

Watch Hill Fac Management, LLC

2007 At A Glance

Watch Hill Fac Management, LLC is a lead market underwriter of U.S. facultative casualty reinsurance for the intermediary production channel.

Our Mission

Formed in November 2005, Watch Hill Fac is dedicated to the broker market facultative casualty distribution channel. The exposure to additional markets that we provide enhances W. R. Berkley Corporation's leading position in the U.S. broker facultative market. Watch Hill Fac has established itself as a consistent, disciplined, profit-oriented underwriting organization. Our centralization, communication, depth of experience and service standards are benchmarked against the best in the reinsurance industry. At Watch Hill, *Everything Counts, Everyone Matters™*.

Company Description

Watch Hill Fac is an underwriting manager wholly owned by Berkley Insurance Company. Watch Hill Fac writes on behalf of Berkley Regional Insurance Company, which is rated A+ (Superior) by A.M. Best and A+ (Strong) by Standard & Poor's.

Watch Hill writes casualty facultative business generated by reinsurance intermediaries in the United States. Business consists predominantly of individual risk business, but may also include facultative automatics and program business. Business is written on an excess of loss basis or, in the case of umbrella business, on a contributing excess basis.

Unlike treaty reinsurance, individual risk facultative business is inherently subject to adverse selection because it tends to be purchased on accounts that present large, difficult or unusual exposures that the ceding company cannot, or prefers not to, reinsure under its treaties. As a result, facultative reinsurance is opportunistic in nature and is particularly sensitive to market cycles. Watch Hill's underwriters are experienced in both hard and soft markets.

Watch Hill quotes excess of loss reinsurance for a variety of third party coverages, concentrating on excess general liability, products, construction, automobile liability, non-medical professional liability and umbrella. Our maximum authorization on any one risk is \$3.5 million. When not in agreement with the original business offer, we will propose reasonable alternatives.

Watch Hill writes profitable business in transitional markets, through a rigorous and disciplined process of account selection, exposure analysis, pricing and structuring and tailoring of coverage. Conversely, when market conditions become less attractive, Watch Hill will maintain underwriting discipline and will be willing to sacrifice premium volume in order to sustain profitability.

Watch Hill Fac is staffed by highly energized employees intent on displaying a sense of urgency to all our customers and producers. Our average underwriter has 20+ years of experience in the commercial casualty arena.

A BERKLEY COMPANY



FINANCIAL HIGHLIGHTS

Watch Hill Fac provides facultative casualty reinsurance on behalf of Berkley Regional Insurance Company.

Berkley Regional Insurance Company

A.M. Best Rating
A+ (Superior)

Financial Size Category
X

Standard & Poor's Rating
A+ (Strong)

Financial Data
(Dollars in millions)
(Statutory Basis)

as of December 31	2007
Total Assets	\$ 2,566
Policyholders' Surplus	\$ 654
2007 Net Written Premiums	\$ 1,309

Watch Hill Fac Management, LLC

2007 Gross Written Premium
\$29 million



Gerald S. King
President

Gerald ("Jerry") S. King is President of Watch Hill. Jerry has over 38 years of experience in casualty insurance and reinsurance, with a particular emphasis on the casualty facultative market. He has held senior management positions with a number of reinsurance companies. His responsibilities have ranged from the management of start-up operations in the U.S. to managing facultative operations on a nationwide and global basis.

OFFICERS

GERALD S. KING
President

ROBERT T. COMSTOCK
Vice President – Liability

ROBERT W. COLANTUONI
Vice President – Liability

EUGENE F. MASON
Vice President – Professional Liability

How Watch Hill is Different

Watch Hill Fac, on behalf of Berkley Regional Insurance Company, is a net line underwriter. Watch Hill does not purchase any retrocessional coverage on its portfolio of business (retrocession being the reinsurance of reinsurance).

Instead, Watch Hill is a net line underwriter assessing the gross exposure assumed, and relies on its risk selection, pricing and coverage expertise to control its aggregate exposure on the business underwritten. Severity exposures are mitigated through careful management of line size, risk selection (both class and individual risk), terms and conditions, and attachment point.

Because Watch Hill is committed to retaining its full share of the gross line on a net basis, it is not dependent on the retrocessional market. This independence allows Watch Hill to maintain its flexibility in selecting and pricing accounts, and to deploy its capital to market segments that it deems most advantageous at particular points in the cycle without regard for the risk appetite or pricing demands of retrocessionaires.

As a facultative enterprise, Watch Hill capitalizes on its ability to move in and out of classes or lines of business according to where the best profit potential is to be found at particular points of the cycle, while maintaining the long-term focus and discipline required for success.

About W. R. Berkley Corporation

W. R. Berkley Corporation, founded in 1967, is one of the nation's premier commercial lines property casualty insurance providers. Each of the operating units in the Berkley group participates in a niche market requiring specialized knowledge about a territory or product. Our competitive advantage lies in our long-term strategy of decentralized operations, allowing each of our units to identify and respond quickly and effectively to changing market conditions and local customer needs. This decentralized structure provides financial accountability and incentives to local management and enables us to attract and retain the highest caliber professionals. We have the expertise and resources to utilize our strengths in the present environment, and the flexibility to anticipate, innovate and respond to whatever opportunities and challenges the future may hold.

Contact Information

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