FEBRUARY 2015

RE-ACT

A U.S. REINSURANCE UNDER 40S AND BERMUDA UNDER 40S RE/INSURANCE GROUP COLLABORATION

RE 40 Under 40s Group, Inc. The U.S. Reinsurance

40s BERMUDA UNDER 40s Re/Insurance Group

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PREDICTIVE MODELING IN LIABILITY: LOOKING FORWARD

BY: GREG VOLL, SWISS RE

Over the past 10-15 years, the casualty community has seen wide developments of predictive modeling efforts in the general liability line. In order to improve risk selection and profitability, we need to achieve our common goals of improved pricing and costing accuracy.

These efforts have taken a variety of forms – with the most common being industry- and class-specific benchmarking, where past claims experience is used to forecast expected loss trends and probabilities. While this reliance on the past has advantages in that it's rooted in specific history, there are disadvantages as well for this approach to liability. The nature of this line – long-tail lags between occurrences and claims, typically upwards of 5-10 years in the excess layers – presents a high risk of social, economic and legal changes, thereby limiting the accuracy in solely using the past to predict the future.

To improve on the status quo, the next wave of liability predictive modeling must focus on anticipating future trends and new developments on both macro and micro levels, rather than relying on past incidents. Such forward-looking modeling efforts are underway in various proprietary forms at a few companies, and are likely to become more widespread and generally accepted over the next decade. While the current predictive modeling tools aren't by any means insufficient, there's clearly significant room for improvement.

This presents our industry with a valuable opportunity. Historically, commercial insurance has been a conservative business. Today, companies could take a proactive and possibly disruptive approach to the current state of predictive modeling. Companies could create substantial long-term marketing and underwriting advantages over their competitors, solidifying leadership positions within the industry, if they took a calculated risk and focused investment approach.

Of course, the risks of pursuing such an opportunity are very real. The implementation timeframe for such model development is years and not months, depending on the resources invested in this development. A multi-pronged approach is necessary, utilizing economic, political, underwriting, actuarial and other associated experts to develop a tool that would be both useful and reliable without putting the company at risk. Such a model will need a robust development process with feedback loops and back-testing for viable implementation.

A great wealth of data is available, but it's not a simple or easy process to bring the data together in a focused or useful manner to create a user-friendly tool for pricing and risk selection. And at the end of the day, failure is always a possibility. The model created may not be accurate at all, which is an unavoidable risk that must be considered. Such developments would represent significant transformation as well as major hurdles from an industry where rapid or wholesale changes aren't often seen. Smaller companies may not be able to afford the investment in the R&D needed to create such models, particularly when there's no guarantee of a payoff at the end.

There is, however, a great need to take the investment risks. There are more threats today than ever to the casualty industry with alternative products, capital and companies entering the risk transfer space. A proactive approach is necessary to remain experts and leaders within this business. The development of forward-looking predictive models is an excellent opportunity to show that the casualty insurance community not only produces meaningfully innovative products but also takes proactive control of the industry's future rather than waiting to react from a disadvantaged position.

Greg Voll is a Senior Product Manager in the global Facultative Casualty Centre at Swiss Re and is based in New York. He has worked in casualty underwriting since 2005 on both the primary and reinsurance side. Greg can be reached at greg_voll@swissre.com for any inquiries.

MEMBER SPOTLIGHT: DUNCAN FRITH

In an effort to become more familiar with our members, we highlight one member in each issue of our newsletter. If you are interested in being interviewed for the Member Spotlight section, please email us at newsletter@reunder40s.org.

Re Under 40s caught up with Duncan Frith, Assistant Underwriter at OCIL. Duncan joined the Bermuda Under 40s Committee in January 2015 having been on the US Market Tour in September 2014.

Here's what he had to say:

Q: How did you get involved with the re/insurance industry? How long have you been in the industry?

A: I became involved in the re/insurance industry back in 2008 when I was offered an internship with XL in their marketing department. I was studying business at the Ohio State University and one of the courses I was taking required a summer internship. At the time I didn't have much direction as to what I wanted to do but I knew a lot of friends and family who had jobs within the re/insurance industry in Bermuda. So, I figured why not look for an internship there - and the rest was history. I completed internships every summer since 2008 and in the summer of 2009, I moved to AWAC and interned there until I graduated in 2011. I started working for OCIL at the end of 2011 and have been here since.

Q: What type of work do you do? How did you get to where you are now, in a nutshell?

