



JUDGING AN OUTSTANDING FIELD

Choosing winners for *The Review Worldwide Reinsurance Awards* is never easy. David Corben summarises the process

This year's entries provoked a very rigorous debate. Views and counter views were well expressed by the judges in all categories. Some in-depth discussions took place and I am satisfied that correct and fair decisions were reached.

Reinsurance Company of the Year was the first category and, as before, it was hotly debated. Out of a number of high quality entries, the panel eventually chose Scor on a split vote. Scor's proven ability to adapt to change and its flexibility in developing new products across a wide spectrum won the day.

The second award, Reinsurance Broking Initiative of the Year, also engendered a lively debate and a very close result. Benfield Greig's ReMetrica II programme, which provides graphical simulation of risk and risk reward ratios, just got the vote. Guy Carpenter's InStrat software for comparative analysis of pricing was highly regarded and deserves a special mention.

As in the past, the panel enjoyed debating the Lifetime Achievement Award. Nominee, Ted Blanch left the room and did not participate in the judging. He was unanimously voted for in light of his major contribution to the industry for more than 40 years at E W Blanch. He was described as a visionary, with an intuitive instinct which is second to none.

Company Launch of the Year is always difficult to judge, as one has to separate publicity and hype from reality and early evidence of success. As such, the panel discussed which enterprise they felt was most likely to make an important contribution to the industry and succeed. A number of entries were eliminated as 'me too-type start-ups'. Max Re emerged a clear winner, providing customised Art solutions over a wide field of primary insurance. It has an impressive list of informed backers and a newly assembled, high quality management team. The company's emphasis on superior



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investment returns by using sophisticated hedge techniques was met with approval.

Professional Service Provider of the Year always attracts a glut of entries and it takes time to decide on a winner. Egecat won with a high degree of consensus. The Oakland, California-based catastrophic risk management consultancy was praised for providing detailed and accurate risk assessment and measurement facilitating a number of well documented placements and securitisations. Egecat's ability to assist clients in re-engineering risk was particularly praised.

Innovation of the Year produced early consensus and an outstanding contender in the Swiss Re New Markets' Princess product. For the first time, re/insurance of a private equity portfolio provided the security to interest several new categories of investors. The idea was described as being "in its own league", having overcome many of the problems foreseen in attracting a wider investor base in smaller and start-up companies. This unanimously voted winner also gave us a new descriptive noun – insuritisations.

Industry Personality of the Year started another interesting debate, combining technical achievement with personal qualities such as leadership and vision. Wilhelm Zeller of Hannover Re emerged as a popular choice. His leadership has seen Hannover Re arrive on the world scene as a major, innovative performer. Zeller's transparent style with investors was ahead of its time and he won support for the great changes he has brought about by taking his company into many new areas. He has been bold in pioneering securitisation bonds for much of his catastrophe exposures. These qualities scored heavily with the judges.

The judges acknowledged that all the entrants in the category of Analyst/Researcher of the Year had completed sterling work during the qualifying period. But they singled out the winner, Samuel Scherling and the Princess deal team at Swiss Re New Markets, based on the excellent analysis that accompanied the Princess private equity deal which scooped Innovation of the Year.

Scherling, a director of Swiss Re New Markets, collected the data for the transaction, and analysed it on an at-risk programme according to a stringent set of criteria. Once again, a unanimous vote.

A new award, Web Site of the Year, was introduced this year. The judges saw demonstrations of a number of web sites. CNA Re scooped this Award for its well laid out and user-friendly offering. The judges felt it enhanced the CNA brand and that much of the regularly updated, in-depth reports added value for many participants in the industry. CNA has set a high benchmark in this new category.

I would like to thank all the judges for their diligence and hard work. Much time was spent reading numerous exhibits. I believe the process was fair and as well informed as possible. Finally, I would like to thank *The Review* for its first class organisation of the event and the background research which so aided the judges. ●



SCOR GROUP

The judges felt Scor deserved to win the award for this category chiefly because of its ability to adapt to change, as well as its consistent, excellent financial performance.

The clincher came in the form of an interesting question: "Imagine yourself to be a cedant, and Armageddon comes. Who do you want in your corner?"

Scor's ability to provide innovative technical and service support has helped the reinsurer to build a well balanced portfolio of property/casualty, life, accident & health and speciality reinsurance products and services.

Scor underlined its reputation for innovation by placing a \$200m cat bond in the capital markets to cover natural catastrophe event exposure. This groundbreaking deal is typical of Scor's approach

The group's ratings, which include an AA from Fitch IBCA, A+ from AM Best, and an AA- from Standard & Poor's, reflect its financial strength and underwriting expertise.

