

CEO  
CFO



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## Alterra Capital's Success comes from Doing What They Do Best – as a Specialty Underwriter of Insurance and Reinsurance they Pick Markets and Product Lines where Expert Underwriting Really Makes a Difference and Intellectual Capital is Paramount

**Financial  
Property & Casualty Insurance  
(ALTE-NASDAQ)**

**Alterra Capital Holdings Limited**

**2 Front Street, PO Box HM 2565  
Hamilton, HM 11 Bermuda  
Phone: 441-295-8800**



**W Marston (Marty) Becker  
President and CEO**

### **BIO:**

W. Marston (Marty) Becker currently serves as President and Chief Executive Officer of Alterra Capital Holdings Limited following the merger of Max Capital Group and Harbor Point in May 2010. Becker served as Chairman and Chief Executive Officer of Max Capital Group Ltd., from October 2006 - May 2010. He had been a director of Max Capital Group Ltd., formerly known as Max Re Capital Ltd.

and Max Bermuda Ltd., formerly known as Max Re Ltd. since April 2004. From 1996 to 1999, Becker was Chairman and Chief Executive Officer of Orion Capital Corporation, until its sale in 1999 to Royal & SunAlliance, where he then served as Vice Chairman and a Director of Royal & SunAlliance USA until 2000. He was President and Chief Executive Officer of an Orion Capital subsidiary from 1994 to 1996. From 2002 to 2005, he led the restructuring and wind-down of Trenwick Group Ltd, a Bermuda insurance company and from 2002 to 2008, its subsidiary, LaSalle Re Holdings Limited. From 2001 to 2004, he was non-executive chairman of Hales & Company, a boutique insurance industry investment bank and private equity investor. Becker is Chairman and General Partner of West Virginia Media Holdings, which he co-founded in 2001. Becker earned his Juris Doctor and Bachelor of Science in Business Administration degrees from West Virginia University.

### **Company Profile:**

Alterra Capital Holdings Limited is a global enterprise dedicated to providing diversified specialty insurance and reinsurance products to corporations, public entities, and property and casualty insurers.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Becker, what was the vision when Alterra was created?

**Mr. Becker:** The combination that created Alterra was really an addi-

tional stepping-stone along the path that we started with the old Max Capital Group in 2006. At that time, we were purely a Bermuda and Dublin, Ireland based insurer/reinsurer with about \$800 million in annual premiums, less than 100 employees and capital of a little over \$1 billion. We knew that to capture the upside opportunities in our business effectively we needed to do a few things. Firstly, we needed to have a U.S. underwriting platform, secondly we needed to enter the London marketplace through Lloyd's, and thirdly we needed greater scale. So, in 2007, we started Alterra Specialty, a wholesale-focused underwriting company and the original core of our U.S. insurance platform. Alterra Specialty today writes over \$300 million of business per annum. We have since added a retail-focused platform that we expect will take our U.S. insurance writings on a domestic basis up to a total of over \$400 million in 2012. In 2008, we bought a very attractive Lloyd's syndicate that was writing approximately \$110 million of annual gross premiums and that is now writing close to \$300 million. Then, in 2010, we combined with Harbor Point to create Alterra; so today we have a company that has 22 offices in ten countries, writing a little under \$2 billion in annual gross premiums, with approximately 500 employees and almost \$3 billion of capital. Therefore, we have had quite a transformation in a short period.

**CEOCFO:** What is special about Alterra?

**Mr. Becker:** Alterra knows what it is, and it knows what it is not. We are

specialty underwriters of both insurance and reinsurance; we are not everything to everybody and we do not try to play in every market. We pick markets and product lines where expert underwriting really makes a difference, as opposed to the many areas of our industry that are more like manufacturing operations with thousands of small policies with small underwriting differentials. Our products are typically quite customized for commercial clients and result in large per policy premiums. Intellectual capital is paramount, as this type of underwriting can be quite complex.

**CEOCFO:** What is an example of the kinds of things Alterra is insuring, and what is the process that makes it difficult and special to handle?

**Mr. Becker:** We insure some portion of many of the companies in the Fortune 500. These are big complex organizations. Whether we are taking part of their property risk or part of their excess casualty risk, or even whether we are on their employment practices liability program or their errors and omissions program, these are largely customized writings with very distinctive needs. Therefore, we are working closely with the risk managers of those organizations.

