PRICE FORBES

ENERGY REVIEW

PRICE FORBES & PARTNERS ENERGY MARKET DEVELOPMENTS

JUNE 2018

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ENERGY REVIEW
JUNE 2018

As a generalisation, the headlines in many international political and economic publications and news items have been uncertain or plain negative.

No-one knows what the short- and long-term consequences of the Trump/Kim summit will be and if their promises will even be taken seriously. It would be a major coup if the Korean War would ultimately come to an end officially with a peace treaty.

The bad feelings following the recent G7 gathering in Canada only partially reflect how easy it is for some to forget that Russia overrode international law with its involvement in Crimea, Eastern Ukraine and the shooting down of MH317.

President Trump's first moves in a trade war could easily affect US consumers with a lack of choice in price and quality for their daily needs.

The world is still waiting to see how inflexible or otherwise the US will be with requests for waivers in connection with new sanctions on Iran. Those European corporations who jumped at the opportunity to do business with Iran now have a lot to lose.

UK ministers involved in the many aspects of Brexit negotiations still do not appear to know what the electorate really wanted when the country voted to leave the European Union (EU). Most people now accept that the "leave" vote may have been the result of a lack of information as well as misinformation, and both Houses of Parliament do not appear to support a motion to leave the EU when there are no alternatives, plans or projects in place which have any credibility.

One has to wonder how the situation will evolve as the dust settles after Erdogan's victory in the first round of Turkey's presidential election.

One notable exception to our *"generalisation"* has been the energy industry. Some of the positive headlines have been: Morocco and Nigeria agree on next steps for offshore/onshore gas pipeline; Azeri gas pipeline network inaugurated; the Nord Stream 2 pipeline gets construction permits from Russia and Sweden; Vietnam's second refinery to be fully operational by early August; Shell brings Kaikias in the Gulf of Mexico online one year ahead of schedule; and ADNOC announces US$45 billion investment plan to become a leading global downstream player.

With a couple of hiccups, the price of oil has been increasing slowly but many have been heartened by the way so many organisations have been able to improvise and streamline their operations after the bottom fell out of the barrel.

Although no-one knows what post-Brexit will look like for the insurance industry, many companies are setting up their EU bases in Amsterdam, Brussels, Dublin, Luxembourg, Paris, etc. Lloyd's, especially, has been looking at how it will manage and news that Lloyd's threatens to close under-performing syndicates and review costs after swinging to a £2 billion loss have struck many.

Moves in the market continue to reflect the dynamic nature of our industry with AEGIS, CNA Hardy, Canopius, Liberty and XL Catlin all getting a mention.

The World Cup is upon us and we wish our readers excitement and a sense of fair play as your teams progress (hopefully) in the tournament. We will be pleased to chat about this and your insurance and risk management needs as we enjoy the beginnings of our summer.

ENERGY CASUALTIES

Mexico's Pemex says fire under control at Minatitlan refinery

Mexico's Pemex said on Monday 11th June that a fire at its Minatitlan refinery was under control and the plants were operating normally, Reuters reports.

The state-run oil company said the fire at its facilities in the southern state of Veracruz had been put out by 7:00 a.m. There were no injuries, the company added.

Pemex said it would investigate the cause of the incident.

Extremist attacks rise in energy-rich province in Mozambique

Mozambique's government has been shaken by beheadings and other deadly attacks by suspected Islamic extremists in a north-eastern region touted internationally for its offshore reserves of natural gas.

Since last month, men with machetes have spread terror in several villages in Cabo Delgado province on the border with Tanzania, beheading ten people in one attack, hacking others to death and burning vehicles and homes.

At least 24 people have died and security forces have killed 11 suspected militants, the Portuguese news agency Lusa reported.

The violence started last year and included a deadly attack on police in Mocímboa da Praia town in October, prompting the Mozambican government to launch counterterrorism operations in Muslim communities where some have complained of official neglect.