"First class growth in life, accident and health and specialty reinsurance in 1999 softened the impact on our earnings of a low point in the property and casualty reinsurance cycle, and an exceptional spate of natural catastrophes," says chairman and CEO, Jacques Blondeau.

Premium income continued to rise sharply in 1999, with a 62% increase in life, accident and health reinsurance, and by 38% in speciality reinsurance. The latter comprised a 63% rise in non-

traditional reinsurance, credit and surety (up 21%) and big corporate accounts (up 23%).

Net technical reserves, an important factor in the group's financial strength, rose by 23% over 1998 to €6.151m (\$5.6bn). Group net income totalled €98m (\$88.9m).

During the year, Scor underlined its reputation for innovation by placing a \$200m cat bond in the capital markets to cover natural catastrophe event exposures.

The cover, placed through Altas Re, a special purpose vehicle incorporated in Ireland, protects Scor's property and construction portfolio for three years against the occurrence of an earthquake in the US, or Japan, or a severe windstorm in Europe.

The transaction broke new ground in providing multi-year protection across several perils and territories on an indemnity basis, linked only to the actual loss suffered by Scor and without reference to any external index.

The group said it forms an integral part of its risk management process, and reinforces the quality of its

security to clients as well as protecting shareholders' equity.

Scor also reaffirmed its development strategy in the Asia-Pacific region with the opening of a representative office in Beijing. The company says the office will enable it to respond faster to the needs of the Chinese market, which it has been doing business with for more than 30 years. The group was also granted a licence to open a Scor Asia Pacific branch office in the Malaysian financial centre of Labuan.

More expansion took place in the US, where it gained further leverage in the life reinsurance market with a \$155m agreement to acquire PartnerRe Life, the US life subsidiary of Partner Re.



Scor's ability to provide strong technical support has helped it build a balanced portfolio

Grant Thornton

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EQECAT

Eqecat was praised by the judges for “transferring theory into actions and solutions”. This global consulting company provides catastrophic risk management services to re/insurers, financial and non-financial corporations. It licenses catastrophe management software, such as WorldCat – including Eurowind, JapanCat, and USQuake – to re/insurers for use in underwriting, pricing, risk management and risk transfer. Eqecat is headquartered in Oakland, California.

During the qualifying period, Eqecat assisted clients in the transfer of \$500m of catastrophic risk to the capital markets, by providing the risk analysis and investor marketing support to two reinsurers and one

probability. Losses are not dependent on actual losses to Gerling.

The notional portfolio was structured by Gerling to match its underlying exposures in Japan. It enables semi-annual revisions to permit changes stemming in part from the fast changing primary insurance market. This structure attempts to minimise basis risk – the risk that payments under the reinsurance contract will differ from actual losses – while avoiding typical reinsurer indemnity transactions which pose data quality issues and uncertain claims settlement practices.

Score: Eqecat used its Eurowind, USQuake, and JapanQuake risk models to assess the risk to Scor’s European wind exposures, and US and Japanese earthquake exposures in support of a three-year, \$200m catastrophe bond for Atlas Re. Tapping the capital markets with this transaction expanded Scor’s sources of retrocession cover. It also provided fully collateralised security at a price comparable with cover in the retrocession market.

Oriental Land (Tokyo Disneyland): Eqecat provided a probabilistic earthquake risk assessment based on an earthquake magnitude loss trigger for Oriental Land’s theme park in Tokyo in support of a five-year, \$100m risk

transfer (Concentric Ltd) and a parallel five year \$100m contingent credit facility (Circle Maihama Ltd). The transaction enabled Oriental Land to acquire protection for direct and indirect business interruption that was unavailable in traditional insurance markets.

The judges said: “Eqecat’s work is admirable. The company specialises in catastrophe risk analysis, but goes beyond that and accumulates data to actively do something. A very big part of Eqecat is its ability to re-engineer risk to make organisations less risk prone; it has been particularly successful in re-engineering multiple location corporations.”

Eqecat’s work is admirable. The company specialises in catastrophe risk analysis, but it accumulates data to actively do something too. It has been successful in re-engineering multiple location corporations

non-insurer. Eqecat says these transactions expanded the companies’ sources of risk capital, and provided multi-year protection at stable pricing, with fully collateralised loss payments that avoid lengthy claims settlement processes. The clients were:

Gerling Global Re: Using its JapanCat earthquake risk model, Eqecat assessed the risk to a notional reinsurance portfolio located in the Tokyo and Tokai (Shizuoka) regions of Japan in support of a \$100m, five-year risk transfer for Namazu Re. Losses to investors occur when modelled losses to the portfolio exceed a specified attachment point, fixed at a 1% per annum



About the sponsor

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