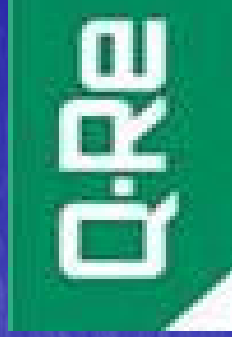


# MultaQA Conference

March 6-8, 2010

## Launch of **Q-Re**



**Speaker :**  
**Dermot P. Dick**  
**CEO**  
**Q-Re LLC**

# Introduction

- **QIC had built a Reinsurance business with an income of US \$100m and a profit of US 20m in 2009 from nothing in 2005**
- **Looking at the options for that business in the immediate aftermath of the Credit-Crunch in early 2009**
- **How to take the business forward and other lessons to be learned?**

# Market Environment

The logo for Q-Re, consisting of the text "Q-Re" in white on a green rectangular background.

- **Regulatory backlash predictable- move from Principle-based to Rules-based likely**
- **Flight to quality foreseen**
- **Rating Agencies under pressure and wide-spread lowering of credit ratings foreseeable**
- **Increase in concern over counterparty risk inevitable**
- **Regulated entity will only be allowed to deal with other regulated entities**

# Market Environment continued



- Little new capital available so should be few new entrants to reinsurance market and existing players will be cautious despite having replenished their lost capital in 2009
- Investment strategy under pressure and returns from a cautious strategy likely to remain low for a considerable period-putting additional emphasis on the technical result
- Lack of significant growth in the world economy overall but likely to see Asia being the most active region
- Reinsurance industry has survived pretty well through prudent Risk Management and conservative investment strategy

## **Market Environment continued**

- **Challenge for all in a weak world economy with resultant weak insurance/reinsurance demand is to seek opportunities for growth**
- **Q-Re response differentiation through focus on our specialist niche of short-tail Property and Casualty business in the Afro-Asian Region**

## Strategic Imperative for Q-Re

- **Must be a regulated entity- hence QFCRA with robust but sensible regulatory regime**
- **Must be clearly an independent professional reinsurer free of it's insurance parent and able to access market separately.**
- **Prudent underwriting strategy based upon Afro-Asian footprint to benefit from the Asian-lead Recovery**
- **Conservative Investment Strategy based upon cash and top quality bonds- no equities**

# Strategic Imperative for Q-Re continued

- **S&P A Rating under Parental Guarantee**
- **Capital US \$100m authorized and US \$50m paid-up**
- **no borrowing and no leverage**

# Chronology

- **Decision and principle to provide with QFC and QFCRA Application early 2009**
- **Instruction- Ernst & Young as consultants and compilation of initial Business Plan mid September 2009**
- **Complete draft application submitted to QFCRA by mid Oct 2009**
- **Approval from QFCRA for trade effective 2006-2009**

# Lessons Learned

- **Start Earlier!**
- **Choice of consultant is vital particularly relating to compliance oblique Complete Governance**
- **Project team leadership is vital**
- **Positive engagement with the regulator is essential to success**

## **"Where we want to be in 2015?"**

- **2010 target income – US \$ 125m**
- **2010 target income – US \$ 300m**
- **additional facultative business class to be added to portfolio and treaty account will grow considerably**

# Conclusion

- **International Reinsurance properly regulated and managed by experienced internationally trained staff**
- **Sensible plans for balanced and focused growth**
- **Access to additional capital when needed**
- **Bright future !**