Relative calm has returned to Cabo Delgado's coastal areas after security forces increased their presence, Mozambican radio reported on the 11th June.

Local residents call the attackers *"al-Shabaab"*, although the extremists have no known formal link to the Islamic extremists of that name in Somalia. The Mozambican insurgency by a shadowy band of young Muslims has intensified worries that Islamic extremism has found a beachhead in southern Africa, which has been free of the kind of attacks seen in other parts of the continent.

Even so, the killings in Cabo Delgado appear localised and the attackers, whose fundamentalist ideology seems undeveloped to some observers, could also be driven by ethnic and economic resentments, as well as the interests of criminal syndicates.

Right now, the group is a mystery because it hasn't publicly provided a clear outline of its motives or loyalties, making it hard to *"infer what their objectives are,"* said Ryan Cummings, Director at Signal Risk, a risk management firm which focuses on Africa.

Although Mozambique's population of 30 million is predominantly Christian, Muslims make up a minority of nearly 20%, many of whom live in northern coastal areas. There has been more development in southern areas, which include the capital of Maputo. The ruling Frelimo party suppressed Islamic and other religious activities early in Mozambique's civil war decades ago, but later officially welcomed freedom of religion in a move away from Marxist policies.

The US Embassy has warned of the likelihood of attacks on government and commercial centres in Palma, a district headquarters in Cabo Delgado, which would be a base for the natural gas industry which could boost Mozambique's economy, but has also raised questions about how any windfall would be distributed in an impoverished, corruption-prone country.

The embassy urged Americans to consider leaving the area or postpone any plans to travel there.

Some international oil and gas operators, including Eni of Italy and the US firm Anadarko, are setting up facilities in Cabo Delgado. A week earlier, Wentworth Resources, a Canada-based company, said security problems in the Mocímboa da Praia and Palma regions had prevented safe access for workers and that the situation remains *"challenging"*.

Natural gas facilities or companies have so far not been attacked in the violence, which initially concentrated on security or state interests but has shifted to civilians in horrific fashion. Mozambican officials said the militants are attacking villagers instead of security forces because they have been weakened by a security crackdown; analysts speculated that suspected collaborators with the government are now being targeted, or that the victims are ethnic Makondes under assault from ethnic Mwanis who feel marginalised.

Many militants are disaffected by poverty and unemployment and some have reportedly travelled to regional countries, including Kenya, Tanzania and Somalia, for religious or military training, according to a study released last month in Maputo.

It said they are influenced by followers of Sheik Aboud Rogo, a Muslim cleric in Kenya with alleged links to al-Shabaab in Somalia. He was shot dead in 2012 by suspected government agents in Kenya, triggering violent protests by supporters.

The group in Mozambique has numbers in the hundreds, operates in largely autonomous cells and has tapped into the thriving illegal trade in ivory, timber and rubies in the border area, according to the study authors, who include Joao Pereira of Eduardo Mondlane University in Maputo.

The Mozambican government cannot stamp out the problem with just security crackdowns and should address the root social causes of the bloody unrest before a *"Pandora's box"* of extremism fully takes hold, said Liazzat Bonate, an academic who has studied Islam in Mozambique.

"They have to work hard now," Ms Bonate said. *"They have to show local populations that they're being more supportive and understanding."*

Oceans Beyond Piracy publish 2017 State of Maritime Piracy Report

One Earth Future's Oceans Beyond Piracy (OBP) programme have released *"The 2017 State of Maritime Piracy Report"*.

The report, which represents the latest findings in the eight years since OBP began the series, analyses the human and economic impacts of maritime piracy and robbery at sea in the Western Indian Ocean Region, West Africa, Asia and Latin America and the Caribbean.

