

DESIGNED BY GLOBAL REINSURANCE HOSTS OF THE DUBAI WORLD INSURANCE CONGRESS

**GR INNOVATION
& INSURTECH**
MONDAY 2ND OCTOBER 2017, DUBAI

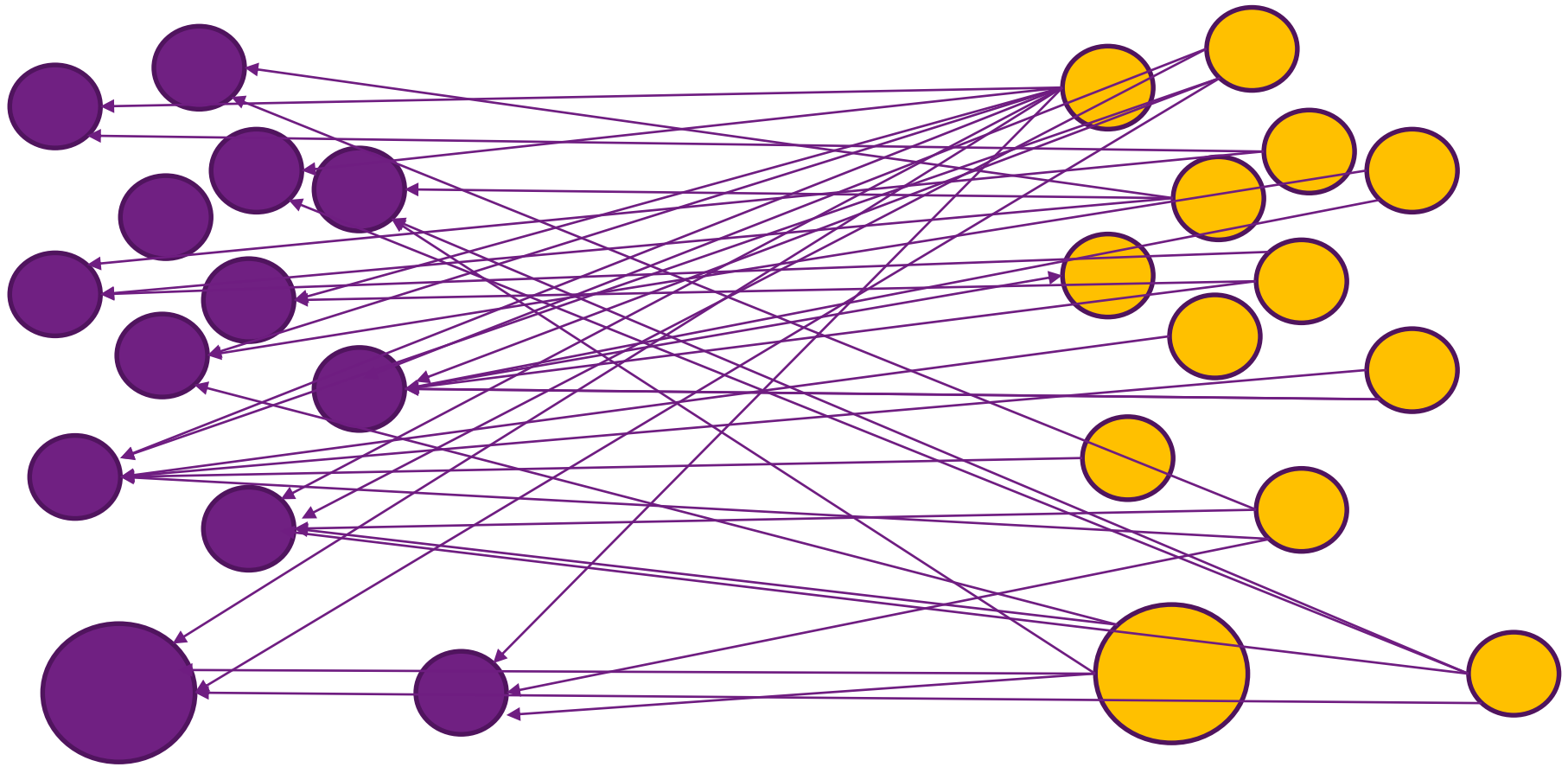
- **INSURTECH IN SPECIALTY INSURANCE**
 - **ALI ASGHAR, CHIEF OPERATING OFFICER, ELSECO**
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elseco

