



## MS Frontier Re moves into landmark home

By Alex Wright

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### Photos



New home: MS Frontier CEO Masataka Kitagawa and CFO Gary Devery at the company's new home at 141 Front Street  
(Photo by Tamell Simons)

2010 has been a big year in the latest chapter of MS Frontier Reinsurance Ltd's history.

The company, which was set up in Bermuda eight years ago and is a member of the Japan-based MS & AD Insurance Group, moved into its new state-of-the-art headquarters at 141 Front Street last month and expects to make a profit of around \$67 million for this year.

In an exclusive interview with *The Royal Gazette*, president and CEO Masataka Kitagawa and chief financial officer Gary Devery talked about everything from the formation of the company to its relocation and the financial results for 2010.

MS Frontier wrote \$86 million in gross premiums last year, having grown from \$39.2 million in 2005, and projects a figure closer to \$90 million this year.

It also reported a net income of \$82 million in 2009 and anticipates a profit of between \$67 and \$68 million in 2010, while shareholder's equity has increased from \$525.9 million last year to \$700 million this year, and it boasted an impressive combined ratio of 41 to 42 percent for 2010.

The company has made moves that resulted in cutting potential losses from two of this year's major disasters. It withdrew from the programme that covered February's Chile earthquake, meaning that the company had no exposure to the event. And in halving its exposure to the one for the New Zealand earthquake, the firm incurred only \$8.2 million in losses from the September quake on the South Island.

"As we have grown the book of business we have made sure that it is diversified away from specific risks," said Mr Devery explaining the company's conservative underwriting strategy.

"We look at each bit of business and check the aggregate exposure of the company after each contract so that the exposure is smoothed out across all lines and we are not over exposed in any one area."

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Mr Kitagawa, who moved to the Island in April 2009, said that MS Frontier's new offices were perfect for meeting with international clients and brokers, due to their location and facilities.

MS Frontier, which is a Class 3B reinsurer specialising in property catastrophe excess of loss business worldwide and on a per risk basis in North America, started life in Victoria Hall in 2002, eventually moving up to the penthouse in 2006 and going on to occupy two floors by the time its lease had expired and the decision was taken to relocate to bigger premises, according to Mr Devery.

"The company was growing and we wanted to be based in a more landmark building and this fitted the bill perfectly," he said.

"Some of our board members are based in Japan and we have board meetings four to five times a year and because our clients are basically international and US brokers we wanted to have somewhere that they would remember that MS Frontier was based and we have been very pleased with the progress we have made in moving into this building."

Admitting that they were nervous ahead of the move with a number of new building projects being delayed due to the economic downturn, Mr Devery said their minds were put at rest by the property developer Sir John Swan, who assured them they would be able to move in on time as the first tenants and well in advance of the January 1 renewal season which is traditionally the company's busiest period of the year.

SHY Architecture designed and fitted out the company's offices on the eighth floor, sticking to a budget and working to a remit of producing an open space with glass doors and partitions, and waiting and meeting rooms - enabling multiple clients to be entertained at the same time.

Situated just above fellow insurer Ironshore, which occupies the sixth and seventh levels, and with RenaissanceRe just down the road, Mr Devery believes that a new hub of insurance is already starting to be created at the far end of Front Street.

"The Waterfront was becoming a bit crowded, but Front Street is becoming more established as an area of insurance," he said. Since its inception, MS Frontier has grown from three people to a workforce of 21, 50 percent of which is Bermudian and also consisting of Japanese and Europeans. Although its has no plans to expand dramatically in the future, the firm has the potential space to grow within a 9,000 sq ft office which covers three quarters of the whole floor.

The finance and administration department and underwriting department are connected through a hallway and kitchen to encourage team bonding and allow employees to mingle, while CEO Mr Kitagawa has the best view in the house looking out over Hamilton Harbour spanning all the way from South Shore to Government House.

Staff will also be able to enjoy the benefits of a subsidised gymnasium, which just opened yesterday, and a bistro restaurant which is due to open soon, as well as two floors of underground parking and easy access with four elevators throughout the building.

Mitsu Marine & Fire Insurance, which had an office in Bermuda since 1997, merged with Sumitomo Marine & Fire Insurance in 2001 to become the second largest non-life insurer in Japan and currently the seventh largest composite insurance company in the world, and relaunched its reinsurance operations on the Island as MS Frontier, a wholly-owned subsidiary, a year later.

MS Frontier, which writes 60 percent of its business in North America and 30 percent in Europe, in March acquired Dublin-based sister company MS Re for \$94 million. MS Re focuses on non-catastrophe and short-tail property and casualty reinsurance in Asia, Europe and Africa, with offices in Dublin, Singapore and Labuan, Malaysia, in addition to a branch in Zurich, Switzerland, which is primarily used for marketing to Europe, the Middle East and Africa.

The one country it doesn't write business in is Japan as a deliberate move to diversify the business's risks outside of the country and staff are encouraged to get global exposure to all parts of the business by moving between the various offices worldwide.

Having been assigned a financial strength rating of AA- (very strong) by Standard & Poor's and A (excellent) by AM Best Co, the backing of its parent company has allowed the firm to build a strong reputation and enjoy some steady organic growth with the last capital injection being made four years ago.

Mr Devery said that the main advantage of MS Frontier being based in Bermuda was the access to brokers and its proximity to North America, where most of its business comes from, combined with a favourable regulatory environment which is both business friendly and geared towards Solvency II equivalence, as well as being able to tap into a high level of expertise.

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- Yes
- No
- Don't Know

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January 2011	S	M	T	W	T	F	S
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Friday <b>14</b>	2	3	4	5	6	7	8
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