

2013 FLASPÖHLER SURVEY™

EXECUTIVE SUMMARY OF FINDINGS

Cedants Evaluate Reinsurers

(Non-Life / North America)

Results from 1186 Cedants



FLASPÖHLER
RESEARCH GROUP

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This Executive Summary of Findings is produced specifically for the use of survey respondents, in part as a token of appreciation for your continued commitment to this survey. Please accept our sincere gratitude for your support.

ABOUT THE STUDY

The **2013 Flaspöhler Survey™: Cedants Evaluate Reinsurers (Non-Life / N.A.)** was initiated in 1993 as a biennial study of cedant perceptions about non-life reinsurers and important reinsurance selection and usage topics.

The 2013 survey consisted of about 40 questions concerning reinsurer utilization, perceptions of reinsurers, overall satisfaction, reinsurer evaluation factors, broker vs. direct ceding and other pertinent topics. Forty-two (42) reinsurers were evaluated:

- | | |
|--------------------------|-----------------------------|
| 1. ACE Tempest Re | 22. Lancashire Re |
| 2. Alterra Re | 23. Lloyd's |
| 3. Arch Re (Bermuda) | 24. Maiden Re |
| 4. Arch Re (Facultative) | 25. Mapfre Re |
| 5. Arch Re (U.S.) | 26. Montpelier Re (Bermuda) |
| 6. Argo (Peleus) | 27. Montpelier Re (U.S.) |
| 7. Arial Re | 28. Munich Re America |
| 8. Aspen Re | 29. Odyssey Re |
| 9. AWAC | 30. PartnerRe (U.S.) |
| 10. Axis Re (U.S.) | 31. Platinum UWs |
| 11. Berkley Re America | 32. QBE Re |
| 12. Catlin (Bermuda) | 33. R+V Re |
| 13. Catlin (U.S.) | 34. RenaissanceRe |
| 14. EMC Re | 35. SCOR Global P&C |
| 15. Endurance Re | 36. Gen Re |
| 16. Everest Re (Bermuda) | 37. Toa Re |
| 17. Everest Re (U.S.) | 38. Tokio Millennium Re |
| 18. Gen Re | 39. TransRe |
| 19. Hannover Re | 40. Validus Re |
| 20. Hiscox | 41. White Mountains Re |
| 21. Ironshore Re | 42. XL Re America |

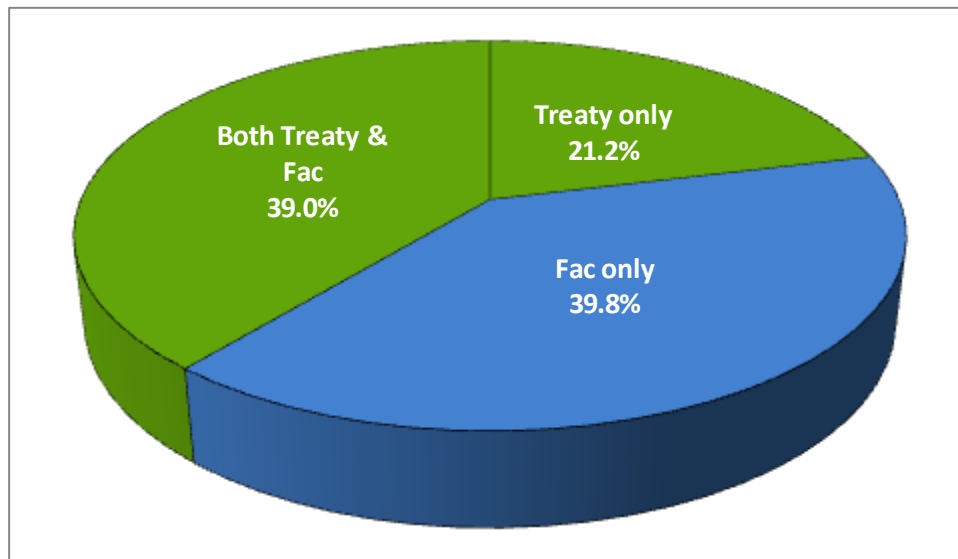
These survey results are based on interviews with 1186 cedants, representing 487 companies. The overall results of this study are accurate to within $\pm 2.52\%$ at a 95% level of confidence.

When we asked survey respondents ***Do you have the impression that the information collected in this survey provides reinsurers with what they need to improve the way they do business?***, nine out of ten cedants replied affirmatively. Thank you again for your vote of confidence.

RESULTS SEGMENTATION

What reinsurance products are you responsible for?

Cedants were given the options *Treaty Only*, *Facultative Only* and *Both Treaty and Facultative*. About 60% place treaty business (in green) and the remaining 40% place facultative only (in blue).



This Executive Summary is divided into two sections: "Treaty" and "Fac Only."

"Treaty" refers to those respondents who identified themselves as having treaty responsibility. "Fac Only" refers to those respondents who identified themselves as responsible for only facultative, with no treaty responsibilities at all.

For responses from the **Treaty** group, refer to page 3.

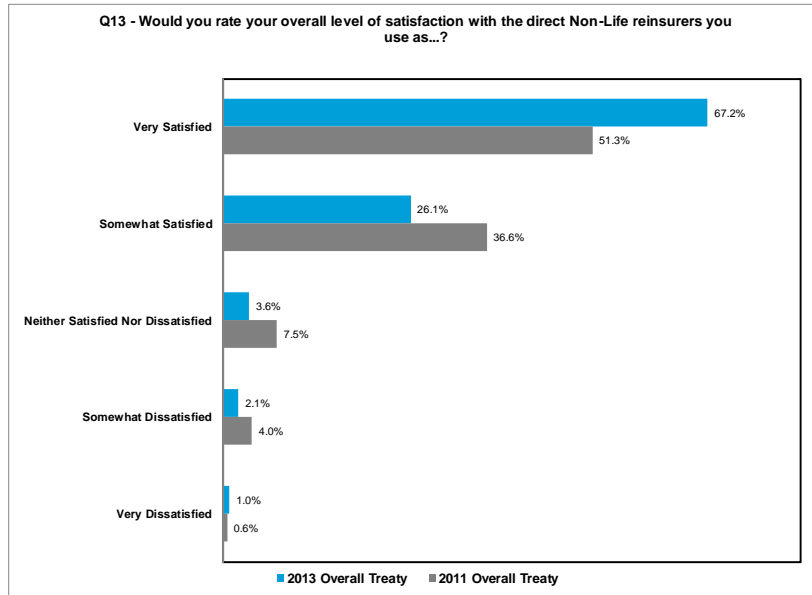
For responses from the **Facultative Only** group, refer to page 17.

TREATY RESULTS

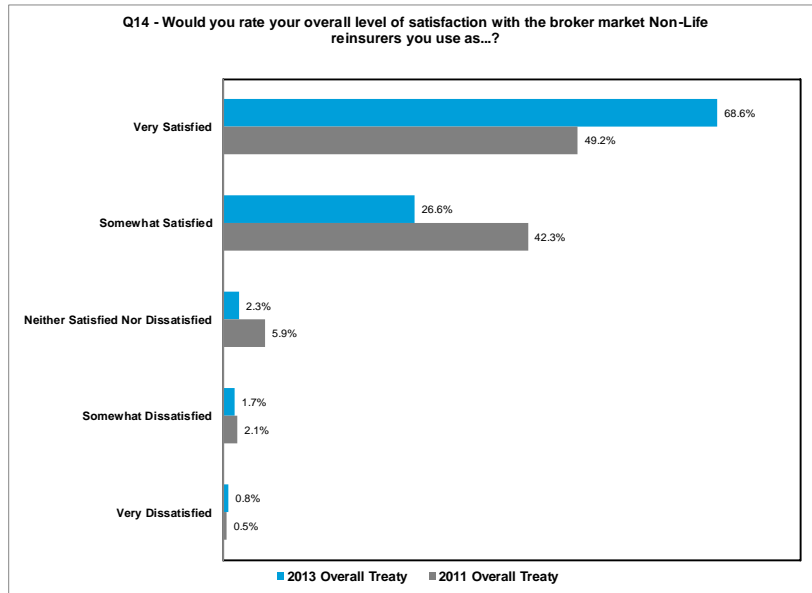
SATISFACTION

Would you rate your overall level of satisfaction with the direct/broker market P&C reinsurers you use as...?

Two-thirds (67.2%) of treaty cedants are **Very Satisfied** with the direct reinsurers they use.