The report has identified the following trends:

- Piracy events off the Horn of Africa have doubled in 2017 compared to 2016
- Overall incidents in the Latin America and Caribbean region increased by 160%, indicating the opportunistic nature of actors in the region
- Piracy continues to pose a threat in the Gulf of Guinea despite a broad array of countermeasures implemented by coastal states and maritime security companies
- Kidnap-for-ransom incidents in Asia decreased by 80%, in large part due to the effective cooperation by regional law enforcement actors

East Africa

Incidents have doubled off the coast of East Africa from 27 in 2016 to 54 in 2017. This increase in the number of incidents is also reflected in the total number of seafarers exposed, which has increased from 545 in 2016 to 1,102 in 2017.

Of particular note, OBP have now recorded one hijacking incident and three incidents of kidnapping in the region, the first time in two years. The Report indicates that the increase in the number of incidents can be attributed to several factors, namely the continued intent of pirate action groups to launch attacks and the opportunity to do so, due to lessened adherence to ship self-protection measures, including Best Management Practices.

West Africa

The number of incidents in West Africa rose slightly from 95 in 2016 to 97 in 2017, with the overwhelming majority of attacks occurring off the Niger Delta, however no attacks were recorded south of the Equator.

21 incidents of kidnapping were reported in West Africa, three more than 2016. 100 seafarers were taken hostage, 90 of whom were held for longer than one day compared to 56 seafarers in 2016, with at least two of whom killed.

This indicates a significant increase in the level of violence and as a result, an increase in the patrol days recorded for regional navies has been reported.

Asia

99 incidents of piracy and robbery were reported in Asia in 2017, a decrease of 23% from 2016 (129 incidents) and 51% from 2015 (199 incidents).
The majority of incidents occurred in territorial waters while vessels were at anchor, with tankers and bulk carriers being the main vessel types affected.

Only three hijacking incidents were recorded in 2017 while kidnapping incidents declined significantly from 22 in 2016 to four incidents in 2017.

Latin America and Caribbean

Maritime crime in Latin America and the Caribbean is also on the rise according to Maisie Pigeon, the report's lead author, who states that there has been *"a significant increase in violent incidents and anchorage crime, particularly in the anchorages of Venezuela and the recent violent incidents off Suriname in the first part of this year"*.

In total 71 incidents of piracy and robbery were recorded in 2017, with most incidents occurring in territorial waters while vessels were anchored. Furthermore, of the 71 recorded incidents, 42 involved yachts making up roughly 59% of all cases.