**CEOCFO:** Do you see additional acquisitions for Alterra?

**Mr. Becker:** We have proven that not only are we builders, we are very successful at managing what we have built. During the period of time when we more than tripled our business, we maintained a very attractive combined operating ratio, which is the key metric of quality in our business. Therefore, I do not think that there is any reason why we should stop now, because we have the organizational expertise and the organizational discipline to grow properly and effectively, whether organically or by acquisition.

**CEOCFO:** What has changed about the market that makes the skills at Alterra so important?

**Mr. Becker:** Our industry is one with cyclical pricing. When the market is

going up, virtually anybody can look like a great underwriter. The real difference is when pricing is going down. It is how well you perform during that down cycle, and we have been in a down cycle since 2006. However, we have continued to look quite attractive. It is a little bit like that old Warren Buffet saying, "You know who is swimming naked when the tide goes out," and there is a little bit of that in our business.

**CEOCFO:** Are there areas you would like Alterra to be more involved in geographically?

**Mr. Becker:** We are still a relatively small player in terms of market penetration in many of our locations, and would like to grow our operations in some of those areas over time. For example, we would like to have a larger presence in the London market. London is the world's best specialty

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**- W Marston (Marty) Becker**

insurance marketplace, and specialty is our business. We are still a very small player in the domestic U.S. marketplace. In 2009, we were able to bring on board an extremely competent and experienced reinsurance team in Latin America, and now we have offices in Rio, Bogotá, and Buenos Aires -- this is a very attractive opportunity for us in economies that have natural growth characteristics.

**CEOCFO:** How does Alterra reach potential customers?

**Mr. Becker:** We work 100% through brokers and agents. We do not write any business direct. We use the existing nucleus of the broker and agency system to access our client base.

**CEOCFO:** What do you look for in the people that represent Alterra?

**Mr. Becker:** The practical reality in the reinsurance business and in the Fortune 500 or even Fortune 1000 insurance business is that a very

large proportion of the business is written through the big three global brokers: AON, Marsh, and Willis. So we clearly work hard to partner with those organizations, essentially discipline by discipline, and know what they are looking for to serve their client base, and we orient ourselves to be able to respond accordingly.

**CEOCFO:** Alterra has "multiple tools to optimize performance"; what are the differentiators?

**Mr. Becker:** We are more diverse than many of our peers. We have assembled a platform of specialists in a variety of coverage areas. Each one of our specialist teams is almost like a business unto itself. Therefore, when we bring on a new team we are looking for people that have a proven track record in their space and a client following that is likely going to credential their ability to perform for Alterra.

Much of our strength lies in the breadth of diversification and the superior level of skilled resources that our platforms offer.

**CEOCFO:** What is the financial picture like for Alterra Capital today?

**Mr. Becker:** Alterra actually continues to perform quite well in what is a very tough pricing environment in our sector of the market. The one thing you know is that pricing will improve; the question is when. Most signs would indicate we are getting very close to the bottom and that the pricing cycle is going to invert the other way. When the tide turns, the growth and expansion strategy that Alterra has successfully implemented should cause our boat to rise much higher and much faster than it would have in our prior formation. Therefore, we are quite optimistic about the future. In 2011, many of our peers will make no money due to the magnitude of property catastrophe events around the world. Alterra, however, expects to still have a respectable return on equity, and I think that will underscore the benefits of our diversified strategy.

**CEOCFO:** Has the investment community paid attention to Alterra?

**Mr. Becker:** The investment community in general is waiting for a cycle turn before participating in any meaningful way in the property and casualty insurance space. There is nothing new about this. The investment group will come in and push multiples up at the beginning stages of a pricing cycle and they will divert their money elsewhere at the end stages of a pricing cycle.

**CEOCFO:** What might surprise people about running such a large insurance operation, and what do people not know about your business?

**Mr. Becker:** I am not sure people appreciate how important human or intellectual capital is to our industry,

and the fact that companies are very different. Most people look at the insurance industry and they refer to it in the singular as though we are all the same. Once you get inside the industry you realize that really is not true -- not only are the performance characteristics of the companies different, the cultural aspects of the companies are also very diverse. If you want to be a successful investor in this space, you really have to spend the time to get to know the individual management teams and how they approach the business, verses their peer group.

**CEOCFO:** In closing, why should potential investors pay attention to Alterra Capital today?

**Mr. Becker:** I do not think you will have a better opportunity in the foreseeable future to invest in this space at really attractive valuations when the market is on the cusp of what is likely to be an improved pricing environment. If you decide to invest, you should go with the firms that have proven their quality and consistency in underwriting performance -- I would rank Alterra very near the top of that list. Alterra is a great company that has built a superior global platform. We have everything in place to capitalize when the market turns.



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