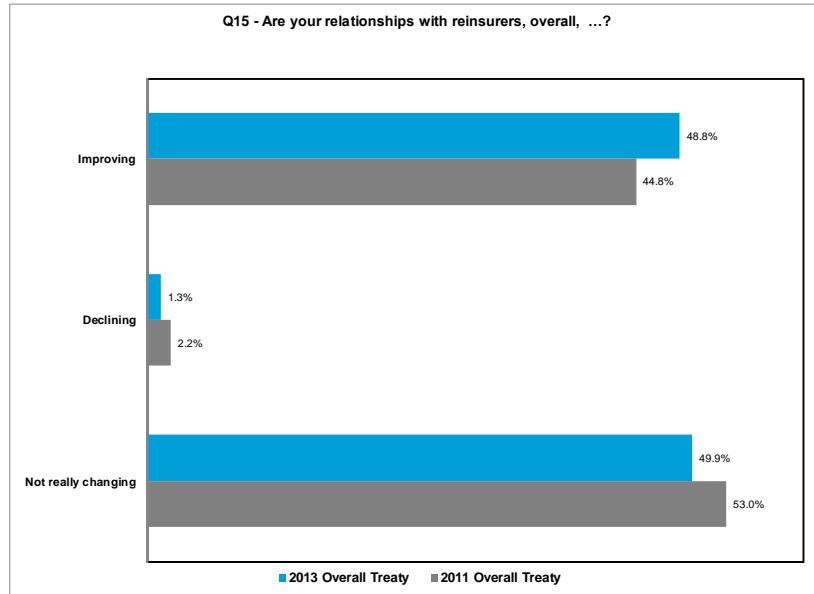


Two-thirds (68.6%) are **Very Satisfied** with the broker market reinsurers they use.



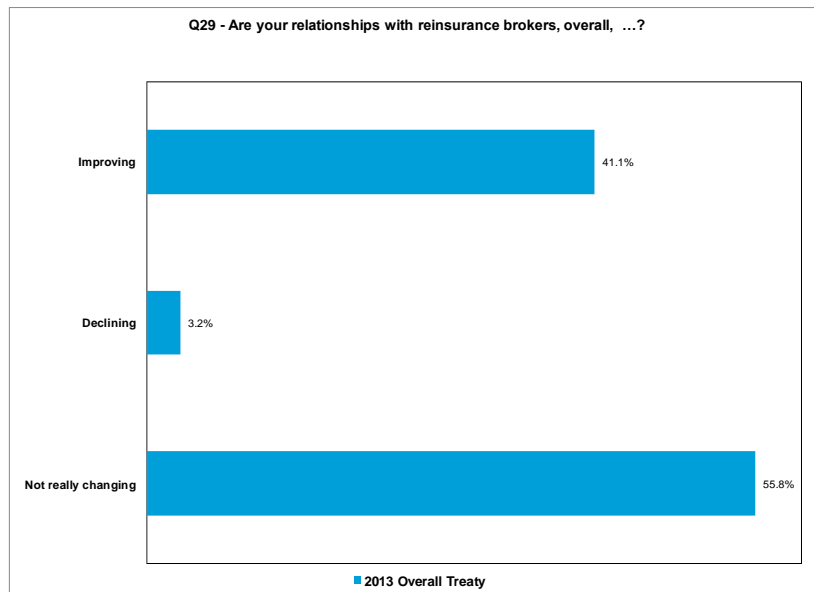
Are your relationships with reinsurers, overall, ...?

One half (48.8%) of treaty cedants indicated that relationships with reinsurers are improving.



Are your relationships with reinsurance brokers, overall, ...? (new question)

Just under half (41.1%) believe that relationships with brokers are improving.

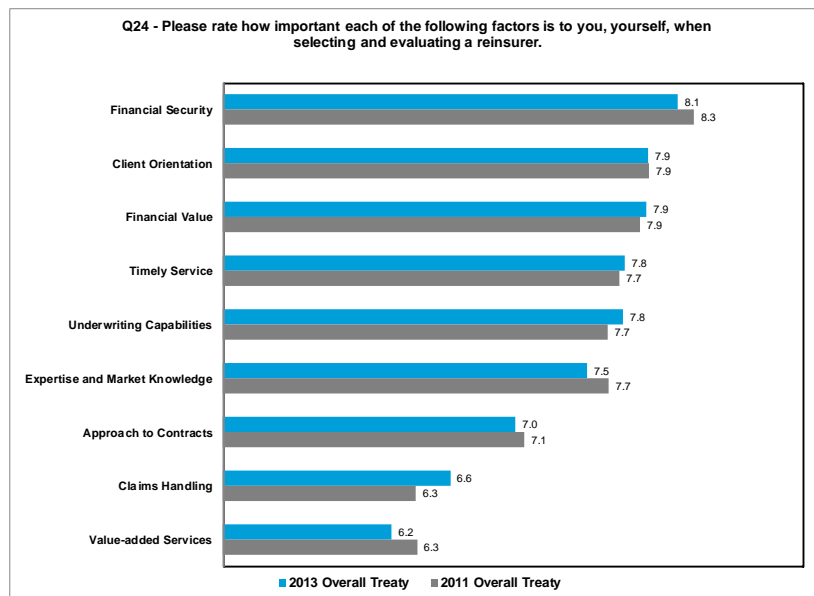


IMPORTANT REINSURER EVALUATION AND SELECTION FACTORS

Treaty cedants were asked to rate the importance of each factor in their evaluation of a reinsurer.

Underwriting Capabilities	<ul style="list-style-type: none"> • Underwriters who are easily accessible; Underwriters you respect and trust • Consistent in their underwriting decisions; UWs with authority to make decisions • UW philosophy compatible with yours
Financial Value	<ul style="list-style-type: none"> • Offers pricing that is consistent with the services and security provided • Differentiate clients based on clients' own inception-to-date experience • Offers insurance cover and service package which adds value to your company
Financial Security	<ul style="list-style-type: none"> • Is highly rated by objective rating agencies; Is free of legacy issues • Is reviewed and approved by your security committee
Client Orientation	<ul style="list-style-type: none"> • Teams who understand your business; Geared to providing solutions; Negotiates openly • Marketing reps who bring value through regular contact; Is easy to work with • Genuinely cares about a long-standing business relationship
Expertise & Market Knowledge	<ul style="list-style-type: none"> • Staff with strong technical expertise to understand your business • Is innovative and creative in putting together solutions • Superior knowledge in lines of business that interest you • Tailor made risk mgt solutions; Demonstrates leadership in risk mgt
Timely Service	<ul style="list-style-type: none"> • Provides timely quotes; Returns calls promptly; Provides timely handling of all documents
Value-Added Services	<ul style="list-style-type: none"> • Claims services and consulting; UW services and consulting • Actuarial services and consulting; General business services and consulting • Non-risk transfer services and consulting; NatCat Modeling services • Enterprise Risk Management Services
Claims Handling Ability	<ul style="list-style-type: none"> • Claims expertise you don't have in house; Pays claims in a timely manner • A reasonable and collaborative approach to paying claims • Competent support in claims handling; Assistance in rejecting unjustified claims
Approach To Contracts & Contract Wording	<ul style="list-style-type: none"> • Assistance in drafting wording

The factor **Financial Security** was again rated (9 = *Very Important* / 1 = *Not important*) as the most important by treaty cedants.



BEST REINSURERS BY FACTOR

Treaty cedants rated reinsurers they were familiar with, according to the factors on the previous page that they, themselves, felt were important.

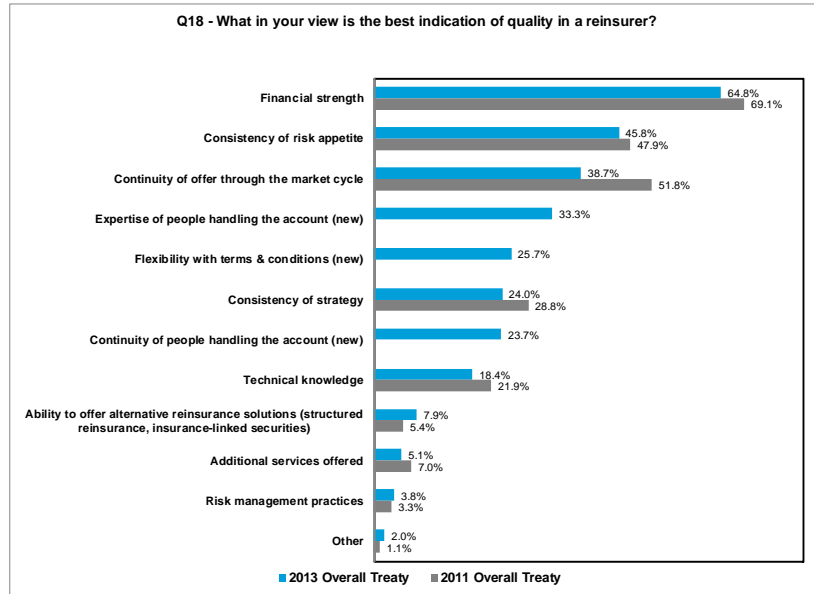
The top rated reinsurers for each of the factors is listed below, in alphabetical order, with the best reinsurer on each factor identified in green.