A: When I started work for OCIL I had a split role; Business Assistant / Marketer. I worked with the casualty team underwriters helping with policy issuance, etc. while also taking on the marketing initiatives OCIL also had. My current title is Assistant Underwriter with the casualty team, focused more on underwriting with the objective of ultimately passing off my marketing duties. I got to where I am now by concentrating on a particular field within the industry (underwriting) and really focusing my goals and progress towards that field. I am currently sitting for my CPCU exams and should complete them by the end of 2015.

Q: What aspect of your job do you enjoy the most?

A: Currently, what I enjoy the most about my job is learning new things. Whether that be about the company I work for or about a new client from reading their submission or just a particular line of business that I am unfamiliar with. I am still very new to the field of underwriting and still have so much to learn. Its very rewarding to go home at the end of the day having learnt a new concept that directly relates to what I do daily.

Q: Have you had any mentors or anyone who provided useful guidance as you made your way to where you are now? If so, is there anything you learned that you would pass on to others making their way in the industry?

A: I have been fortunate enough to have very helpful guidance along my path. One particular person does comes to mind when you mention a mentor but it wasn't a formal type of mentorship. If I were to pick out what the most useful or memorable advice I have received, it would probably be the fact that you should never rest on your laurels and you will never be 100% ready to begin any endeavor but you can never get there if you never start.

Q: If you weren't working in re/insurance, what would you be doing?

A: Astronomy. I know that sounds nerdy but I am a complete space geek and love using my telescope to gaze into the cosmos.

Q: If you could have any superpower what would it be?

A: To fly or the ability to teleport!

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MEMBER SPOTLIGHT: DUNCAN FRITH

[CONTINUED FROM PAGE 3]

Q: List 5 personal items in your office.

A: Head phones, Advil, cup of Christmas tree pine needles, lots of napkins, and a picture of my friends.

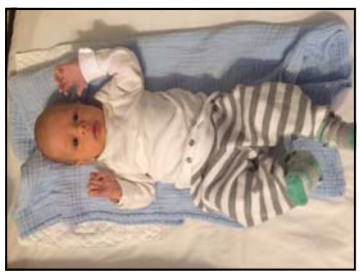
Q: What were the most embarrassing moment and proudest achievement of your career?

A: Most embarrassing moment: first year at my new job my boss, his boss, and a few other co-workers discovered a YouTube video of me and my friends in a spoof music video. They surprised me and played the video in front of me while I ate my lunch at work. Don't even ask me to show you the video! Proudest achievement: not failing any of my CPCU exams to date (knock on wood).

Q: What advice would you give to new professionals entering the re/insurance industry?

A: Begin taking your exams right out of college and complete them as soon as you can. Also, be open to meeting new people and work on your soft communication skills.

THE BERMUDA UNDER 40S GROUP CONGRATULATES ANDREW AND MARINA SHAW...



... ON THE BIRTH OF BABY ROMAN!

- Roman Alexander Shaw
- Born January 26th
- 6lb 13 oz.

HOW CAN YOU SUPPORT U.S. RE UNDER 40S?

We rely on our friends in the industry – people like you – to help support our Group.

On that note, we respectfully ask you if your organization is interested in becoming a sponsor for Re Under 40s. We have received several sponsorships over the years from insurers/reinsurers, brokers, consultants and law firms, but one of our most significant challenges is raising funds (or continued sponsorships) to ensure that the Group can achieve its goals moving forward.

We have several types of sponsorships. Our education events are always sponsored so that our members can attend, and learn, without any cost. Others have made financial contributions by providing funds that we utilize for our operating expenses. We recognize our sponsors at events, in our Newsletter, and on our website. Social events and Tour participation can also be sponsored, and we would be happy to discuss other opportunities with you.

We look forward to your contributions in order to continue to make the U.S. Reinsurance Under 40s Group a cornerstone for ambitious professionals looking to expand their knowledge base and relationships within the (re)insurance industry.