INSURTECH IN SPECIALTY INSURANCE

Investing in innovation, talent and
technology

Specialty Insurance: Current Market



Specialty lines of insurance

Insurance Groups

Market challenges

Deteriorating performance

- Plentiful supply of capital
 - Continued pressure on acquisition costs and operating expenses
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Increasing power of distribution

- Insurer's market remains fragmented
 - Creating the capability to access global business locally tends to be expensive
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Lack of scale/
relevance

- Insureds and brokers require lead relevant lines
 - Challenging to increase line size in current rating environment
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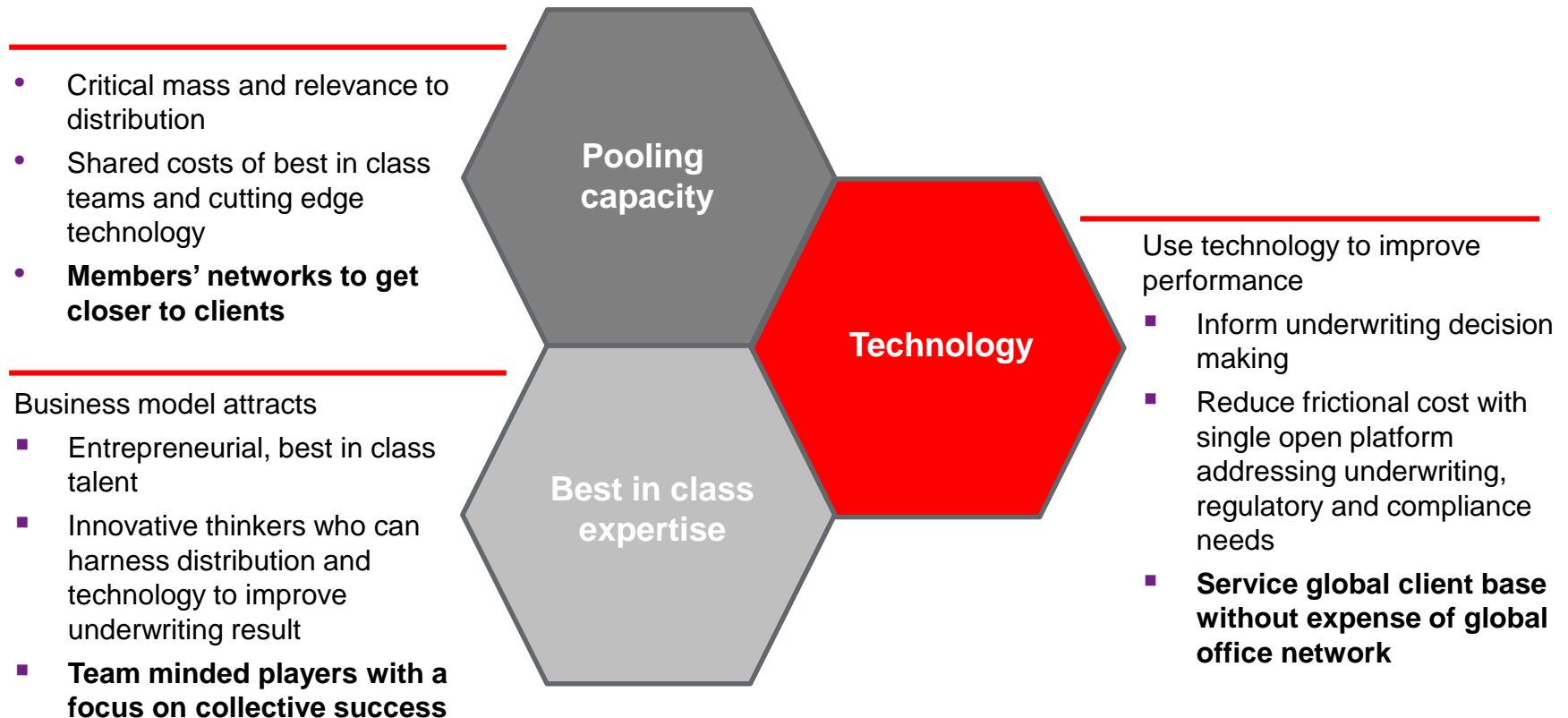
Technology investment to harness data

- Growing complexity of risks require greater analysis
 - Need for investment in technology and increase in information flow
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High expense ratio

