

# Toa Re eyes Europe and Americas

Tokyo-based reinsurer Toa Re is approaching the 2018 renewals cautiously but expects to start expanding its reach into overseas markets, including Europe and the US.

Speaking to Reactions at the Monte Carlo Rendez-Vous, chief executive Tomoatsu Noguchi said that the company's 2016 reinsurance underwriting performance had shown major improvement. The group's combined ratio fell from 97.2% in 2015 to 93.7% on the back of \$2bn net written premium, slightly down from the previous year. Net income was \$94m in 2016 compared with \$51m for 2015.

"The first point is to build a portfolio that can generate a higher profit on a stable basis," Noguchi said. "As a task for the future, considering that we have managed to strengthen our capital base, we need to investigate measures to produce higher profit on an ongoing basis."

Noguchi stressed that Toa Re's risk appetite would be defined by a preference

for moderate risk and return to maintain long term stable profit. In Japan, that means strengthening its business base to maintain its position as a core reinsurer.

In Europe, Toa Re is looking to set up a new underwriting operation to expand its business on the continent. Part of its growth strategy for the UK and Europe involves establishing a presence at Lloyd's through a Special Purpose Arrangement working with a partner, understood to be Barbican. Toa Re already has a subsidiary in Zurich.

Noguchi said he expected to receive approval from Lloyd's franchise board later this month. Expanding Toa Re's US franchise, from its New Jersey headquarters, is also a priority, Noguchi said.

"Toa Re America's contribution to the group's profit is a big priority and we will centre on regional [insurance] businesses in North America and also agricultural reinsurance," he said. "In the North American life reinsurance market we aim to expand mortality business

by improving pricing methods and strengthening our marketing activities."

Toa Re is not heavily exposed to losses from Hurricane Irma or Harvey since its portfolio is weighted in favour of casualty business and regional insurers. Noguchi said \$50m or two points on its loss ratio is a worst case scenario.

Noguchi said that Toa Re had "improved" its Asian business portfolio after the Thai floods in 2011 and planned to expand non-life classes, including agriculture and health business.

In 2016, Japanese non-life business accounted for 36% of the group total; overseas non-life was 30%, of which 6% was European, Americas 20% and Asia 4%. Commenting on the group's future investment strategy, Noguchi said that the outlook for Japan and the Eurozone remain negative. "But to secure income our first and most basic options are to invest in highly rated corporate bonds and to invest in foreign government bonds as part of our ALM," he explained. ●

# Patria Re targeting Lloyd's growth

Patria Re has set its sights on increasing the premium volume generated by its Lloyd's of London venture, although the Mexican reinsurer's chief executive Ingrid Carlou insists the right conditions must be in place for that to happen.

Special purpose syndicate 6125 (SPS6125) was launched in January 2016 and is hosted by Syndicate 4000 and managed by Ironshore's Lloyd's subsidiary Pembroke Managing Agency. It marked the first time a Mexican reinsurer had opened an operation within Lloyd's.

SPS6125 had stamp capacity of £15m for the 2016 year of account. The operation is now submitting its plans for the 2018 year of account, and Carlou told Reactions that Patria Re hopes to increase its capacity.

"We are currently submitting our 2018 strategic plans to Lloyd's and wish for 2018 to grow the overall [gross written premiums] from £17.24m to above £20m given the right conditions, including growth in the property treaty division and a new marine treaty division," Carlou explained.



INGRID CARLOU  
CEO, Patria Re

The unit has already sought to expand its operations, and earlier this year brought in Nick Benardout to lead its London office. Benardout, who made the move to Patria Re in June, was previously head of property treaty business for Berkley Re UK in London. Prior to joining Berkley Re, Benardout was an international property treaty underwriter with Chaucer.

Carlou explained that the move into the marine treaty market will go ahead if its strategic plan is given the green light. That may well pave the way for other classes of business to be added to the platform, she added.

"In 2018, if our strategic plan is approved, our marine treaty will come on stream and other classes will be under consideration. So in the future we expect the capital to increase, but first we must build a solid foundation," Carlou explained.

The Lloyd's business has already proven to be beneficial to Patria Re, Carlou said. It has raised Patria Re's profile, as well as given it the opportunity to enter into important international markets such as the US. At the same time, SPS6125 has also allowed Patria Re to increase its participation in European and Japanese business.

"The added benefit of the strong Lloyd's rating and global licenses will enable the operation to grow both territorially and by class," Carlou said. ●