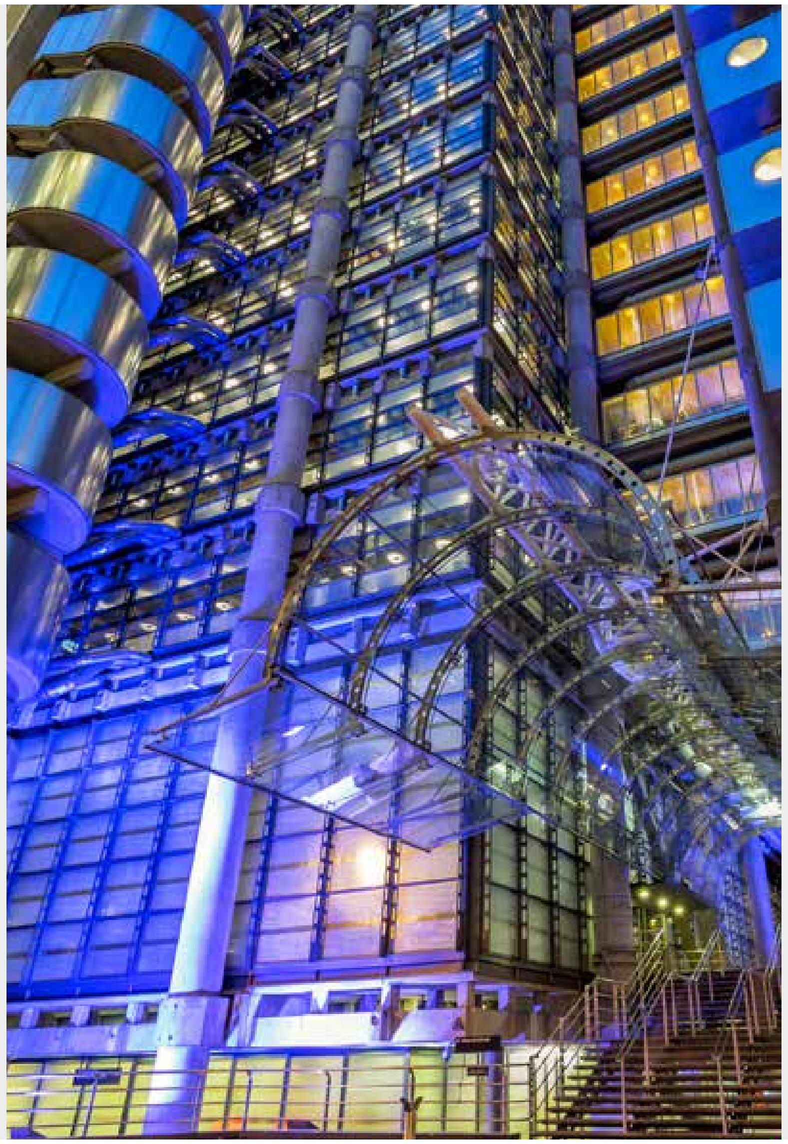
Anchorage crimes against yachts continue to be the most pressing issues and anchorages in Venezuela, Saint Vincent and the Grenadines, Colombia and Saint Lucia represented incident hotspots during 2017.

It is important shipowners remain vigilant and continue to follow Best Management Practices (Version 4) and related guidance in all affected areas.

LNG pipeline leak; Cleco cuts off power; two schools close

Louisiana authorities said on the 15th May that a liquefied natural gas (LNG) leak caused the shutdown of part of US Highway 90, two school closures, neighbourhood evacuations and a shutdown of electrical power in the area.

Jeff Hildreth, the assistant fire chief in Franklin, said a mowing tractor hit a pipeline valve in an isolated area early in the morning, releasing a 150-foot-high (46-metre-high) plume of gas.



INSURANCE NEWS

Investing in the expansion of our business – Price Forbes Risk Solutions Ltd

We are pleased to announce the launch of a new broking entity in the name of Price Forbes Risk Solutions Ltd (PFRS) to broaden and enhance the expertise of The Ardonagh Group.

PFRS will operate as an Appointed Representative of Price Forbes & Partners and exist as a subsidiary operating within the Wholesale Division of Ardonagh, supported by Wholesale Central Services.

PFRS will be headed by David Barrie and specialise in Reinsurance business, both Treaty and Facultative, with the aim of maximising opportunities across the group, complementing our existing reinsurance and treaty capabilities.

Ireland, Belgium, Luxemburg, Germany or the Netherlands: Insurers' arrangements in the EU in preparation for the business Post-Brexit

Ireland: Arch and Aspen

Bermuda-based Arch Capital Group is planning to expand the group's underwriting operations in Ireland to ensure continuity of its operations across the European Union once the UK leaves the EU.

Aspen has also chosen Ireland and has put in an application with the Central Bank of Ireland (CBI) to set up a Dublin subsidiary ahead of Brexit.

The company said the move was to ensure that it could *"continue serving partners and clients in the European Economic Area (EEA) following the United Kingdom's exit from the European Union"*.

Belgium: Lloyd's, QBE and Amlin

Lloyd's, the world's specialist insurance and reinsurance market, announced on the 23rd May that it has received licence approval from the National Bank of Belgium for Lloyd's Insurance Company SA (Lloyd's Brussels).

The licence means that Lloyd's Brussels will be able to write non-life risks from the European Economic Area (EEA), ensuring that Lloyd's customers can continue to access the market's specialist underwriting.

