

Building the partnerships of tomorrow

How has Endurance responded to the sustained soft market to better support clients?

Considering the cyclical nature of our industry, Endurance Worldwide Reinsurance's objective has always been to build a reinsurance portfolio capable of both surviving and outperforming in this type of market. We take a long-term view of our relationships and the segments we support as it's very important for us to be able to provide our core clients with a consistent approach to their reinsurance needs. As a result, we continue to be very successful in retaining key clients and maintaining our partnerships through the market cycle.

While targeting clients with well-defined risk appetites and critical market and product knowledge, we also make sure that we understand the dynamics of their business. Our teams spend a lot of time with our partners to determine how we can offer assistance, whether from an underwriting, actuarial, claims or legal perspective. This enables us to work together with our clients and brokers to find solutions for any issue they may face.

Given current market conditions, what advice do you have for insurers?

First and foremost, I would advise insurers to build both a multi-line as well as multi-disciplined approach to the business. We were committed from the onset to integrating underwriting, actuarial, claims and legal expertise into all

our analytics, as we believe one needs to take a holistic view of the business in order to succeed. In addition, the ability to underwrite varied lines of business enables us to better meet the needs of our expanding client base. Our most successful clients have similar models that allow them to differentiate themselves in their particular markets.

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Are there any other characteristics of excellent insurance partners?

Technology continues to be a significant differentiator as well. Companies who can provide their product in a timely manner, maximise the knowledge gained from their data, and do so in a cost effective manner will likely have a sustainable advantage going forward.

Have the frequent and severe cat events over the past year changed insurers approach to risk selection?

That is still being played out and will likely take some time

to be determined. We may witness some companies withdraw from cat exposed ancillary lines to focus more in their core segments. In addition to the recent cat events, our industry is also impacted by catastrophe modelling updates that are increasing projected PMLs, a dynamic that needs to be addressed as well. Capital, while seemingly still abundant, is increasingly more precious, and companies will need to reevaluate the risk/reward decisions in those areas that have been affected.

Has the focus on ERM increased as a risk management tool?

Yes, our industry is becoming increasingly complicated with considerably more exposures to face, so Enterprise Risk Management has emerged as a critical investment for successful companies. We're very proud of the ERM processes that we have developed across our company to quantify and address our exposures. This required a tremendous amount of resources to build as well as a strong commitment to incorporate these processes effectively within our culture. As a service to our clients, we have organized several ERM seminars to share our experience and knowledge with them.

What emerging issues is Endurance tracking?

Endurance takes a very proactive approach to tracking emerging issues as a source of underwriting knowledge and as such, in addition to the

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focus on emerging property cat models, we also continuously monitor casualty liability areas where there is potential for systemic risk. While emerging casualty risks are dynamic, diverse and numerous, they are also poorly understood and largely unmanaged by some companies. Endurance has been working with the scientific community to understand and categorise these risks and then develop analytical methods to identify and manage potential wide-scale litigation which can trigger large casualty losses. Casualty portfolios are broad in scope and are likely to be affected at multiple points in the commerce chain with varying exposure settings, coverage triggers and potentially diverse allegations of harm. By taking a front-windshield approach rather than a claims-focused, rear-view mirror perspective, we are able to make better informed decisions and hopefully anticipate that 'needle in the haystack' risk before viewing it on the news. ■