UPCOMING U.S. REUNDER40S EVENTS

EMERGING ISSUES IN (RE)INSURANCE - JOINT EVENT WITH THE NY CHAPTER OF THE CPCU SOCIETY

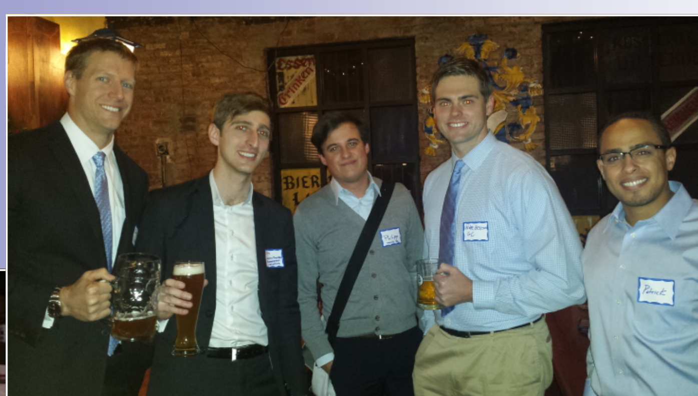
- TODAY—Monday, February 23rd: 5:30pm-8:00pm
- Swiss Re, 55 East 52nd Street, NY, NY

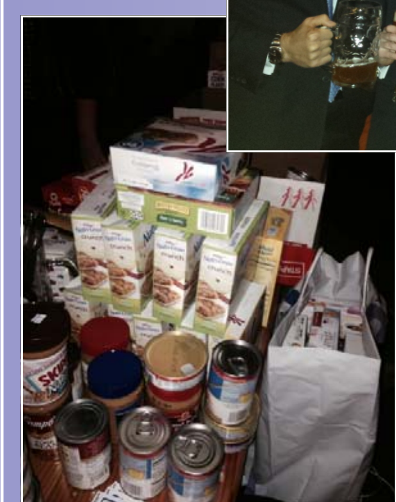
ST. BALDRICK'S HEAD-SHAVING EVENT FOR CHILDHOOD CANCER RESEARCH

- Tuesday, March 17th: 1:00pm-3:30pm
- Jim Brady's Restaurant and Bar, 75 Maiden Lane, NY, NY

U.S. REUNDER40S EVENT RECAP

On November 19, 2014, U.S. Re Under 40s members gathered to support the NYC Food Bank and network with other re(insurance) professionals. The event was one of the most well-attended and well-received social events that U.S. Re Under 40s has ever had, and we hope to keep up the momentum in 2015.





DOES A SUPERCAT LOOM?

BY JAMES FINLAY

Typhoon Neoguri hit Japan in the first days of July 2014 with 155 mile per hour winds and torrential rains.[1] 1.4 Million people were displaced.[2]

While Neoguri was a big storm, it was nothing compared to the massive storms that have hit the Atlantic in the last few years—the biggest being Hurricane Sandy with massive damage of $65 billion.[3] The losses in New York, New Jersey and surrounding states were enormous. More than just Sandy's size, there is a trend that is emerging: The four costliest Atlantic hurricanes in history (Katrina, Sandy, Ike and Wilma) have all hit since 2005. In addition, in four of the five years between 2008 and 2012, there was at least $10 billion in damage due to hurricanes.[4]

The apparent increase in the frequency and severity of hurricanes is often linked to the hotly debated question of whether climate change is increasing the risk of “nat cat” exposures. The concept centers around man-made greenhouse gasses and the way they potentially exacerbate the occurrence and intensity of natural disasters, thereby increasing the number and size of storms and other disasters.[5] If the climate risk theorists are right, natural disasters, especially hurricanes, are getting worse.

This trend, combined with the ever present potential for natural disaster, is enough to cause anyone in the insurance industry anxiety, particularly the property insurers that already manage countless catastrophic risks such as:

- The constant potential for earthquake.
- The recurring droughts hitting the West and Midwest—in 2014, California was hit with one of the most severe droughts on record.[6] This follows over half the country being impacted by drought in late 2012 and into 2013.[7]
- The spring tornado season, which rears its head each year is just weeks away. After this next tornado season, we will again be back to the start of hurricane season.

There is another problem looming—one that is present but less clearly identified: A persistent soft commercial insurance market.[8] Combine the soft market and the increasing frequency of natural disasters and there is a potential for a super catastrophe. That is, catastrophic disaster with inadequate insurance coverages.

A super catastrophe may not happen today, tomorrow, or next month, but if coverages continue to shrink, a storm just a few years down the road could bring with it devastating consequences. Another Katrina or Sandy (or even bigger if you agree with the climate change theorists) combined with a shrunken market 10 or 20 years from now may result in such a super catastrophe. Imagine a bigger Katrina or a Sandy with half the current insurance coverages in place.

Consider that following Hurricane Katrina nearly 20,000 businesses across Louisiana permanently closed.[9] And, of course, companies are not the only entities impacted by disaster. The impact on individuals with limited homeowners and rental coverage would be huge as well. As of 2012, 30% of U.S. households did not have any form of life insurance.[10] If 30% of U.S. households have no life insurance at all, it is easy to imagine that half or more of all households are underinsured across all lines.