Inga Beale, Lloyd's CEO, said, *"Since the UK referendum on EU membership Lloyd's has been working hard to ensure that whatever the outcome of the Brexit negotiations our partners across the EEA will continue to enjoy access to Lloyd's unique offering.*

"I am delighted that Lloyd's has received regulatory approval for its new Brussels subsidiary. This will deliver certainty for all our customers, reassuring them they can continue benefitting from Lloyd's specialist expertise, innovative policies and financial security post-Brexit."

Vincent Vandendael will take up the post of Chief Executive Officer of Lloyd's Brussels in addition to his role as Lloyd's Chief Commercial Officer.

He said, *"Today marks an exciting next step in the setting up of our operations in Brussels. The new subsidiary will mean that our customers within the EEA continue to have access to Lloyd's specialist policies, and it will also provide us with opportunities to continue to grow our business on the continent.*

"Lloyd's Brussels will be at the forefront of our modernisation drive, with a platform in one of our most important markets that harnesses all the benefits of Lloyd's whilst utilising the latest technology, expertise and talent available."

Minister of Finance, Johan Van Overtveldt, said, *"I am very happy to announce that the National Bank of Belgium has today officially granted a licence to Lloyd's after a thorough due diligence process. By establishing an insurance company in Brussels, Lloyd's will significantly strengthen Brussels as a financial centre and build a bridge to London for specialised insurance and re-insurance. We are looking forward to welcoming more London-based insurance companies and brokers to Brussels, which lies at the heart of Europe and is home to the main European decision-making centres."*

Regulated by the National Bank of Belgium and fully Solvency II compliant, Lloyd's Brussels will start writing business from the 1st January 2019.

Australia-based QBE has also been granted a license for a new Belgian subsidiary, QBE Europe, to enable the company to maintain continued passporting rights across the European Economic Area (EEA) after the UK leaves the EU.

QBE Europe will leverage the existing base that the group has in Brussels and ensure a seamless transition of service for QBE's insurance and reinsurance customers across Europe, according to a statement. QBE Europe will continue to have branches in Bermuda, Denmark, France, Germany, Ireland, Italy, Spain, Sweden and the UK and intends to commence underwriting in the fourth quarter of 2018.

"Our priority throughout the Brexit process has been to provide seamless continuity and certainty for our customers and staff, whatever the final terms of the UK's exit," said QBE Europe CEO Richard Pryce. *"I am delighted that our Brexit programme is on track and that we have reached this important stage in our plan to continue to provide a full-service capability offering to our customers,"* he added.

In addition to Lloyd's and QBE, global re/insurer MS Amlin will commence the process of re-domiciling Amlin Insurance from the UK to Belgium following approval from the National Bank of Belgium (NBB).

The entity is expected to be fully operational from its new base in Brussels from the 1st January 2019.

Amlin Insurance is the company's trading entity for UK and Europe. The board of the NBB granted Amlin Insurance a licence for insurance and reinsurance activities from its Brussels office and associated branches in the EEA.

These branches include offices in the Netherlands and France.

MS Amlin said this development will have no effect on the day-to-day operations of any of its trading entities, the approval and licensing is a significant milestone for the business as it prepares for Brexit.

Luxemburg: RSA Group

RSA Group has received licence approval for its new insurance subsidiary in Luxembourg from the Commissariat aux Assurances (CAA).

RSA Luxembourg (RSAL) is being established in preparation for the United Kingdom's exit from the European Union to ensure there is no disruption to business with EU-based customers and other business partners.

RSA's European branch business focuses on large commercial clients and employs 250 people across the EU.

Richard Turner, who currently oversees the EU business from the UK, will take up the director role for RSAL.

RSA said it will transfer existing EU branch business of RSAI PLC to RSA Luxembourg, beginning on the 1st January 2019.

Germany: Newline Group

London-based specialty insurer Newline Group is launching its post-Brexit European Union insurance hub in Cologne.