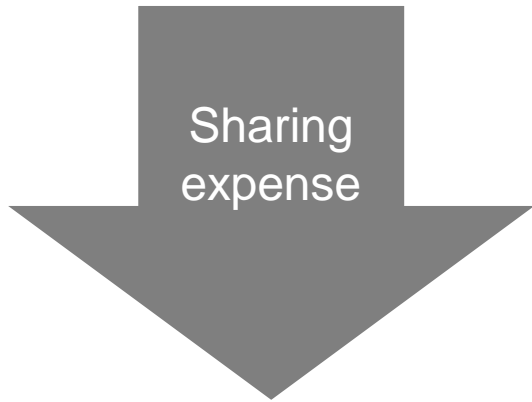
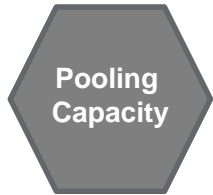
- Brokers and insurers variable expenses are constantly increasing
 - Increasing fixed costs of compliance and technology
-

elseco: Insurtech to address the insurance market challenges



elseco provides access to superior underwriting results at lower cost

Improving performance with pooled capacity



Access better systems while avoiding fixed cost



Access multi-disciplinary teams of experts



Flexibility to exit without costs

Driving down expense margin

Improving loss ratio

Proximity to the customer



Relevance over terms and product



Relevance over claims handling



Differentiation




Relevance and influence



Improving underwriting result with best in class talent

Expertise



elseco has proven it can attract best in class expertise who are able to maximize performance using technology



The entrepreneurial nature of elseco, the strong culture and business model attracts underwriters who are disillusioned within the confines of large companies



The ability to create wealth through profit related remuneration attracts expertise that is competent, confident and with stand-out track records



Access to tools and technology, far superior than competitors, that allows talent to maximise underwriting margin at a lower cost

Technology – In-house developed platform



In-house system developed in partnership with SAP



Scalability

Allows elseco to move from thousands of transactions to millions of transactions per year, opening up new lines of business



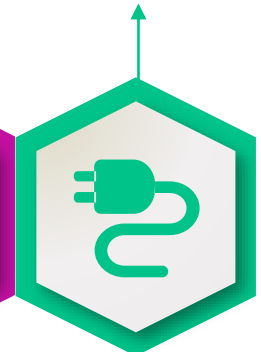
ecommerce

Ability to get closer to the source of business and reduce the costs of the supply chain. Reduce the costs associated with double entries



Plug in with members

Members can have real time access to their portfolio, providing simplified performance analysis and an ability to manage their income at a lower cost



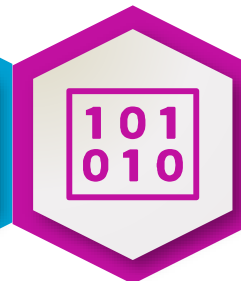
Compliance

Financial and underwriting control are imbedded into the solution and reduce the burden of reporting and associated costs. Opens up platform for franchising to third party teams

