

# Specialty Focus Key to Success



## Interview with William Jewett, President & CEO, Endurance Worldwide Reinsurance

### How is Endurance positioned in the current financial market crisis?

Exceptionally well. Obviously in the current environment the financial stability of business and trading partners is at the top of everyone's mind. From its inception, capital management and risk management have been our operational foundation and we do everything possible to ensure that we have sufficient capital and flexibility to satisfy the needs of all our stakeholders – clients, regulators, rating agencies and investors. We take a conservative approach to investments, and we have built a very high quality and liquid balance sheet, with very limited investment exposure to the many recently troubled financial institutions. We hold "A" ratings from both A.M. Best and Standard & Poor's on our reinsurance operating subsidiaries.

We continue to maintain a conservatively positioned fixed maturity investment portfolio with an average credit quality of AAA and we underweight our exposure to financial institutions. On a group basis, Endurance's asset or counterparty exposure to AIG, Lehman and Washington Mutual is not material, and in total represents less than 1% of the value of our investment portfolio.

### How has Endurance's strategy changed in reaction to the current environment?

We haven't had to change. Our strategy has always been to build a portfolio of specialized product offerings, each

tailored to a specific segment of the market and each responding to its own micro-underwriting cycles which allows us to better manage aggregated and correlated risks. This strategy along with our strong underwriting discipline and our focus on risk management were some of the factors considered by Standard & Poor's when they upgraded our Enterprise Risk Management rating to "Excellent" earlier this year. We are especially pleased with this rating - Endurance is one of only three property and casualty insurers in Bermuda to achieve this. Our financial strength and positioning will serve us and our clients and brokers well in the months and years ahead.

### How does specialization differentiate Endurance from the rest of the market?

Specialization means a lot of things at Endurance. Our underwriters each have depth of knowledge and experience in their line of business that is the basis for strong relationships with brokers and clients. At the same time, the diversity of our overall reinsurance capability allows us to service insurers' broader risk portfolios. But that's only part of our specialization approach – we also focus on developing a better understanding of our clients' risks – by advancing our technology, refining our data models and applying our underwriting discipline so that we can be better at selecting and pricing those risks. That leads to success for both our clients and Endurance.

### With focus on specialty lines of business, how do you share information across your reinsurance team?

We are very much a networked organization, with a free flow of information and client insights exchanged among our underwriting teams. We strive to get to know our clients very well and understand how they view their business and their position in the marketplace. Underlying our specialty orientation is an account management approach towards each and every one of our clients. Without a networked organization and open communication this would not be possible.

### What is important to your brokers in today's climate?

Well, first, obviously financial stability is a minimum criterion now more than ever. In addition, underwriting consistency and overall strategic sustainability is key to our brokers. We spend a considerable amount of time making certain that our brokers understand our underwriting approach and overall strategy. We strive to be as transparent as possible. After that, I believe that brokers are looking for a reinsurer that truly understands their clients' risk portfolios. The only way that one can achieve that is by specializing, by having the best talent in the business, and by continuing to expand your knowledge, technology and underwriting capabilities. And that is exactly what we focus on every day.

### Can you comment on Endurance's international expansion in reinsurance in Asia and Continental Europe?

We have been operating in the Asia Pacific and Continental Europe markets for some time now, but this year we made a long-term commitment to these markets by opening offices in Singapore and Zurich. These locations are both becoming critical centers for reinsurance, and I'm extremely pleased at the talent we have been able to recruit – senior underwriters with strong ties to these markets that will be able to leverage our specialty talent around the world to serve clients in these regions. We have reinsurance underwriting operations in Bermuda and New York which are among the best in the market, if not the best, and we are targeting an equivalent level of success in our London, Zurich, and Singapore operations. Our goal is to be the best specialty reinsurer in the world, and underwriting operations in these locations will play a big role in our achieving that goal.