The company said it has started the application process and is seeking to create an insurance company subsidiary which will be capitalised, licensed and regulated in Germany.

Newline Insurance Company previously established a branch office in Cologne in December 2016 to provide its policyholders and brokers with a local underwriting and claims handling team.

"Cologne is a natural choice for us, given our existing presence and the support we have from the local market," said Carl Overy, CEO of Newline Group.

"This new platform will enable us to provide seamless and continuous service in the post-Brexit environment."

Manuel Wirtz, Newline's General Representative for Germany added, *"This decision is a testament to our clients and brokers in Germany, Austria and neighbouring countries for placing their business and trust in us."*

The Netherlands: Castel Underwriting

Castel Underwriting Agencies, a managing general agent (MGA) formation platform, has opened its first branch office in Amsterdam to support plans to expand its operations in Europe as the UK leaves the EU.

Castel's European office will provide a platform to develop and launch specialty underwriting cells, as well as support individual underwriters with books of niche business across Europe, the company said.

Castel Transact, a division of Castel Specialty, which provides tailored warranty and indemnity and tax risk insurances for European-based organisations, is the first cell to operate from this branch office.

The company has registered the new entity with the Dutch Authority for the Financial Markets (AFM).

Mark Birrell, CEO of Castel, said, *"Opening our Amsterdam branch office is an important milestone in our growth strategy. Building on the success of our MGA formation platform in the UK, we are looking to support niche underwriters operating in Europe to establish their own businesses.*

"This also enables Castel to focus on the identification and development of European opportunities post Brexit."

Lloyd's threatens to close under-performing syndicates and reviews costs after swinging to a £2 billion loss

Lloyd's Performance Management Director Jon Hancock has warned managing agents he will close down consistently loss-making syndicates if they do not turn-around as part of a major escalation in the Corporation's oversight.

Lloyd's will also focus on cutting costs and improving its underwriting performance after a series of natural catastrophes pushed the specialist insurance market into a £2 billion (US$2.81 billion) loss, its first in six years.

Insurers globally suffered a record US$135 billion in losses from natural catastrophes such as hurricanes in the Caribbean, earthquakes in Mexico and wildfires in California last year.

The Lloyd's market, which has 80 syndicate members, reported a 2017 pre-tax loss of £2 billion (US$2.80 billion) compared with a pre-tax profit of £2.1 billion in 2016. Major claims totalled £4.5 billion.

What NOAA expects in 2018 Atlantic hurricane season

On the heels of the costliest hurricane year on record, the Atlantic is expected to produce five to nine of the mighty storms during the six-month season which started on the 1st June, the National Oceanic and Atmospheric Administration (NOAA) said.

A total of ten to 16 named storms, tropical-strength or stronger, will likely cross the basin, threatening people, real estate, crops and energy resources in the US, Mexico and the Caribbean, according to the agency's annual forecast on the 24th May.

Of those, one to four may become major hurricanes with winds of 111 miles (179 kilometres) per hour or more.

"Regardless of the seasonal prediction, Atlantic and Gulf coast residents need to prepare every year," Gerry Bell, a forecaster with the Climate Prediction Center, said during a conference call. *"There are over 80 million people between Atlantic coast and Gulf coast that can be affected by a hurricane."*

Hurricane season is closely watched by markets because about 5% of US natural gas and 17% of crude comes out of the Gulf of Mexico, according to the Energy Information Administration. In addition, the hurricane-vulnerable coastline also accounts for 45% of US refining capacity and 51% of gas processing.

Florida is the world's second-largest producer of orange juice. Along the Atlantic and Gulf coasts there are more than 6.6 million homes with an estimated reconstruction cost of US$1.5 trillion, according to the Insurance Information Institute in New York.

