.

The 1990s saw the creation of several reinsurance companies and the opening of Bermuda offices for insurance companies such as Chubb Atlantic and Zurich Global Energy. New carriers such as Starr Excess (Liability Insurance Company) arrived as well. Most of these companies have enjoyed tremendous growth in Bermuda (and outside) over the years.

The Willis report stated: “The Bermuda market has seen its share of major acquisitions. Most carriers have diversified their products and solutions offerings since they opened for business. ACE and XL, for example, are major carriers in the traditional lines of coverage; over the years, they have developed a broad range of tailored products and solutions in the finite, capital market, and non-traditional areas. The latter have been strong areas of growth and will continue to be in 2003.

“In 2002, insurance carriers in Bermuda (as elsewhere) reduced limits on most risks and at times preferred to be "moved up" in a given program. This is expected to continue in 2003.

“At the same time, carriers have been inundated with submissions, and are enjoying wide choice in deciding where and at what price to employ their capital. Premium volume growth in 2002 with carriers such as ACE and XL was off the charts and is expected to be significant for 2003. Insurers can afford to remain highly selective.

“Market conditions and rising premiums enticed many global insurance and reinsurance companies to open or expand operations in Bermuda.

“AWAC was formed in late 2001 with $1.5 billion of capital provided by AIG, Chubb, Goldman Sachs and other outside investors. A Dublin office was opened in fall of 2002. AWAC underwrites Property, Casualty and specialty lines. The Bermuda office focuses on US risks. The Dublin office is geared toward large EU companies seeking to add or replace capacity in the current hard market environment.

“Axis Specialty Ltd. was incorporated in Bermuda in November 2001 with $1.6 billion in capital provided by various partners, including MMC Capital, JP Morgan, The Blackstone Group and Credit Suisse First Boston. AXIS focuses on business with a short to medium tail concentrating mainly on property-related risks with an initial emphasis on high excess and buffer layer excess programs.

“In the space of 11 months, AXIS branched out on both sides of the Atlantic, establishing offices in the US and Dublin. The US expansion came via the acquisition of Connecticut Specialty Insurance Company. In November of 2002, AXIS also took on 80 staff from an AON subsidiary, Combined Specialty Group.

“Arch brings to the market a wide range of Commercial Property and Specialty Casualty insurance programs for Fortune 2000 or similar risks worldwide.

“Endurance Specialty Insurance was formed in late 2001 with $1.2 billion capital from AON, Zurich Financial Services and Capital Z Financial Services. In August 2002, Endurance purchased 100 percent of the equity interest owned by Zurich.

“Endurance currently writes Property insurance, Liability insurance, Alternative Risk Transfer business, Hospital Professional Liability, Directors and Officers Liability and reinsurance. Like other new Bermuda carriers, Endurance has recently opened an office in London.

“Montpelier Re commenced operations in December of 2001 with initial capitalization of about $1 billion. It was set up by the White Mountains Insurance Group in response to the hardening insurance market and the void in capacity after the September 11 terrorist attacks. Montpelier raised more than $200 million from its initial public offering completed in October 2002. The carrier provides capacity for both all-risk property and stand-alone terrorism coverage.

“While these five new companies have added the bulk of the new Property and Liability capacity to the Bermuda and world market, other existing companies are adding staff and writing greater volumes of traditional reinsurance and insurance.

“Everest Re added Property insurance to its Bermuda product line early in 2002.”

Asbestos is a burning issue: lawyer

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Said Mr. Leonard, “However, the battle lines are already being drawn for three major coverage issues. First, are insurers and reinsurers liable for the unimpaired claimants and what evidence is needed to establish liability?

“Equitas has already introduced documentary requirements for the claimant’s medical condition and exposure to asbestos. Secondly, can policyholders have claims treated as non-product claims under their CGL policies and so side-step the aggregate policy limit which usually applies for products?”

“These claims, the policyholders say, arise from their services and operations in using asbestos and not from the product.

“Finally, for the companies bankrupted by asbestos claims, the US Bankruptcy Code provides that a trust funded by the debtor pays for the present and future asbestos claims. There is already US case law (under appeal) saying that the creation of this trust triggers underwriters’ policy liability. As the trust includes an estimate for future claims this results in underwriters effectively making accelerated claims’ payments.