A super catastrophe following years of continued shrinking insurance coverage would not just cause businesses to close or residents to relocate in search of homes and jobs. It could drag the economy into the unknown.

Despite the warnings, companies and individuals are less prepared than ever for disaster. A huge part of that equation is not having the money to pay premiums. Fewer and fewer policies means less protection in the form of coverage. The reality is that during economically uncertain times, individuals and corporations need to be more prepared than ever. Like moderate stockpiles of basic supplies like food and water, more insurance coverage is needed as much as any other single provision since it is a key to saving families and businesses following a disaster.

The impact to reinsurers is real as well. The current trend with carriers is to buy less reinsurance, a contributing factor to falling reinsurance prices is the retention of premium dollars in-house.[11] This means that reinsurance as a mechanism to protect insurance carriers against catastrophes is shrinking. This, in turn, makes the whole insurance industry less able to withstand disaster.

Let this be a final thought for insurance companies: consider reversing the trend of buying less reinsurance immediately. Reinsurance, especially catastrophe protection, is important as a protection against disaster.

James Finlay has worked in Property & Casualty Reinsurance for the last 15 years, splitting time among Boston, New York and Philadelphia. He has a BA from Washington College as well as his CPCU, ARM and ARe designations.

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3. USA Today January 25, 2013.
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5. New York Times ‘A Climate Change Skeptic is Unbowed’ July 15, 2013.
6. Los Angeles Times ‘California Drought Continues to Take Heavy Toll August 21, 2014.
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11. Reuters ‘Falling Reinsurance Prices Point to Sector Shake Out’ February 25, 2014.

EXECUTIVE INSIGHTS

U.S. Re Under 40s and Bermuda Under 40s asked Frank T. Harrison, President and CEO of Holborn, and Kathleen Reardon, CEO of Hamilton Re, to share their views regarding the current state of the reinsurance marketplace. We thank Frank and Kathleen for their time, valuable insight, and willingness to contribute to our collaborative newsletter.

INTERVIEW WITH **FRANK T. HARRISON,** PRESIDENT AND CHIEF EXECUTIVE OFFICER, HOLBORN

Q: In todays global (re)insurance market, innovation has become increasingly critical for maintaining a competitive edge. How do you define innovation in the context of (re)insurance and, in your view, where does the industry fall short in that respect?

A: I would define innovation in reinsurance as providing new forms of capital/ protection at affordable prices to insurers that help them manage their own risk and capital.

Reinsurance is falling short with respect to innovation by failing to develop new products to cover certain existing and emerging exposures. The recent experience with the non-renewal of TRIA is an example of reinsurance not being as innovative as it could be. While some insurers were able to buy additional coverage to plug the gap created by the non-renewal of TRIA, some insurers could not get the coverage (at a reasonable price) and opted to go bare. This was an opportunity for the private reinsurance market to capture this part of the market from the government, at least the conventional part of the spectrum. Opportunity blown, at least for now.

With respect to emerging risks, cyber risk is a growing issue for most businesses, and insurers want to offer that coverage (it's a promising growth area for them at a time of falling revenues), but the uncertainty of the scope and magnitude of potential loss for any one insurer is limiting their ability to take advantage of this opportunity. Reinsurers could play a critical role in helping insurers deal with that uncertainty by helping to spread it across multiple balance sheets.

Q: Conversely, in your view, what was the (re)insurance industry's greatest achievement in innovation during the past 18 to 24 months?

A: The greatest achievement of the last 18 to 24 months has been the rapid integration of new capital into reinsurance. This has been accomplished in two ways: (1) the sheer amount of new capital and (2) the new products this new capital are willing to offer. As of year-end 2014, the new capital represented approximately 20% of the global property catastrophe capacity by some estimates, a staggering development. This new capital has come into the industry via more traditional forms (rather than via cat bonds, which have had their own growth spurt as well), which broadens their reach and ease of use.

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INTERVIEW WITH **KATHLEEN REARDON,** CHIEF EXECUTIVE OFFICER, HAMILTON RE

Q: In today's global (re)insurance market, innovation has become increasingly critical for maintaining a competitive edge. How do you define innovation in the context of (re)insurance and, in your view, where does the industry fall short in that respect?

A: Innovation in re/insurance doesn't have a different definition than it does in other industries. New product or service solutions, or a new way of doing business, are considered innovative in re/insurance, just as they are in other industries.