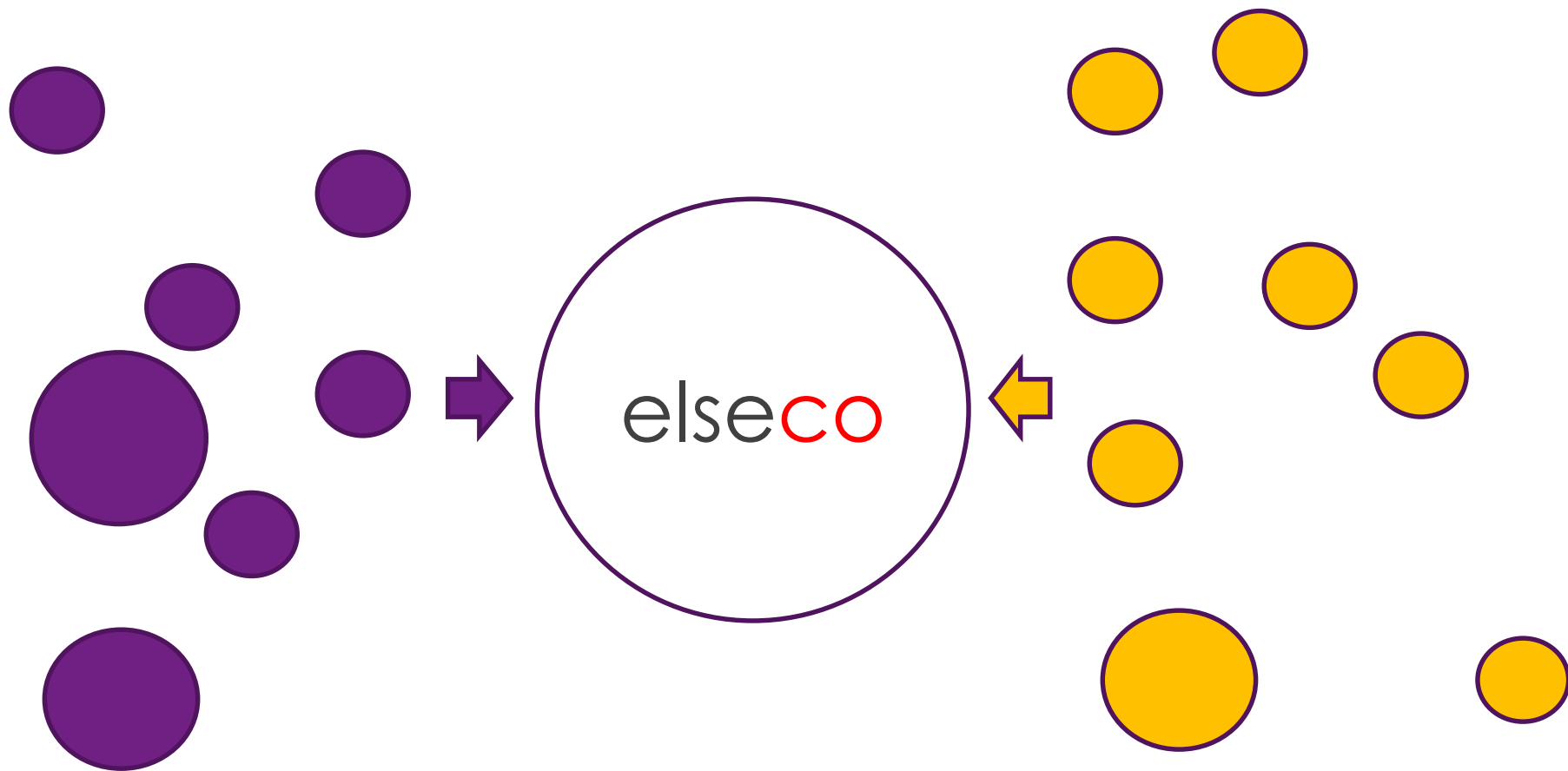


Big Data & Data sourcing

A level of information at underwriters finger tip, surpassing that of the competition allowing for advanced pricing and risk selection. Proactive data collection disrupting the current data dependence of insurers



Specialty Insurance: elseco Optimized



Specialty lines of insurance

Insurance Groups

elseco to date

Underwriting Profit

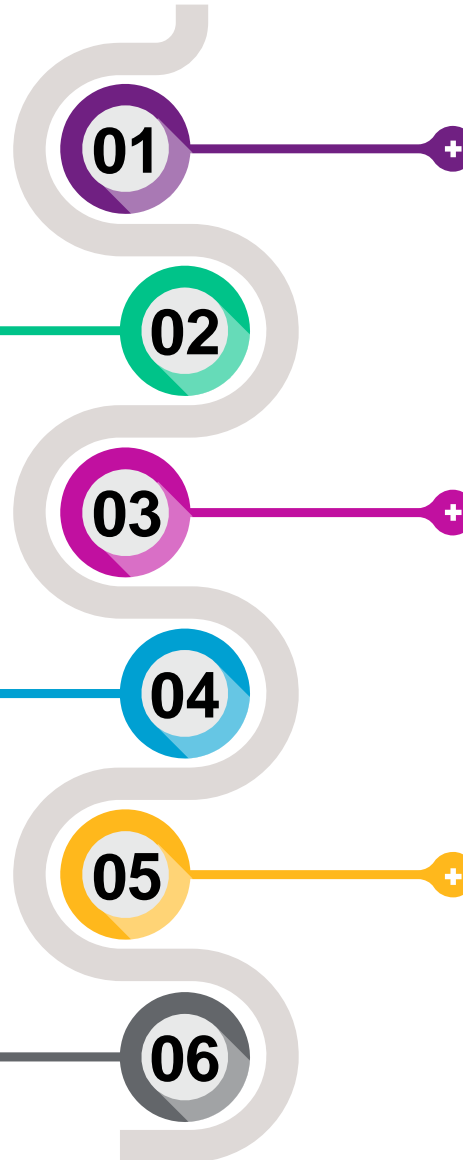
USD 250m of underwriting profit has been generated since elseco's inception