“Fortunately, the relative youth of a significant section of Bermuda’s insurance and reinsurance market should protect it from serious financial harm from these new asbestos claims. The Bermuda market will, however, share this competitive good fortune with the Lloyd’s market whose historic asbestos liabilities are with Equitas.”

Robert J.Newhouse

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other cat reinsurers followed suit, established by leading investment banks and insurance companies.

The quality of capital was unimpeachable and the sums were enormous – some three billion dollars. They followed the specialist plan of Mid Ocean Re and, importantly for the Island, established a widely-held premise that still holds today. If you want to have a new, successful reinsurer, siting it in Bermuda could be an asset.

Much like Mid Ocean Re, the other new cat reinsurers were able to benefit from their clean, unencumbered capital. Their competition in traditional markets still had significant bills to pay from past catastrophic events.

Unlike the new reinsurers, Hurricane Andrew weakened long-standing companies that already were faced with reserving issues that tied up their capital. But the new companies also were able to rely heavily on new technology, leading the industry in catastrophe modeling, enabling them to better analyze underwriting opportunities. Hurricane Andrew also drove pricing up, providing many profitable years for the start-ups.

Mr. Newhouse was the Chairman of Mid Ocean Reinsurance Company Ltd. from its inception in 1992 until its sale to XL Capital Ltd in 1998. Prior to joining Mid Ocean, Mr. Newhouse held various executive positions with the Marsh & McLennan Companies from 1954 through 1990 and served as President from 1976 to 1988 and Vice Chairman and Member of the Office of the Chairman from 1988 through 1990. During that time, Mr. Newhouse played a major role in the formation of ACE Limited and XL Capital Ltd and served as a Director of both companies.

In this decade, he was a founder and Chairman of a new specialty insurer and reinsurer with new capital of $1.65 billion, AXIS Specialty Ltd., which provides insurance and reinsurance coverage for risk property, aviation, war and political risks.

AXIS was the first of several new (re)insurers which were formed after the catastrophe of September 11, 2001, bringing in excess of $10 billion of new capital to the Island.

Robert J. Newhouse, Jr. was the Chairman and Chairman of the Executive Committee for the first year of operations of AXIS after which he stepped down as Chairman and continues as Chairman of the Executive Committee.

James F. Bryce

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in personnel and other operating expenses, has resulted in one of IPC Re’s lowest combined ratios of 34.1 percent.

IPC wrote gross premiums of $17 million in the fourth quarter of 2002, an increase of 130% over the fourth quarter of 2001. Premiums were higher because of the increased capacity from the 2001 capital raising to satisfy increased demand from existing clients, and the reinsurer also wrote business for new clients, which more than offset business which was not renewed because of unsatisfactory terms and conditions.

In addition, there was benefit from rate increases, generally in the range of 10% to 15% for loss free contracts, with greater increases for contracts where claims had been incurred. This brought total written premiums for the year ended December 31, 2002 to nearly $260 million, an increase of 95% over the year before. Excluding reinstatement premiums from both periods, gross written premiums would have increased by 131%.

Net premiums earned for the year were $226.4 million, an 84% increase.

Total assets at year end were $1,474.0 million, an increase of 13.2%. Total shareholders' equity was $1,291.5 million, up from $1,105.8 million a year before.

In its10th year of operation IPC remains rated A+ from AM Best and A+ from Standard & Poor’s. There was no change in the credit ratings as a result of 9/11 and no negative credit watch. That alone puts the company in a very exclusive club of global reinsurance carriers. In the strongest financial position in the history of the company, IPC has one of the strongest balance sheets in the world on a risk-adjusted basis.

James P. Bryce was appointed President and CEO of IPCRe in July of 2000, having served as Senior VP and CUO of the company since its organization in June 1993. He has nearly 30 years experience in underwriting management with companies in New York, Tokyo, Hong Kong, London and Bermuda.

Prior to joining IPC, he was a Vice President in the Reinsurance Division of AIG Europe (UK) Limited from November 1991 to June 1993. From July 1985 to November 1991, he was Far East Regional Manager for Transatlantic Reinsurance Company, serving in Hong Kong and Tokyo, and also served as a Director of AIG Reinsurance Services Limited. From 1971 to 1985, he has held various positions with Royal Insurance Company and Transatlantic Re in New York.

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