However, given current market conditions, there is a critical need to bring new ideas to the reinsurance table. With the ongoing infusion of alternative capital, the ever-morphing challenge of new risks like cyber security and climate change, and the escalating rate of convergence, it's imperative for reinsurers to adapt and execute quickly and efficiently, ensuring they provide value to their clients. This includes making sure their capital and products are relevant and that their underwriting skills are second to none. And the foundation for enabling innovation is technology, today's game-changing arrow in a reinsurer's quiver.

Given the re/insurance industry's traditionally conservative position, and the drag that legacy systems can place on being quick and responsive, "innovation" and "re/insurance" can seem to be an oxymoron. I don't agree. I believe there's great scope for innovation in our industry if we're willing to embrace change.

Q: Conversely, in your view, what was the (re)insurance industry's greatest achievement in innovation during the past 18 to 24 months?

A: Re/insurers and brokers alike are thinking of new ways to add value. One example over the last year or so has been the creation of several consortiums where a group of re/insurers agree to underwriting criteria and terms in advance and accept a portfolio of business on that basis. Clients may find this guaranteed large block of capacity attractive when filling their placement. Re/insurers may find the binding agreement more efficient with their resources. The brokers are the facilitators in the middle.

Several Lloyd's syndicates have also been on the forefront of innovation by assisting new entrants into Lloyd's by forming Special Purpose Syndicates. This has allowed companies from markets such as Asia to consider a permanent presence at Lloyd's.

EXECUTIVE INSIGHTS

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INTERVIEW WITH **FRANK T. HARRISON**

This dramatic increase in capacity, along with an on-going benign catastrophe environment, has driven down rates and contributed to a deepening soft market.

This new capacity is not only putting pressure on rates, it is offering new products and structures. For example, reinsurers are offering cascading coverage, hybrid occurrence-aggregate covers and are broadening coverage terms such as hours clauses and reinstatement provisions. Multiple year policies are now a part of the mainstream.

All of this benefits reinsurers' clients – they get better coverage for less. Many of our clients are using the savings and the flexibility to expand limit and fill in perceived gaps in coverage.

Q: The demand for innovation is not limited to a (re)insurer's product and service offerings. Instead, innovation must be fostered throughout an enterprise, potentially affecting risk management, marketing, capital management, and financial reporting, to name a few. Based on your experience, where will the (re)insurance industry see the greatest achievements in innovation over the next 18 to 24 months?

A: With the influx of new capital, traditional reinsurers will have to change their fundamental business strategies with respect to return expectations. As respects returns, as mentioned above, the new capital has been partially responsible for driving down property catastrophe reinsurance rates (and rates in other areas as part of a knock-on effect). The other driver of the soft market is the benign catastrophe loss experience. As such, many of the new capital providers have not had to deal with losses – paying claims, dealing with the basis risk of modeled versus actual loss, investor expectations, etc.

I believe the new capital needs to be tested and needs to settle in before we see substantial further innovation. Reinsurance brokers, on the other hand, continue to assist clients in a multitude of ways to achieve clients' targets. At Holborn, we work carefully with each client and build tools as necessary to produce a highly customized service offering to match the goals and objectives of the client. Enterprise risk management, regulatory (including Own Risk Solvency Assessment – "ORSA"), capital management, rating and modeling tools and so on, continue to become more sophisticated and highly customized in their use, client-by-client. The development and use of these tools is where we will see the greatest innovation in the next 18-24 months.

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INTERVIEW WITH **KATHLEEN REARDON**

Q: The demand for innovation is not limited to a (re)insurer's product and service offerings. Instead, innovation must be fostered throughout an enterprise, potentially affecting risk management, marketing, capital management, and financial reporting, to name a few. Based on your experience, where will the (re)insurance industry see the greatest achievements in innovation over the next 18 to 24 months?

A: Given the significant uptick in M&A activity in the last 12 months, and the expectation that this is likely to continue, reinsurers face at least a year or two of rapid adaptation - either from being a monoline, stand-alone operation or as the reinsurance arm of an international enterprise that's executing a strategic plan of diversification by product and geography.

In each scenario, there's a new normal for management, staff and operations. The greatest achievements will come from the manner in which the re/insurance industry successfully navigates operational and cultural change.

Q: In the area of "cyber" risks, the focus has largely been on data breaches and theft of personal information. With the recent high-profile data breaches and allegations of state-sponsored hacking, what are your thoughts with regard to how "cyber" exposures may develop, and the subsequent implications for (re)insurers?

