

# Property Experts Differentiate Themselves from the Crowd

Interview with Chris Schaper, Chief Underwriting Officer and Head of Reinsurance, Bermuda, Endurance Specialty Insurance Ltd. and Ed Kenney, Senior Vice President and Chief Property Officer, Endurance Reinsurance Corporation of America



**What does specialization mean in the property line?**

**EK:** Our goal is to provide our clients with financially secure risk management tools that are responsive to their needs. We deliver exceptional

underwriting and claims services, responding quickly to brokers with intelligent underwriting positions and pricing rationale, adding value to ceding companies through the audit process and other contacts, and providing consistent and timely claims payments.

**CS:** Specialization also involves improving risk selection by focusing on the quality of our underwriting and exposure information, applying advanced pricing tools and employing professionals with extensive quantitative skills and applied experience. These enable us to better understand, quantify, price and manage the risks we choose to write.

**How does Endurance differentiate itself from other property reinsurers?**

**EK:** We pride ourselves on being risk evaluation and pricing experts and we look for

companies who have a similar underwriting approach – one built on extensive analytics. And then we focus our capacity on these companies, building deep long-term relationships with these insurers at all levels of the organization – the CEO, executive management, ceded reinsurance staff, chief property underwriters and claims staffs.



**CS:** Our differentiation focuses on aligning our risk assessment skills with the needs of our clients. To do so, we have consistently invested in building our analytic and underwriting capabilities, including

proprietary tools and specialized modeling techniques. Equally, we have sought to listen carefully to our clients and provide effective service along with transparency in our pricing and underwriting process.

**What opportunities and threats do you see in the current property market?**

**EK:** For companies like Endurance with strong financial ratings and capitalization, there are many opportunities as companies seek reinsurance partners with financial stability and product expertise. Our

reputation as a lead property reinsurer recently earned us the “best global reinsurance company for property” award from Reactions magazine.

The most concerning threat to our industry today is reinsurers who are willing to cut rates to retain or acquire business. We hope to see more consistent pricing discipline emerge in the property market to stem the downward trend in rates.

**How is the property reinsurance team organized?**

**CS:** Since Endurance was founded in 2001, we have been building an experienced team with advanced analytic capabilities in Bermuda as our hub for catastrophe underwriting. The core team includes knowledgeable underwriters with both technical expertise and transaction specific experience that, with our technical edge, provides a solid foundation for us to compete in the current market. By working closely with all our colleagues to better understand local exposures, we can more knowledgeably select and price risks.

**EK:** In the US, we are organized into two teams – a Large Account Unit and a Small Account Unit – to better serve our clients. Our risk underwriters have many years of experience in the insurance and reinsurance business and work closely with our actuarial, legal and claims staff to arrive at the most responsive solution for each client. Our goal is to be the most desired brand for risk in the property markets we target in the U.S.

**Do you see capital market vehicles as an opportunity or a threat for reinsurers?**

**CS:** Since inception, Endurance has had a core business focused on catastrophic risk providing both traditional products and customized individual solutions. As a recognized leader in enterprise risk management, we have been proactive in developing portfolio analytics to better manage aggregates and correlations across our reinsurance and insurance portfolios as well as with our investments. We continue to explore opportunities to leverage non-traditional capital market vehicles as another risk management tool. To that end there are clearly additional challenges in this area given the evolving global financial situation. Capital market vehicles may or may not be viewed as a threat depending on your market position. We do not view them as a threat, but more so as another instrument to complement our business portfolio. It is an opportunity for us.