

Capital solutions for the Solvency II era

Pat Haveron, President of Maiden Reinsurance Ltd.

Can you explain how Maiden's European initiatives fit within its international expansion plans?

We see the greatest near-term opportunities for Maiden's continuing international expansion to be in Europe. As Solvency II is implemented, many insurers face the prospect of a reduction in regulatory capital. Maiden can uniquely offer the full complement of our products, whether it be collateralised reinsurance, subordinated debt or a combination of the two, to enable insurers to strengthen their capital.

Maiden Re's collateralised reinsurance allows insurers to effectively manage their counterparty risk, providing greater Solvency II benefits than uncollateralised solutions from higher-rated reinsurers.

Paired with our Insurance Regulatory Capital (IRC) unit's Tier 2 subordinated debt product, Maiden offers insurers a blended approach to capital management that is unique within the European insurance market. These capital management and risk mitigation tools allow a customised and discrete approach for the specific needs of each client enabling them to protect and grow their balance sheet.

How are Maiden's capital solutions being received in Europe?

The advent of Solvency II is already creating opportunities for Maiden's capital solutions. Maiden brings a unique portfolio of capital solutions to the European market which leverages our more than 30-year experience serving the reinsurance capital needs of insurers in the US and here in Europe. We're confident our specialist approach of developing long lasting relationships with clients while



helping them grow and prosper will translate well to the European market.

What products does Maiden Re offer in Europe?

Maiden Re provides customised, property and casualty reinsurance solutions for regional and specialty insurers. We offer traditional treaty reinsurance on either a quota share or excess of loss basis with a focus on the working layers. As Solvency II takes effect, we believe our collateralised reinsurance offering will provide cedants with greater capital credit. Our customised approach allows us to design long term solutions that are responsive to the specific needs of each client. We believe that this approach is particularly valuable to mutual and private stock companies which have limited access to capital markets.

How is Maiden approaching the European market? What are Maiden's target markets?

While Maiden works with the entire spectrum of insurers, we have typically provided the greatest value to private stock and mutual insurers, often those with a regional focus. With limited access to capital markets, these insurers value long-term capital solutions, and we work closely with them to develop customised capital solutions to fit, and respond to, their individual needs and circumstances. As Solvency II takes effect, we believe these companies will benefit significantly from Maiden's capital solutions approach, including both our collateralised reinsurance solutions and Tier 2 subordinated debt offerings. While many companies in these segments are presently well-capitalised, relative capital levels will adjust as Solvency II is

implemented. For certain insurers who either need capital support to finance growth or aim to strengthen already healthy balance sheets, they may not have natural access to capital markets and Maiden's capital solutions provides these companies with access and flexibility to manage capital in a way they historically have not had.

Which business lines does Maiden cover?

While we have broad underwriting capabilities, Maiden's orientation around providing long-term capital support necessarily places our focus on lower volatility, more predictable classes and lines of business. This enables us to provide stability to our clients – we don't enter or withdraw from a market based on industry results, we provide long-term solutions for our clients. Importantly, by de-emphasising severity we more efficiently utilise our balance sheet which translates to cost effective solutions for our clients.

Is there a solution which works best for clients?

Simply put, we are committed to finding the best capital solution for clients. The beauty of Maiden and IRC's approach is that it is directly responsive to the client's requirements. This "continuum of capital" enables us to work together to find the most effective and flexible solution an insurers circumstances require. Tier 2 Subordinated Debt is a powerful tool that lifts regulatory capital immediately while Maiden's collateralised reinsurance solutions strengthens balance sheets over a period of time depending on the solution a client requires. This will be critical in the coming Solvency II era, particularly for insurers that may have more limited access to capital solutions. ●