Local offices, global footprint

Physical offices in Dubai, London, Washington, and Paris, but platform allows for local servicing and access across the globe

23% YoY growth

elseco's growth has been funded solely through reinvestment of prior year profits



3 successful lines

World wide leader in Space. Rapidly growing presence in Aviation and Energy

11 years

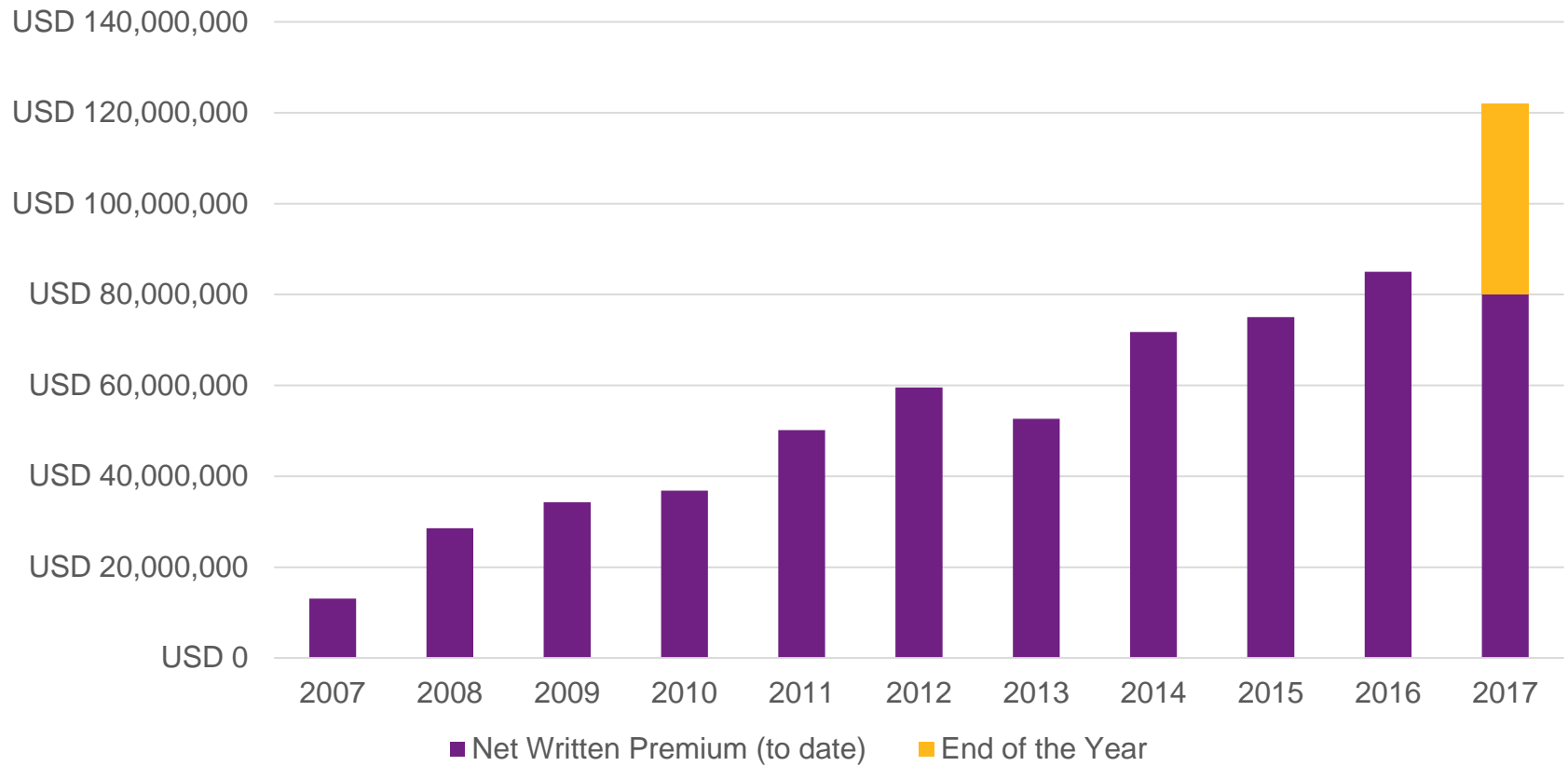
Long term relationships have been developed and fostered over the last 11 years.