Underwriting Capabilities RenaissanceRe	Financial Value Munich Re America	Approach to Contracts R+V Re (tie) SCOR Global P&C
Gen Re	Gen Re	Arial Re
Hannover Re	Hannover Re	Hannover Re
Hiscox	Lloyd's	Maiden Re
Lloyd's	R+V Re	Montpelier Re (Bda)
Montpelier Re (Bda)	RenaissanceRe	Montpelier Re (U.S.)
Munich Re America	Swiss Re America	RenaissanceRe
Swiss Re America	Toa Re	Toa Re
Toa Re	Tokio Millennium Re	Tokio Millennium Re
TransRe	TransRe	
Financial Security Gen Re (tie) Munich Re America	Client Orientation Maiden Re	Claims Handling Gen Re
Hannover Re	Gen Re	Arch Re (Bda)
Lloyd's	Hannover Re	Hannover Re
PartnerRe (U.S.)	Montpelier Re (Bda)	Maiden Re
R+V Re	Munich Re America	Montpelier Re (Bda)
RenaissanceRe	R+V Re	Munich Re America
Swiss Re America	RenaissanceRe	RenaissanceRe
Tokio Millennium Re	Swiss Re America	Swiss Re America
TransRe	Toa Re	Toa Re
	TransRe	TransRe
Expertise & Mkt Knowledge RenaissanceRe	Timely Service Toa Re	Value-Added Services Maiden Re
Gen Re	Gen Re	Arch Re (U.S.)
Hannover Re	Hannover Re	Gen Re
Lloyd's	Maiden Re	Hannover Re
Munich Re America	Montpelier Re (Bda)	Munich Re America
PartnerRe (U.S.)	Platinum UWs	R+V Re
Swiss Re America	R+V Re	RenaissanceRe
Toa Re	RenaissanceRe	Swiss Re America
TransRe	Tokio Millennium Re	Toa Re
Validus Re	TransRe	TransRe

OTHER EVALUATION CATEGORIES

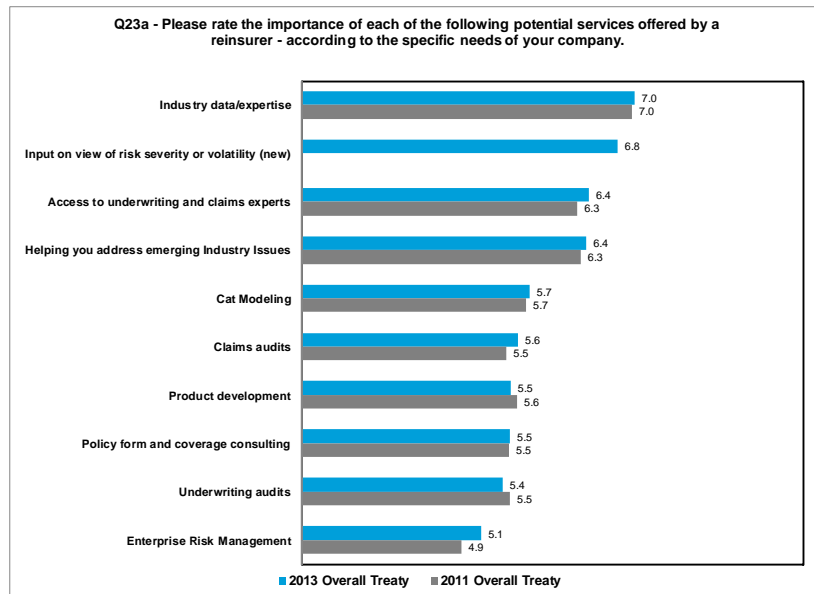
What in your view is the best indication of quality in a reinsurer?

Two-thirds of treaty cedants view **Financial Strength** (64.8%) as the best indication of quality.



Please rate the importance of each of the following potential services offered by a reinsurer - according to the specific needs of your company. (9 = Very Important / 1 = Not important)

Industry data/expertise was rated as the most important service by treaty respondents.



BEST REINSURERS BY VOTE AND BY RATING

Treaty cedants were asked to name the reinsurers that are “the best, overall” (up to ten reinsurers could be selected). The top voted reinsurers are shown next, in order.

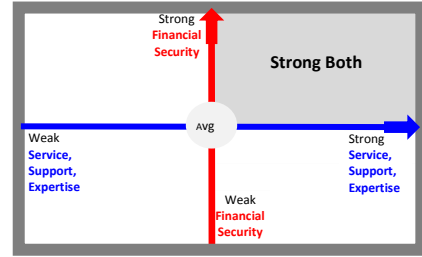
Voted Best (in order)	
1.	Swiss Re America
2.	Munich Re America
3.	Gen Re
4.	Hannover Re
5.	Lloyd's
6.	TransRe
7.	PartnerRe
8.	RenaissanceRe
9.	Everest Re U.S.
10.	XL Re America

According to the combined Flaspöhler evaluation and selection factor ratings, the most highly rated reinsurers are shown below, in order. This group had an “excellent” combined factor rating of 7.50 + (on a scale of 1-9).

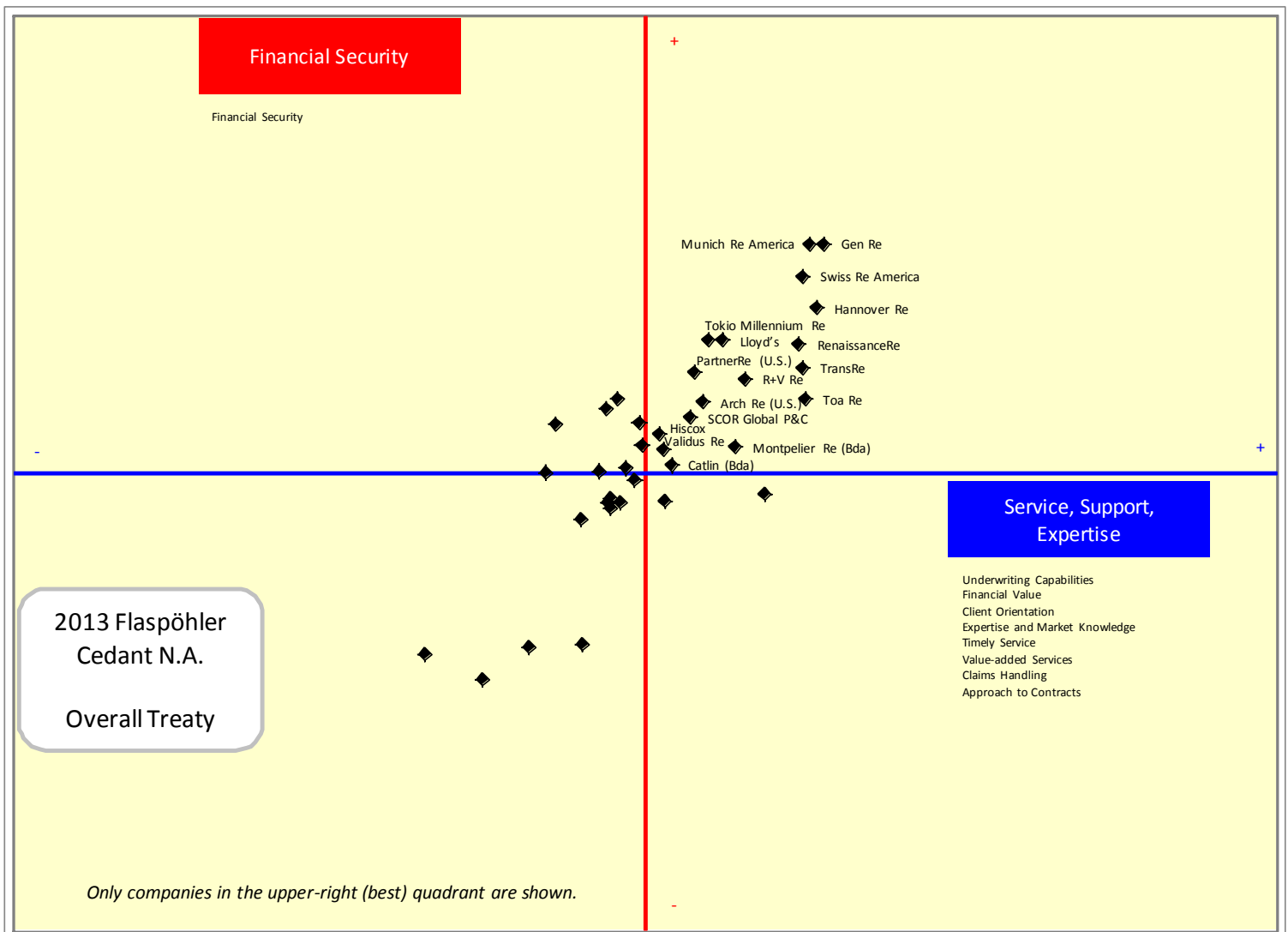
Rated Best (in order)	
1.	Gen Re
2.	Munich Re America
3.	Hannover Re
4.	Swiss Re America
5.	RenaissanceRe
6.	TransRe
7.	Toa Re
8.	Maiden Re
9.	R+V Re
10.	Lloyd's