Costliest Year

Last year the US was hit by three major hurricanes – Harvey, Irma and Maria – which helped drive total losses to more than US$215 billion, according to Munich Re. It was the costliest season on record, surpassing 2005 which produced Katrina. Overall 17 named storms formed in 2017, which fell in line with NOAA's prediction of 11 to 17.

The forecast is influenced by conditions across the equatorial Pacific. Earlier this year La Niña collapsed and the ocean returned to its neutral state with the possibility of an El Niño forming later this year. El Niño, when the Pacific warms and the atmosphere reacts, increases wind shear across the Atlantic which can tear apart hurricanes and tropical storms, reducing the overall numbers.

Conditions in the Atlantic will also play a role. Hurricanes need warm water to fuel growth and the basin is currently running colder than normal.

An average to above-average season means there is a greater chance the US coastline and Caribbean islands are at risk, Mr Bell said.

"When you have a more active season you have more storms forming in the tropical Atlantic and those storms track further westward," he said. *"Certain areas have been compromised from last year's storms that makes hurricane preparedness ever more important this year."*

UK, France and Germany huddle on Iran oil tanker insurance

If European powers are to succeed in holding together a nuclear deal with Iran which the US has abandoned, then one issue they will need to consider is the insurance of oil tankers hauling the Persian Gulf country's crude.

From early November, US sanctions will likely prevent members of the International Group of P&I members from covering the global tanker fleet against risks including spills if they are moving oil to or from Iran, Mike Salthouse, the chair of a sanctions committee for the IG Group, said on the 15th May.

International Group-backed cover is considered standard in the vast majority of charter contracts for oil shipments because it means everybody in the supply chain knows that many billions of dollars backstop the insurers and reinsurers who would pay out in the event of a claim. As things stand, it is likely such coverage will be curtailed *"or stopped altogether"* for Iranian cargoes in November, Mr Salthouse said.

Foreign ministers from the UK, France and Germany were due to sit down with their Iranian counterpart, Javad Zarif, in Brussels to discuss how to move forward. European Union leaders would then take up Iran at an informal dinner in Sofia.

If Salthouse's analysis is how it plays out, then expect to see governments – both Iran's and its client states – seeking creative solutions. Last time around, those in Asia set up sovereign insurance entities while Iran provided more cover too.

The International Group is communicating with the US Treasury's Office of Foreign Assets Control and the European External Action Service, and *"will be using those to obtain more clarity for ourselves and our members,"* Mr Salthouse said.

INSURANCE PEOPLE

Liberty's long-serving marine and energy underwriter departs

Liberty Specialty Markets' Global Manager for Energy Exploration and Production, **Richard Pursey**, has left the company.

Canopius appoints reinsurance Europe head from Emirates Re

Specialty re/insurer Canopius has appointed **Stephan Ott** as its new Head for Continental Europe, Reinsurance.

Mr Ott was most recently chief underwriting officer for Emirates Re and has held various senior underwriting positions in his career, particularly in Germany and the Middle East.

AEGIS London appoints hull book leader from Hiscox

AEGIS London has appointed **Jonathan Humm** as its new Class Underwriter for marine hull.

He joins from Hiscox where he was deputy hull underwriter.

Mr Humm has 12 years of experience in the marine insurance sector. He joins AEGIS from Hiscox where he was deputy hull underwriter writing a predominantly open-market blue-water hull book.

He also led the development of Hiscox's cyber strategy within the marine hull class.

Mr Humm will report to AEGIS' Head of Marine and Energy, **Richard Palengat**.

XL Catlin appoints global cargo leader from Brit

Re/insurer XL Catlin has appointed **Andrew Coutts** to the position of Global Practice Leader for Cargo.

Mr Coutts joins XL Catlin from Brit Global Specialty, where he worked for nearly ten years as cargo underwriter.

Based in London, he will be responsible for managing a global underwriting team and the company's cargo insurance portfolios in the London Market, providing clients and brokers globally with expert underwriting and claims service.