60 members

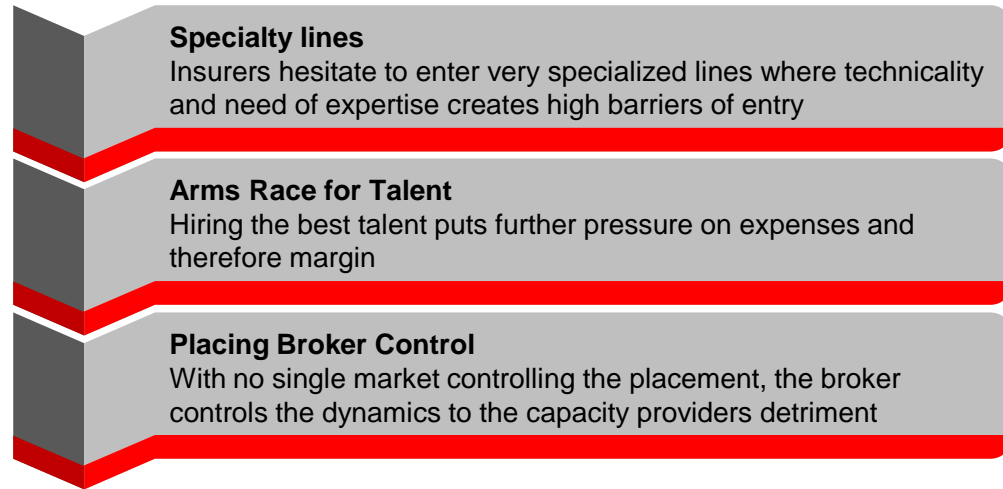
Key relationships include



elseco performance – Net Written Premiums (USD)



elseco business model – challenging insurance market dynamics



Pooling Capacity

Relevance to obtain best terms available on the placements

Line size to maximise share on placements where significant margin is available

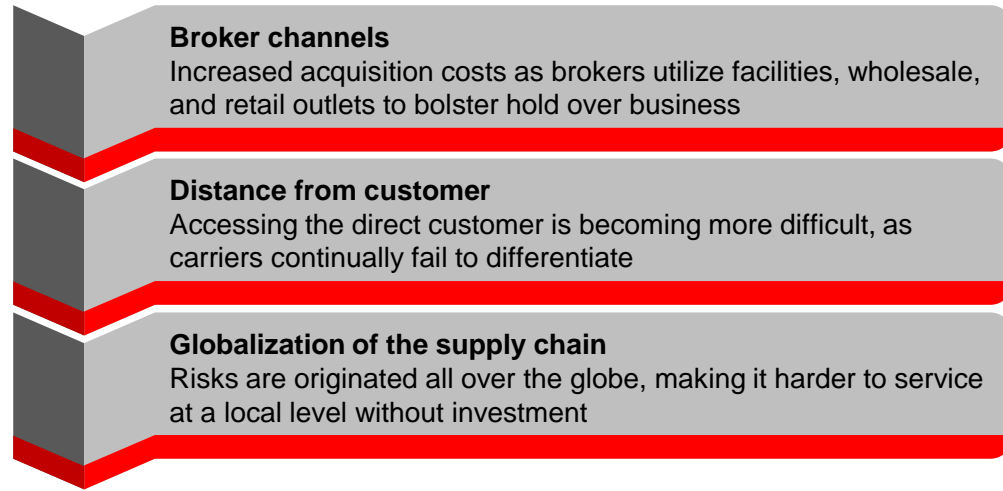
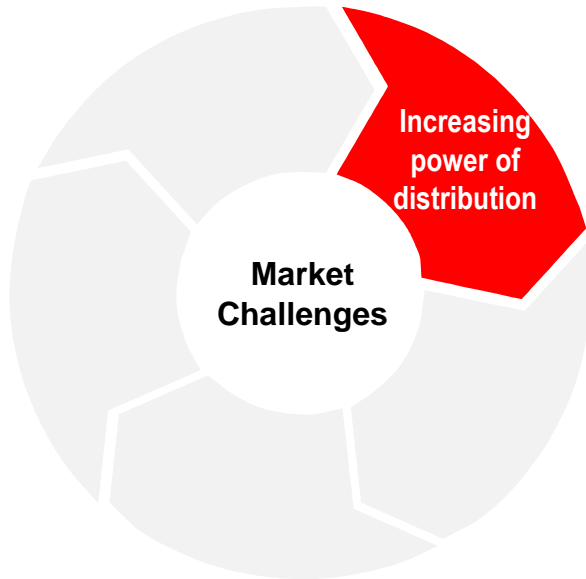
Expertise

Product expertise and innovative approach, supported by insight analytics to improve the quality of the risk.