REINSURER PERCEPTUAL MAP

Reinsurers above the horizontal blue axis are *above average* on **Financial Security**. Reinsurers to the right of the vertical red axis are *above average* on **Service, Support, Expertise** factors. Reinsurers near the lines are perceived as *average*.



This diagram shows how each reinsurer is perceived, in relation to the other reinsurers, according to the nine evaluation & selection factors. Only reinsurers who were rated above average on both axes are shown.



REINSURERS PREFERRED BY LINE OF BUSINESS

Which non-life reinsurers do you prefer to use for each of the following lines?

The most preferred reinsurers by treaty cedants for each line of business are listed below, in alphabetical order, with the best reinsurer for the line identified in green.

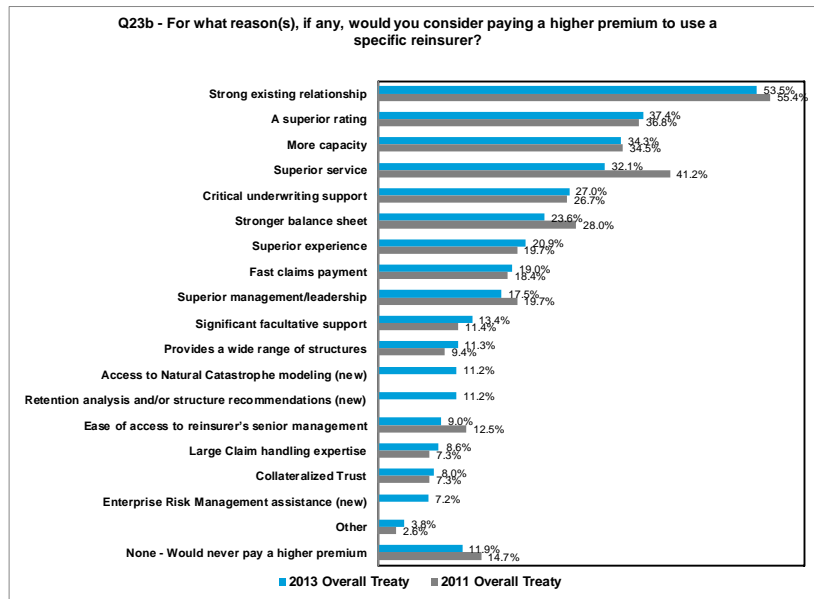
Line	Preferred	Line	Preferred
Auto	Gen Re Hannover Re Maiden Re Munich Re America Odyssey Re Swiss Re America PartnerRe (U.S.) SCOR Global P&C Toa Re TransRe	Casualty - Umbrella	Gen Re Hannover Re Maiden Re PartnerRe (U.S.) QBE Re Munich Re America Swiss Re America Toa Re TransRe
Casualty - Clash Covers	Arch Re (U.S.) Gen Re Lloyd's Maiden Re Munich Re America PartnerRe (U.S.) Hannover Re Swiss Re America Toa Re TransRe	Casualty - Working Layer	Gen Re Lloyd's Maiden Re Munich Re America PartnerRe (U.S.) SCOR Global P&C Swiss Re America Toa Re TransRe
Casualty - Excess	Everest Re (U.S.) Gen Re Lloyd's Munich Re America Odyssey Re PartnerRe (U.S.) Hannover Re Swiss Re America Toa Re TransRe	General Liability	Everest Re (U.S.) Gen Re Hannover Re Lloyd's Munich Re America PartnerRe (U.S.) Swiss Re America QBE Re SCOR Global P&C Toa Re TransRe
Casualty - Facultative	Berkley Re America Everest Re (U.S.) Hannover Re Lloyd's Maiden Re Munich Re America Odyssey Re Swiss Re America TransRe Gen Re	Marine	Aspen Re AWAC Axis Re (U.S.) Catlin (U.S.) Gen Re Hannover Re Swiss Re America Lloyd's Munich Re America TransRe Validus Re

Line	Preferred	Line	Preferred
Professional Liability TransRe	Aspen Re Axis Re (U.S.) Berkley Re America Everest Re (U.S.) Gen Re Hannover Re Lloyd's Munich Re America PartnerRe (U.S.) Swiss Re America	Property - Facultative Gen Re	Arch Re (U.S.) Aspen Re Catlin (U.S.) Everest Re (U.S.) Lloyd's Munich Re America Swiss Re America XL Re America
Property - Catastrophe Lloyd's	Catlin (Bda) Endurance Re Gen Re Hannover Re Munich Re America R+V Re RenaissanceRe Swiss Re America Validus Re XL Re America	Property - Pro Rata Swiss Re America	Aspen Re Catlin (U.S.) Everest Re (U.S.) Gen Re Hannover Re Maiden Re Munich Re America SCOR TransRe XL Re America
Property - Excess - Per Risk Hannover Re	Aspen Re Everest Re (U.S.) Gen Re Lloyd's Munich Re America PartnerRe (U.S.) SCOR Global P&C Swiss Re America Toa Re	Workers Comp Hannover Re	Alterra Re Aspen Re Catlin (U.S.) Gen Re Lloyd's Maiden Re Munich Re America PartnerRe (U.S.) Swiss Re America Toa Re Tokio Millennium Re TransRe

CEDING PREFERENCES

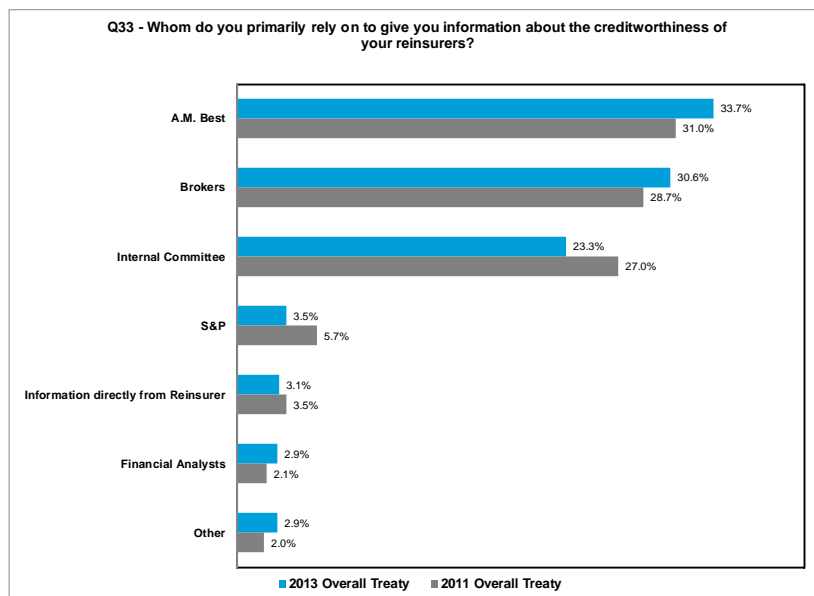
For what reason(s), if any, would you consider paying a higher premium to use a specific reinsurer?

Over half (53.5%) of treaty cedants indicated they would consider paying a higher premium based upon a **Strong existing relationship**.



Whom do you primarily rely on to give you information about the creditworthiness of your reinsurers?