A: Cyber risk is a daunting challenge. With exponential advances in technology, we barely master our understanding of one type of cyber risk before it's replaced by another, unanticipated one. Hamilton Insurance Group CEO, Brian Duperreault, has referred to cyber risk as a war, and has noted that, just as with war, it might be that there are some types of cyber risk that we can't underwrite. At least in the short term, this may be one category of risk that is largely retained by the insured rather than ceded to the reinsurer.

Q: Below average catastrophe claims over the last few years have left the industry with higher than expected profits and accumulated capital, while a low interest rate investment environment continues to attract alternative capital to the sector. In light of this, do you anticipate increased M&A activity in the sector and if so, what does that mean for the industry in the near to medium term?

A: Yes, I do anticipate that the recent surge in M&A activity will continue. Alternative capital is here to stay. This will mean unrelenting pressure on the few remaining monoline reinsurers, increased competition between the very large companies that are being formed, and a redefinition of the way we do business – in short, a seismic shift in the re/insurance landscape.

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EXECUTIVE INSIGHTS

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INTERVIEW WITH **FRANK T. HARRISON**

Q: In the area of "cyber" risks, the focus has largely been on data breaches and theft of personal information. With the recent high-profile data breaches and allegations of state-sponsored hacking, what are your thoughts with regard to how "cyber" exposures may develop, and the subsequent implications for (re)insurers?

A: While security breaches and theft of personal information is getting all the press, this risk will eventually impact most lines of business – either in business interruption losses or property and casualty. With respect to BI, hackers could interrupt business through denial of service attacks (preventing customers from accessing the company) or by disrupting critical manufacturing processes (most of which are partially or fully automated). Hackers could also steal or otherwise prevent a company getting to critical data and then proceed to extort the company to get it back. There may be no physical damage in these events, so the definition of loss occurrence might have to evolve.

Hackers may, either intentionally or not, knock-out systems that control temperature, fire control or other essential processes, resulting in physical damage to a plant, injury to workers or to third parties. With the advent of driver assistance systems in cars, hackers could commandeer a vehicle resulting in an auto physical damage claim, liability and, if the person driving is on the job, workers' compensation claims. While the cyber claims of the future will create more traditional claims, it's unclear whether the insurance policies of today will provide coverage for the losses.

The motivation for these attacks will vary from terrorism to commercial interests to just plain pranksterism. In any case, the why and who may be impossible to determine, which may influence whether the insurance coverage applies. Reinsurers will have to accept broader definitions of loss occurrence or causes of loss and certain exclusions may have to be either eliminated or modified significantly to keep pace with this growing threat (and opportunity).

Q: Below average catastrophe claims over the last few years have left the industry with higher than expected profits and accumulated capital, while a low interest rate investment environment continues to attract alternative capital to the sector. In light of this, do you anticipate increased M&A activity in the sector and if so, what does that mean for the industry in the near to medium term?

A: At present, I believe we are merely witnessing a continuance of the unavoidable march in the evolution of the Financial Services industry. We have already seen in our lifetime a massive consolidation among retail, commercial and investment banks; accounting firms; stock and bond brokers; insurance and reinsurance brokers; insurers and reinsurers. The latest chapter involves reinsurer combinations (Partner/Axis, XL/Catlin, Ren/Platinum). Undoubtedly, there is more to come.

We live in a cyclical business and certain phases of the cycle, such as the current one, tend to accelerate the consolidation process. Our industry also tends to adopt a "herd mentality." Recent merger announcements are likely producing an awakening or even a panic on the senior floors of reinsurance companies who fear the new combinations create a new paradigm, one where the remaining (smaller) players may not be able to compete. I am betting some will rush into the arms of others as a consequence. Of course, human behavior is tough to predict. It is a fool's game to guess as to which companies might ultimately tie the knot.

But make no mistake about it – consolidation in financial services has been occurring for decades, and will continue in the coming decades, and it most certainly includes the insurance/reinsurance arena.

At the end of the day, fewer people will transact the business. Usually, coinciding with consolidation, technology creates efficiencies and, usually (but not always) the consumer benefits. Improvements in technology, coupled with consolidation, has, in fact, produced lower prices for the consumer in the financial services arena, but it has also produced homogeneity in products and few providers - better prices, but fewer choices.

As in the past, the consolidation phase will pass and new, smaller, more nimble competitors will emerge to offer specialized services and more choice. A new cycle begins and, inevitably over time, the new, smaller companies begin to consolidate. The cycle never ends.