Technology

Harness data to more accurately select risk, optimizing chances to over perform the market

elseco business model – challenging insurance market dynamics



Pooling Capacity

Proximity to the client achieved through relevance of the pooled line, and ability to lead; use of the members' local presence when available

Expertise

Ability to offer a complete service covering all the elements of the value chain.

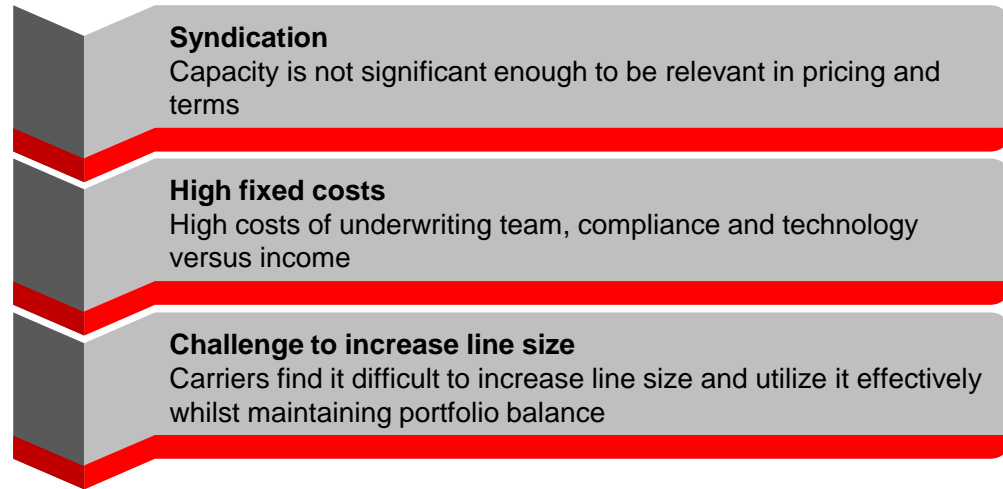
Market leading knowledge is highly valued and can add to broker's offering

Technology

Ability to service directly retail brokers worldwide without significant investment in local offices.

Provides brokers with low cost solution to quote and bind less complex business

elseco business model – challenging insurance market dynamics



Pooling Capacity

Ability to influence placements while sharing the costs associated with being a lead market. Natural spread of the risk reducing the dependence on reinsurance.

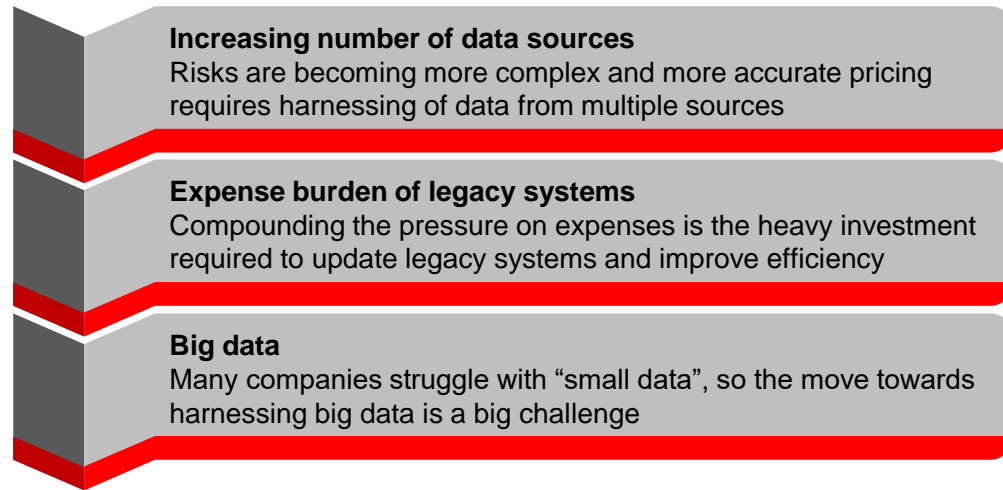
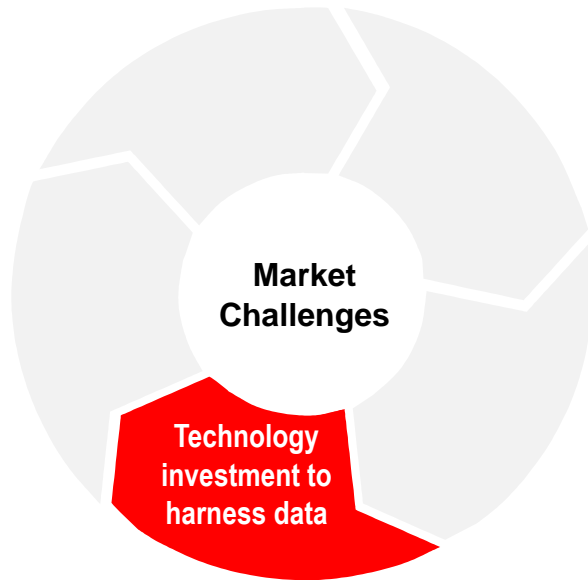
Expertise