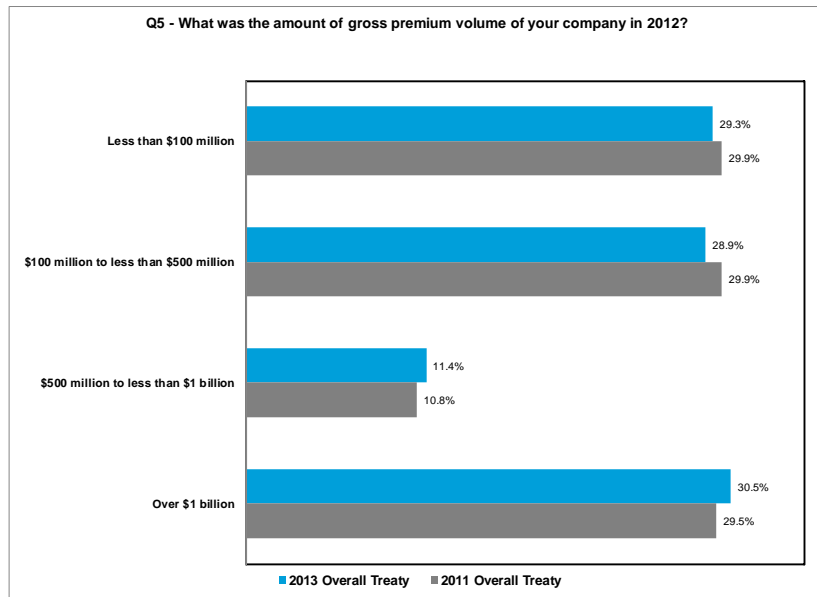
Cedants were almost evenly divided between **A.M. Best** and **Brokers**.



PREMIUM AND REINSURANCE VOLUMES

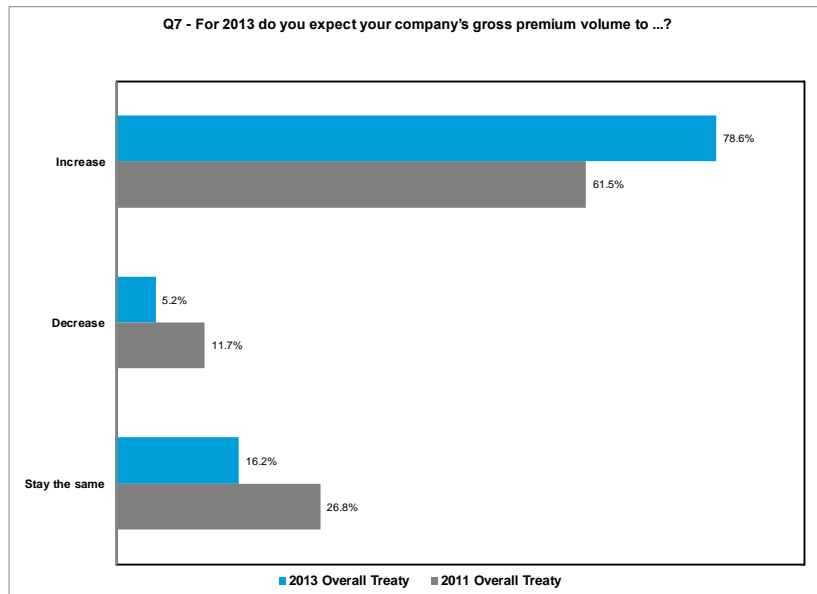
What was the amount of gross premium volume of your company in 2012?

Treaty cedants were evenly divided between *Less than \$100 million*, *\$100 million to <\$500 million*, and *Over \$1 billion*.



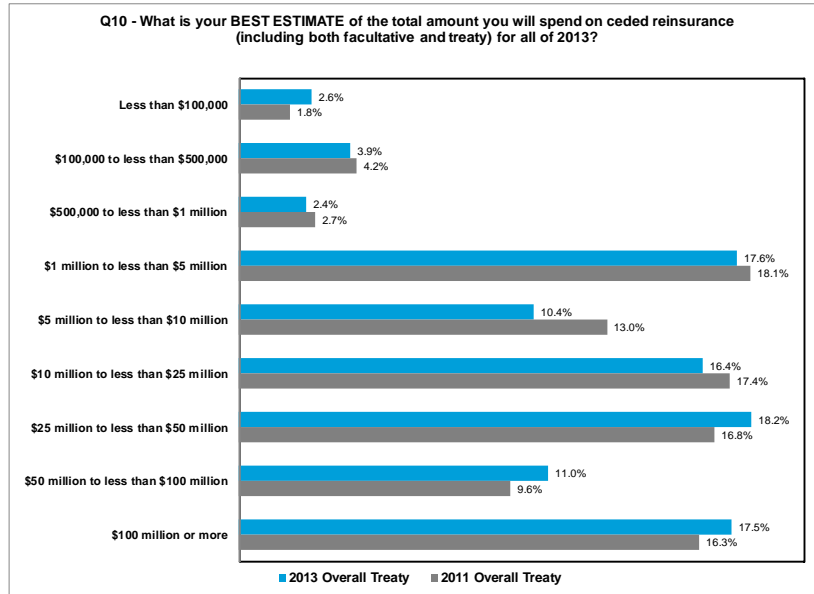
For 2013 do you expect your company's gross premium volume to ...?

Most treaty cedants (78.6%) expect their company's GPV to *Increase*.



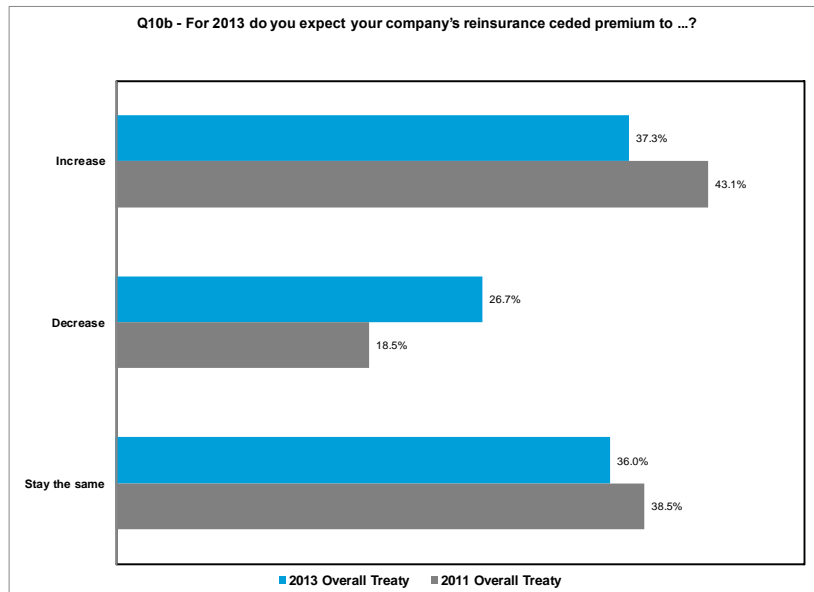
What is your BEST ESTIMATE of the total amount you will spend on ceded reinsurance (including both facultative and treaty) for all of 2013?

Most treaty cedants estimate their ceded reinsurance total amount to be over \$1 million.



For 2013 do you expect your company's reinsurance ceded premium to ...?

Results are evenly mixed with respect to amount ceded changes in 2013.



OTHER TOPICS

Which of the following publications do you trust most for providing accurate and effective information about insurance and reinsurance?

Below are the top five publications selected by treaty cedants, in order.

Trusted Publications
1. Best’s Review – Online
2. Best’s Review – Print
3. Wall Street Journal – Print
4. Insurance Journal – Online
5. Property Casualty 360 (National UW) – Online

Which industry conferences do you visit?

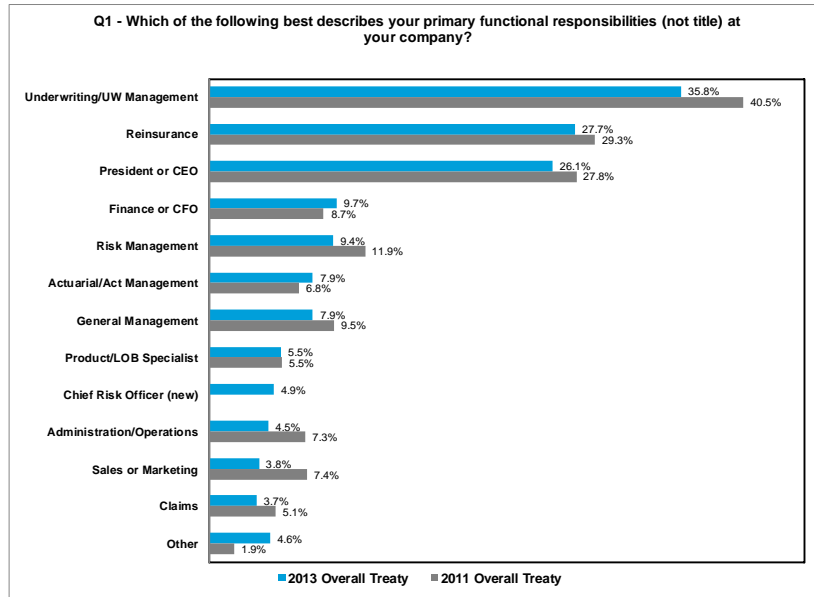
Listed below are the four most popular Industry Conferences among treaty cedants.