All that said, I believe significant opportunity exists today and will always exist for client focused, advocacy-based organizations. People (and businesses) pay for good advice. People pay for those who "have their back." People value trust-based relationships and they value those they can count on. They also value consistent behavior in the folks and organizations with whom they trade. These things will never change and should reside at the core of every business plan in our industry.

My own company, Holborn, has remained independent for 95 years – something we are quite proud of. We have benefitted from the consolidation movement among the reinsurance brokers by having acquired culturally compatible clients and key staff. More importantly, our clients tell us they prefer our independence. Our place in the market gives them choice, and our privately-held, independent status allows us to solely focus on their interests.

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EXECUTIVE INSIGHTS

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INTERVIEW WITH **FRANK T. HARRISON**

Q: If you could sum it up in a few sentences, how did you get where you are today in your career, and what advice would you give young professionals who are embarking on careers in re/insurance?

A: As the saying goes, "it's better to be lucky than good!" I have been blessed by being able to stand on the shoulders of giants. I have been surrounded by talented, driven, entrepreneurial-minded associates, all of whom believe in our crusade. It is hard to fail when surrounded by extraordinary talent. It helps you focus.

As far as advice for those embarking on a career in our industry, please know that your reputation is sacrosanct and must be protected and preserved no matter what. Do not rush your progress. Do not cut corners. Learn always. Do not compromise your standards or integrity. Ask questions, express ignorance, and, remember, a team will beat an individual every time!

Finally, understand that failure and rejection is a very natural part of life. I have often thought that my career "failure rate" established a new standard for mankind! I've never liked failure, of course, but I also never allowed it to interfere with my desire to succeed. Fear hasn't gotten in the way. I have often said that, somehow, I have had some success despite my ineptitude! I am living proof that success in our industry is more about "will" than "skill!" Resources are available, you need to commandeer them.

I have also been fortunate to work at Holborn these past 26 years. My employer (Holborn) is a rock solid organization with a long-term focus where internal politics are minimized, and where there is zero concern over quarterly earnings. There is a symbiotic relationship between employer/employee where each is highly faithful to the other allowing a pure focus on servicing clients and building for the future. I found the perfect home for me, a team-oriented company. I encourage you to do the same. Try to make sure that your company's goals and culture match up with those of your own to the extent you can. It helps to befriend the key decision-makers. Find out what makes them tick. What are their motivations? Do they take a long term view? Do they simply want to strike it rich quick? Are they focused? And, perhaps, more important of all, do they care about you?

Q: Finally, if television aired a special called "A Day in the Life of You," what would viewers see as it relates to your day-to-day work?

A: Instead of a special called "A Day in the Life of You," I would recommend a series where viewers would see a number of highly entertaining shows where no two episodes are even remotely the same. These shows would be shot all over the country – all over the world in fact. They would include glamorous places like Madrid and London. Some shows would be shot in small towns like Owatonna, MN and Grinnell, IA. Each episode would include professional meetings with senior executives of insurance company clients discussing their businesses, trends and strategic direction. But each episode would also include warm social engagements ranging from lively dinners to sporting events to late night discussions over a nightcap.

Some shows would focus on negotiations with reinsurers, while others would highlight internal meetings and strategy sessions on client and prospective clients, related issues and on Holborn specific issues like personnel and what needs to be done to secure our future.

Every episode would show me as Holborn's CEO working with colleagues internally, and keeping a "hands on" approach in all aspects of the company. It would also show me working with folks in every department. That's the beauty of working at a comparatively small but power-packed organization. We work daily on a vast assortment of issues with a wide array of clients domiciled all over the country. These include insurers that are large and small; global, national, regional; stock, mutual, reciprocal and also specialists. We enjoy warm relationships with the clients we serve, many have been with us for decades. They are like family to us. And no two days are ever the same.

Essentially, each show would include me working with talented people whom I like and trust, and have built relationships with over decades. Each show would see me interacting with a diverse group of people from our clients, reinsurers, outside trading partners (attorneys, auditors, bankers) and my associates at Holborn, including my Board.

I can assure you with all the characters I come across, there is never a dull moment! Each episode would take on a life of its own. The writers of the show would have a blast with the storylines and actors that I deal with routinely!