Ability to be a market lead, working closely with clients attracts the best talent. Scale allows to build larger teams of underwriters with diversified expertise

Technology

Pooled capacity allows for costs of cutting edge technology to be shared

elseco business model – challenging insurance market dynamics



Pooling Capacity

Access better technology by sharing the cost of the investment.

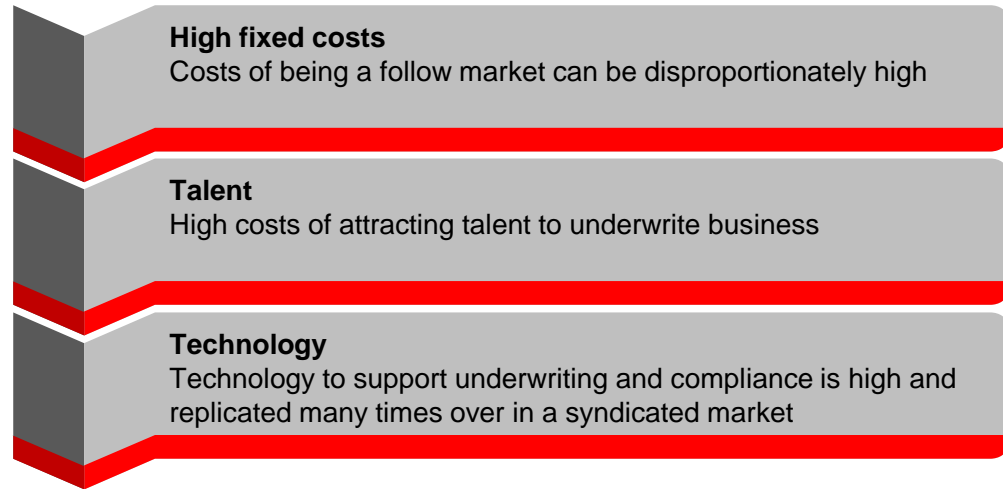
Expertise

elseco attracts teams with product line expertise and entrepreneurial outlook to understand how to optimise the investment in technology and big data

Technology

Significant investment on technology infrastructure since day 1. Major upgrade to open the system and be prepared to scale up the platform and the volume of data analysed

elseco business model – challenging insurance market dynamics



Pooling Capacity

Costs are maintained to the minimum due to rigorous discipline and shared between the members.
Alignment of interest through PC based compensation schemes

Expertise

Access the best talent for a fraction of the cost

Technology

Automate back office functions to gain in operational expenses.
Manage high volumes of transactions at low incremental cost

Multi-factorial market over-performance

Member results improvement

> 27%

21%

elseco's better informed and disciplined underwriting teams have outperformed the market by 21% through risk selection

6%

elseco low cost structure has allowed members to operate at a cost structure which is 6 percentage points better than their internal expense levels

50%

To date, elseco members have received a 50% return on accounted premiums

Net Incurred Results



Sources: Marsh Space Insurance Market Review and Future Outlook, Lloyd's audit code data at 31/12/2016 and Willis Re projected aviation market result

Going forward

- Development of market share in Space, Aviation and Energy
- Launch of new products in these lines via the electronic platform
- Launch of at least 3 other lines of business with expertise and/or data driven barriers of entry
- Development of geographic footprint through innovative partnerships

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