Industry Conferences	Treaty
1. PCI	37.4%
2. NAMIC	21.5%
3. NAPSLO	13.2%
4. PLUS	12.0%

DEMOGRAPHICS

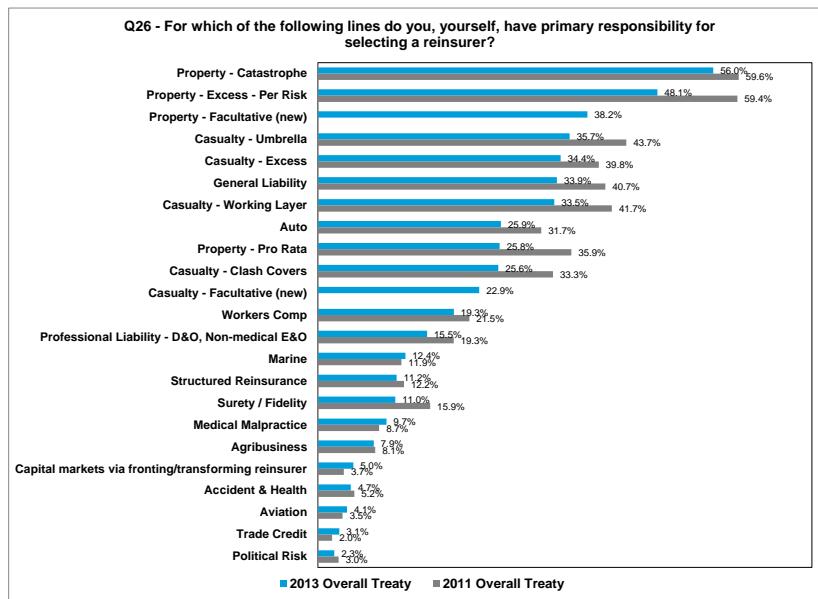
Which of the following best describes your primary functional responsibilities (not title) at your company?

Most treaty cedants' primary functional responsibilities include **Underwriting / UW Management** (35.8%).



For which of the following lines do you, yourself, have primary responsibility for selecting a reinsurer?

About half of treaty cedants are responsible for **Property - Catastrophe** (56.0%) and/or **Property - Excess - Per Risk** (48.1%).

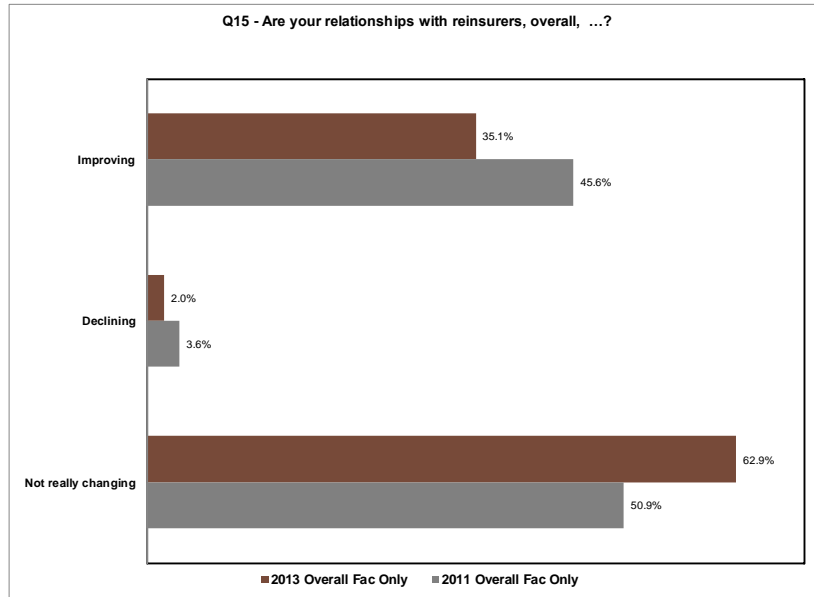


FACULTATIVE ONLY RESULTS

SATISFACTION

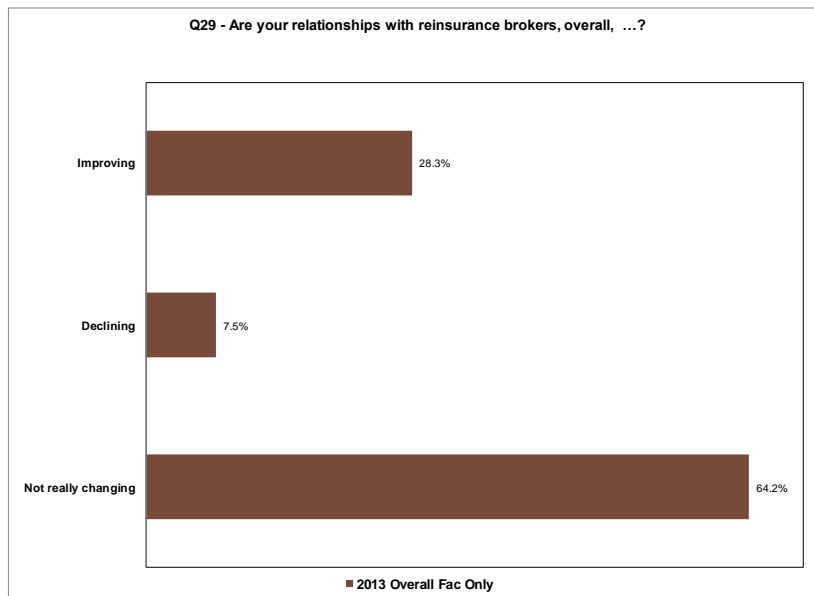
Are your relationships with reinsurers, overall, ...?

One-third (35.1%) of fac cedants think relationships with reinsurers are improving



Are your relationships with reinsurance brokers, overall, ...?

One-quarter (28.3%) of fac cedants think relationships with brokers are improving.

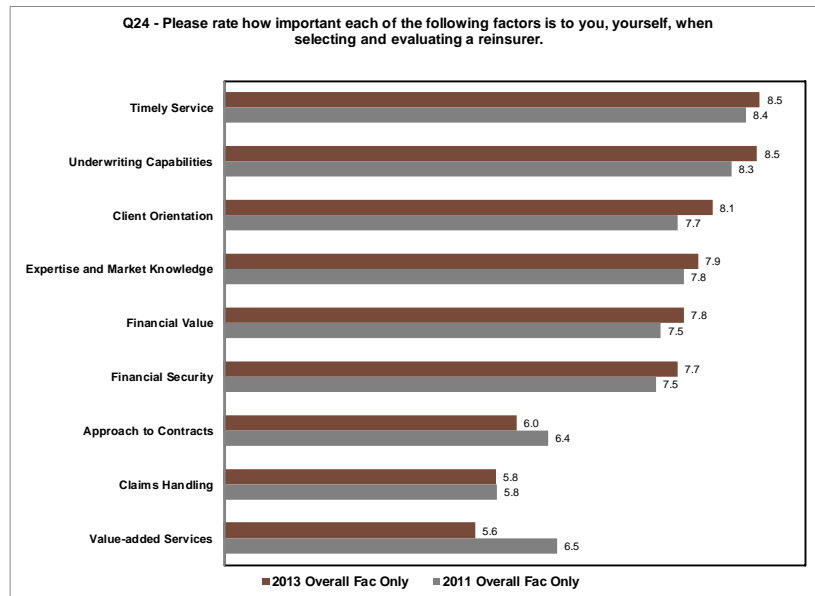


IMPORTANT REINSURER EVALUATION AND SELECTION FACTORS

Fac cedants were asked to rate the importance of each factor in their evaluation of a reinsurer.

