

Casualty Specialists Focus on Risk

Interview with Kevin Rooney, Senior Vice President & Chief Casualty Officer and Jim D'Onofrio, Senior Vice President, U.S. Casualty Reinsurance, Endurance Reinsurance Corporation of America

How is Endurance positioned in the current financial market crisis?



KR: Overall Endurance follows a conservative investment approach and is therefore well positioned with a solid balance sheet as well as “A” ratings from A.M. Best and Standard & Poor’s on our reinsurance

operating subsidiaries. We are also one of only three Bermuda reinsurers to have achieved an “Excellent” Enterprise Risk Management rating from Standard & Poor’s.

Speaking for our reinsurance business, I anticipate that we will be well positioned to capitalize on any good opportunities that arise. Over the past few years, we have believed that the Professional Liability risk / reward tradeoff on the financial sector has been poor. As a result, we’ve worked with existing clients to adjust risk selection and pricing and added little in terms of new financial institution business.

Has the crisis created a favorable underwriting environment?

KR: I think the market has underestimated, knowingly or otherwise, the degree of slippage that has occurred in recent years, so significant rate change is called for in some segments. Despite all the sub-prime and credit crises, rates overall have been declining

except in certain “hot spots” where the market dislocation has been appropriately reactive. Our proprietary tools provide us with a solid independent view of risk and return for Professional Liability lines, so Endurance Reinsurance is well positioned to identify areas of opportunity.

How does the current financial environment impact your strategy?

KR: Our strategy is all about focusing on risk and valuing it. The better we can do that, the better our clients perform and the better results we deliver. The current financial environment does not change that strategy; it just changes the variables of the risk / reward calculus. In the end, the winners will be the insurers and reinsurers who can most accurately value risk for the upcoming accident years.

What does specialization mean in a broad line of business such as casualty?

JD: Endurance Reinsurance reviews a wide variety of casualty related businesses, so specialization for us centers on partnering with clients who share our focus on product expertise. We look for companies who have a distinguishable knowledge in their specific area of focus – this can be demonstrated through exceptional underwriting experience, product development, geographic expertise, distribution or market segmentation. We believe our clients’ expertise allows them,

and in turn Endurance Reinsurance, to be more proactive in addressing the dynamics of a competitive market place and we believe these specialty portfolios will be profitable throughout market cycles. At Endurance, we develop long-term relationships and beneficial partnerships and allocate significant resources to our clients to help them meet their business objectives.

KR: I would add that in those targeted lines and segments of the casualty business where we elect to compete, we have built specialty expertise to really understand what it takes to succeed in these segments down to the policy level. This allows our interactions to be additive and we can provide valuable insights to the insurers which benefit both us and them.

How does Endurance differentiate itself from other casualty reinsurers?



JD: It is imperative that a reinsurance company understand their client’s business and this can be more difficult to do with specialty business. You can’t apply a reinsurance template and expect to meet

all of your client’s needs. At Endurance Reinsurance, we spend time with our clients in order to better understand their business. This, coupled with our diverse expertise, enables us to develop unique reinsurance programs that meet both the short and long term objectives of our specialized clients. We also look for ways to provide them with additional services that provide value, such as advisory services from our claims, legal and actuarial teams. Finally, we are very much a “networked” organization.

What does it mean to operate as a ‘networked organization’?

JD: A “networked organization” means that we work seamlessly across lines of business with all our colleagues at Endurance. This provides us with quick and ready access to a wide variety of industry information. “Your Risk is Our Focus” means that every Endurance client, working closely with their underwriting team, has this knowledge at their disposal as well. We have a strong team culture at Endurance and we work together to get the best information in the right people’s hands so that we can get share it with our clients as quickly as possible.