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A Wharton graduate with more than 30 years in the reinsurance industry, Frank T. Harrison serves as chairman of the board, president and CEO of New York-based Holborn Corporation, which he joined in 1989 as an assistant vice president. A former world-class decathlete and competitor in the Olympic decathlon trials, Frank now serves on the board of the U.S. Athletic Trust, a nonprofit organization that raises money for aspiring Olympic athletes.
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EXECUTIVE INSIGHTS

[CONTINUED FROM PAGE 8]

INTERVIEW WITH **KATHLEEN REARDON**

Q: If you could sum it up in a few sentences, how did you get where you are today in your career, and what advice would you give young professionals who are embarking on careers in re/insurance?

A: I got to where I am today by working hard, making sure I had the necessary qualifications, and volunteering for assignments that provided me with the opportunity to grow and stretch. I'm a firm believer in being your own advocate and never assuming that you can't accomplish what you set your mind to. Be clear about what you want to achieve, find out what's required, and keep focused on your goal.

Q: Finally, if television aired a special called "A Day in the Life of You," what would viewers see as it relates to your day-to-day work?

A: You would feel an energy, see a desire to make a difference, and sense that I am proud of what I am accomplishing. I have a passion for what I do and I have fun doing it.

Behind the scenes, you would find a solid support system: at work, it's my boss and my peers, and at home, it's my husband. They all help to make what I do possible, and I'm grateful to all of them.

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Kathleen Reardon is a member of the founding management team and has 20 years of (re)insurance industry experience.

From November 2005 to October 2012, Kathleen served as Chief Underwriting Officer SVP for ACE Tempest Re Bermuda's International Property Catastrophe reinsurance business. Prior to joining ACE Tempest Re, Kathleen worked from 2000 to 2005 at ACE Financial Solutions International, first as AVP Underwriting and then as VP Underwriting.

Before moving to Bermuda, Kathleen held various actuarial roles at ACE USA following ACE Limited's acquisition of CIGNA's P&C business in 1999. Kathleen began her career at CIGNA in 1994 as an actuarial assistant.

Kathleen is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. She received a Bachelor's Degree in Mathematics from Drexel University, Philadelphia, Pennsylvania.

BERMUDA UNDER 40S UPCOMING EVENTS

- THURSDAY, FEBRUARY 27th: AGM @ Café Ten
- THURSDAY, MARCH 5th:

SHOT in the DARK

Night Golf and Wine Tasting Event @ Turtle Hill
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THE ReUnder40s RETURNS TO LONDON!

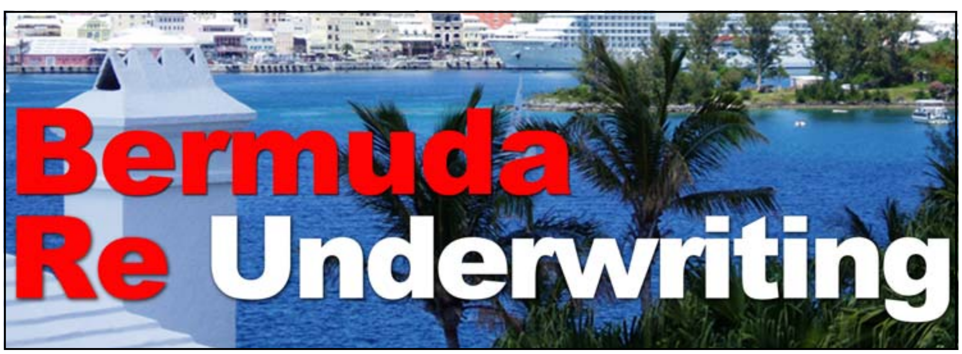
For the past three years, members of the U.S. Reinsurance Under 40s Group have participated in a tour of a significant (re)insurance marketplace including London, Munich, Zurich, and Bermuda. Each tour provided an invaluable educational and networking experience. On March 29th, 2015, the group returns to London!

★ For additional information, please contact tour@reunder40s.org. ★

The Reinsurance Association of America is bringing a completely new ReUnderwriting Program to Bermuda :

ReUnderwriting: Facing the Future: Emerging Issues, Risks and Opportunities

March 11-12, 2015 / Hamilton, Bermuda



The reinsurance industry is undergoing a period of rapid evolution as technology, social change and new financial alternatives require fresh approaches to risk assumption, management and avoidance. ReUnderwriting's completely new curriculum is designed to help both younger and more experienced (re)insurance professionals understand the challenges facing the industry from an underwriting perspective. Experts will discuss emerging exposures, legal developments and risk management methods. Industry leaders will share their insight into the importance of these emerging risks as well as the future of reinsurance.

ReUnderwriting awards CLE, CPE and CPD continuing education credits. Contact Ann-Marie Mwombela (mwombela@reinsurance.org) with questions about the program.

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