Underwriting Capabilities	<ul style="list-style-type: none"> Underwriters who are easily accessible; Underwriters you respect and trust Consistent in their underwriting decisions; UWs with authority to make decisions UW philosophy compatible with yours
Financial Value	<ul style="list-style-type: none"> Offers pricing that is consistent with the services and security provided Differentiate clients based on clients' own inception-to-date experience Offers insurance cover and service package which adds value to your company
Financial Security	<ul style="list-style-type: none"> Is highly rated by objective rating agencies; Is free of legacy issues Is reviewed and approved by your security committee
Client Orientation	<ul style="list-style-type: none"> Teams who understand your business; Geared to providing solutions; Negotiates openly Marketing reps who bring value through regular contact; Is easy to work with Genuinely cares about a long-standing business relationship
Expertise & Market Knowledge	<ul style="list-style-type: none"> Staff with strong technical expertise to understand your business Is innovative and creative in putting together solutions Superior knowledge in lines of business that interest you Tailor made risk mgt solutions; Demonstrates leadership in risk mgt
Timely Service	<ul style="list-style-type: none"> Provides timely quotes; Returns calls promptly; Provides timely handling of all documents
Value-Added Services	<ul style="list-style-type: none"> Claims services and consulting; UW services and consulting Actuarial services and consulting; General business services and consulting Non-risk transfer services and consulting; NatCat Modeling services Enterprise Risk Management Services
Claims Handling Ability	<ul style="list-style-type: none"> Claims expertise you don't have in house; Pays claims in a timely manner A reasonable and collaborative approach to paying claims Competent support in claims handling; Assistance in rejecting unjustified claims
Approach To Contracts & Contract Wording	<ul style="list-style-type: none"> Assistance in drafting wording

The factors **Timely Service** and **Underwriting Capabilities** were rated (9 = Very Important / 1 = Not important) as the most important by fac cedants.



BEST REINSURERS BY FACTOR

Fac cedants rated reinsurers they were familiar with, according to the factors on the previous page that they, themselves, felt were important.

The top rated reinsurers for each of the factors is listed below, in alphabetical order, with the best reinsurer on each factor in green.

Underwriting Capabilities Gen Re	Financial Value Gen Re	Approach to Contracts Arch Re (Fac)
Arch Re (Fac)	Arch Re (Fac)	Aspen Re
Aspen Re	Aspen Re	Catlin (U.S.)
Berkley Re America	Berkley Re America	Everest Re (U.S.)
Catlin (U.S.)	Catlin (U.S.)	Gen Re
Everest Re (U.S.)	Everest Re (U.S.)	Hannover Re
Munich Re America	Hannover Re	Montpelier Re (U.S.)
Swiss Re America	Munich Re America	Munich Re America
TransRe	Swiss Re America	Swiss Re America
XL Re America	XL Re America	XL Re America
Financial Security Gen Re	Client Orientation Arch Re (Fac)	Claims Handling Gen Re
Arch Re (Fac)	Aspen Re	Arch Re (Fac)
Aspen Re	Berkley Re America	Aspen Re
Berkley Re America	Catlin (U.S.)	Catlin (U.S.)
Catlin (U.S.)	Everest Re (U.S.)	Everest Re (U.S.)
Everest Re (U.S.)	Gen Re	Hannover Re
Hannover Re	Hannover Re	Munich Re America
Lloyd's	Munich Re America	Swiss Re America
Munich Re America	Swiss Re America	XL Re America
Swiss Re America	XL Re America	
XL Re America		
Expertise & Mkt Knowledge Gen Re	Timely Service Arch Re (Fac)	Value-Added Services Arch Re (Fac)
Arch Re (Fac)	Catlin (U.S.)	Aspen Re
Aspen Re	Everest Re (U.S.)	Catlin (U.S.)
Berkley Re America	Gen Re	Everest Re (U.S.)
Everest Re (U.S.)	Hannover Re	Gen Re
Hannover Re	Montpelier Re (U.S.)	Hannover Re
Munich Re America	Munich Re America	Montpelier Re (U.S.)
Swiss Re America	Odyssey Re	Munich Re America
TransRe	TransRe	Swiss Re America
XL Re America	XL Re America	XL Re America

BEST REINSURERS BY VOTE AND BY RATING

Fac cedants were asked to name the reinsurers that are “the best for facultative” (up to five choices possible).

The top voted reinsurers are shown below, in order.

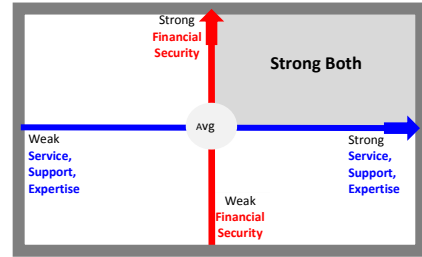
Best for Facultative (in order)	
1.	Gen Re
2.	Arch Re (Fac)
3.	Swiss Re America
4.	Munich Re America
5.	Catlin (U.S.), Everest Re (U.S.) (tie)

According to the combined Flaspöhler evaluation and selection factor ratings, the most highly rated reinsurers are shown below, in order. This group had an “excellent” combined factor rating of 7.50 + (on a scale of 1-9).

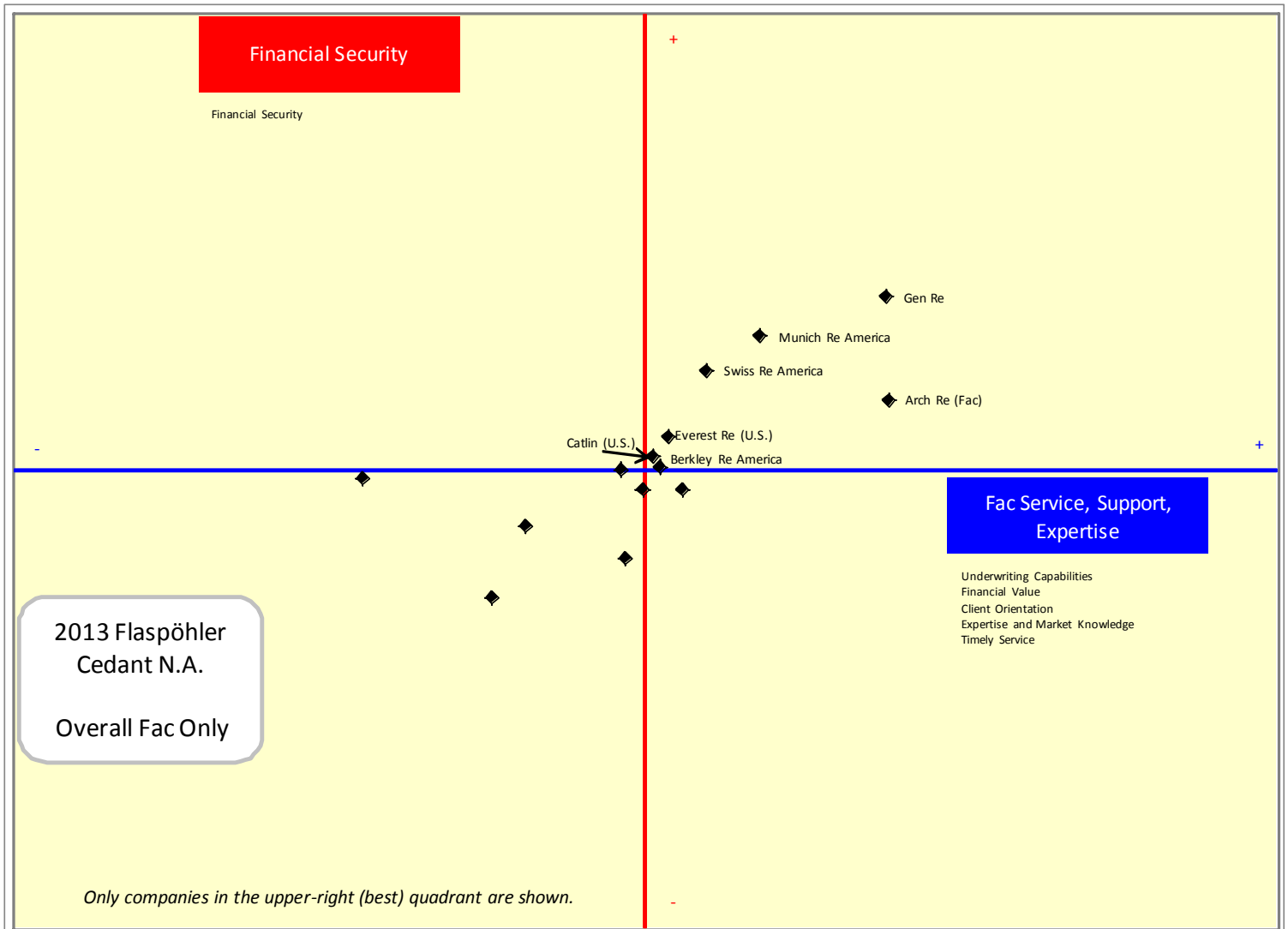
Rated Best (in order)	
1.	Gen Re
2.	Arch Re (Fac)
3.	Munich Re America
4.	Swiss Re America
5.	XL Re America
6.	Catlin (U.S.)
7.	Aspen Re, Everest Re (U.S.) (tie)

REINSURER PERCEPTUAL MAP

Reinsurers above the horizontal blue axis are *above average* on **Financial Security**. Reinsurers to the right of the vertical red axis are *above average* on **Service, Support, Expertise** factors. Reinsurers near the lines are perceived as *average*.