Liberty creates new London Market claims role

Liberty Specialty Markets (LSM), part of Liberty Mutual Insurance Group, has promoted **Andrew Pedler** to the newly-created role of Claims Manager – Client Relationships.

Based in the company's London headquarters, Mr Pedler will work closely with LSM's claims and placing brokers to promote its claims service as an integral part of the business's offering to the market. The role is a first for LSM and rare within London Market businesses, the company said.

He will report to both Head of Claims **Mike Gillett** and Head of Business Development **Mark Stephenson**.

Mr Pedler has been a senior claims specialist with LSM since 2012.

CNA Hardy names French country manager

CNA Hardy, a specialist commercial insurance provider for clients within the Lloyd's and company markets, has appointed **Delphine Leroy** as Country Manager for France.

Reporting to **Stuart Middleton**, CEO Continental Europe, Ms Leroy will be responsible for developing CNA Hardy's market presence and capabilities across France.

Liberty Mutual Insurance has appointed Matt Waters to lead its national insurance specialty unit as Chief Underwriting Officer and Senior Vice President

The national insurance specialty unit provides a range of primary and excess products to large and mid-size construction and energy companies through brokers.

Waters returns to this unit after a stint as chief product and underwriting officer of Liberty Mutual's group disability and life operation, which was recently sold. Prior to that position, he served as chief underwriting officer for National Insurance Specialty – Energy.

"Matt will play a key role as we help brokers develop programs that better control the total cost of construction and energy risks by blending effective coverages, unsurpassed risk engineering and industry-leading claims," said **David Perez**, Executive Vice President of the national insurance specialty unit.

"Closely aligning our construction and energy operations will benefit brokers because each of these vertical markets requires deep industry expertise, as well as the ability to easily draw upon the specialty insurance resources of Ironshore and other areas of Liberty Mutual. In addition, aligning these operations positions us as a single source solution for energy construction projects," Perez added.

Chubb's regional president for European operation to retire

Andrew Kendrick, Chubb Ltd.'s Regional President for European operations since 2004, will retire at year-end and be succeeded by **David Furby**, the company said in a statement released on Monday 11th June.

Mr Furby, who was Chubb Group Vice President and Division President, Commercial Property/Casualty for Overseas General Insurance, will become Chubb Senior Vice President and Regional President, European Group, effective 1st July, the statement said. He will have overall responsibility for the general management and business results for all Chubb operations in the UK, Ireland and Europe.

Mr. Kendrick will continue to serve as Senior Vice President, Chubb Group, and as Executive Chairman of the European Group through 2018, the statement said, focusing primarily on regulatory matters.

Timothy O'Donnell, Executive Vice President, Financial Lines, and Chief Operating Officer of Commercial Property/Casualty for Overseas General Insurance, has been named Vice President, Chubb Group, and Division President, Commercial Property/Casualty for Overseas General Insurance, to succeed Mr. Furby.

In his new role, he will be responsible for the company's international commercial property/casualty insurance business, including professional lines, energy and marine product lines.

Mr Furby and Mr O'Donnell will report to **Juan C. Andrade**, Executive Vice President, Chubb Group, and President, Overseas General Insurance, the statement said.

"As Chubb's second-largest region, Europe is a core franchise and a significant contributor to the results of our organization," **Evan G. Greenberg**, Chairman and CEO, said in the statement. *"We have been fortunate to have Andrew on our team for so many years. We are delighted that David will now lead our European region."*

"Tim is a natural successor to David and is an outstanding insurance executive," Mr. Andrade said in the statement.

Chubb also announced that **Jalil Rehman**, Chief Business Operations Officer, European Group, will be leaving the company effective 1st July.

"We thank Jalil for his 30 years of service with Chubb and especially for his contributions these past two years to our successful merger-related activities," Mr. Andrade said in the statement.

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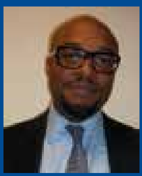

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