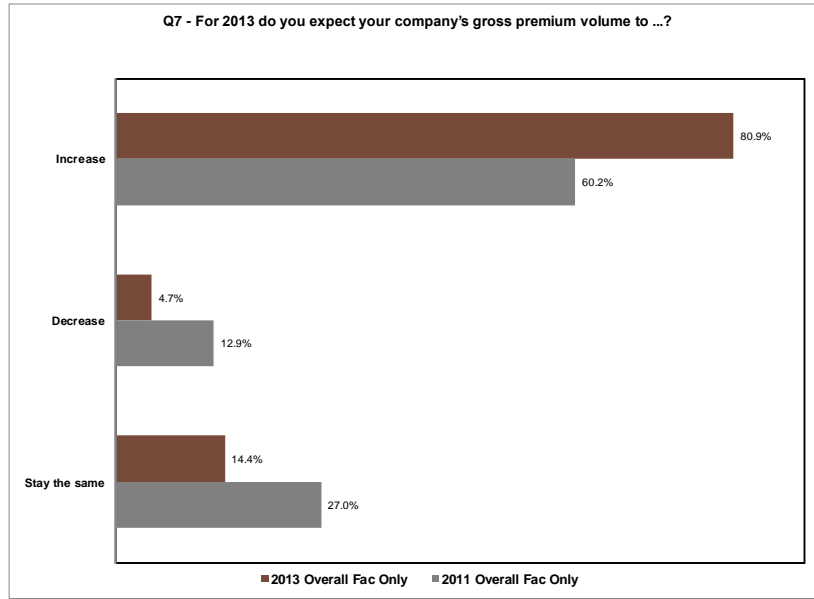
This diagram shows how each reinsurer is perceived, in relation to the other reinsurers, according to the six evaluation & selection factors most important for facultative analysis.



PREMIUM AND REINSURANCE VOLUMES

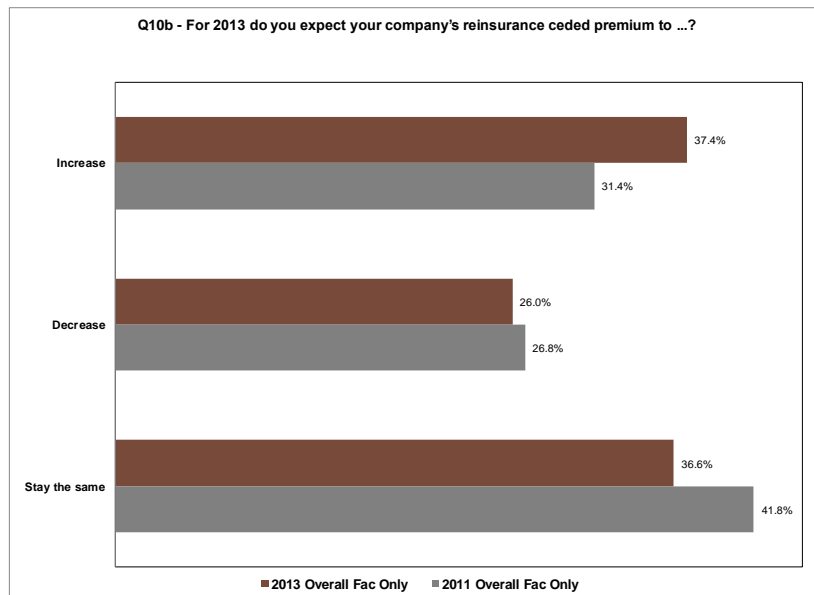
For 2013 do you expect your company's gross premium volume to ...?

Nearly all fac cedants (80.9%) expect their company's GPV to **Increase**.



For 2013 do you expect your company's reinsurance ceded premium to ...?

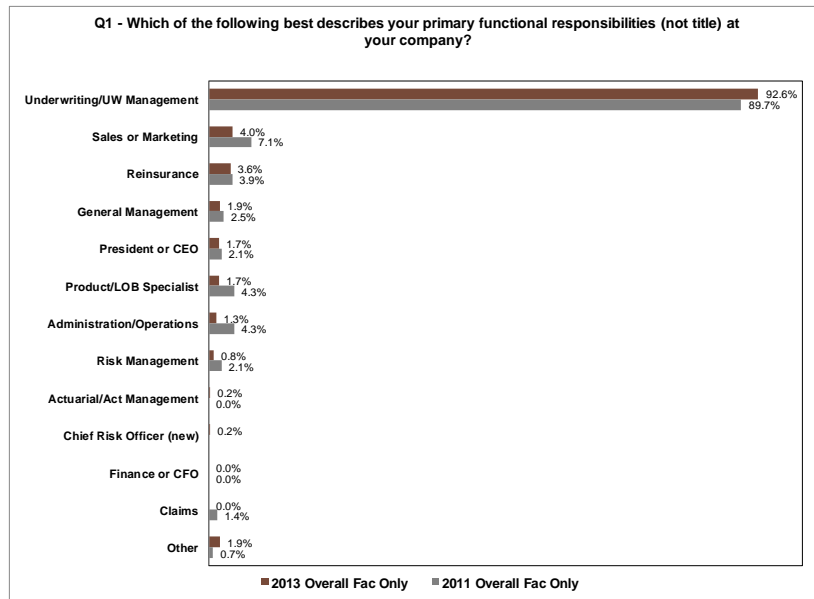
Results are evenly mixed with respect to amount ceded changes in 2013.



DEMOGRAPHICS

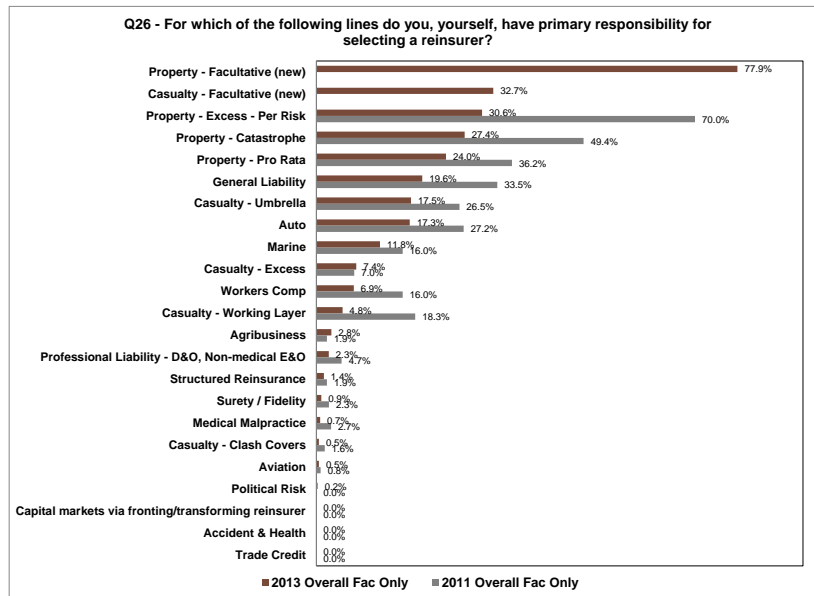
Which of the following best describes your primary functional responsibilities (not title) at your company?

Nearly all fac cedants' primary functional responsibilities include **Underwriting / UW Management** (92.6%).



For which of the following lines do you, yourself, have primary responsibility for selecting a reinsurer?

Most fac cedants are responsible for **Property – Fac** (77.9%).



ABOUT FLASPÖHLER RESEARCH GROUP

Flaspöhler Research Group, Inc. (www.frsurveys.com) was founded in 1983 and has conducted surveys in 95 countries and a dozen languages. The company offers unique expertise in B2B and is widely recognized for its work in Insurance and Reinsurance. For more information about the study, please contact:

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