

TURTLES' SPAWN

The logo consists of the letters 'RI' stacked above '3K' in a white, bold, sans-serif font, centered within a solid blue square.

RI
3K

ALEX LETTS

ADDRESS TO THE E-INSURANCE SYMPOSIUM, DALLAS, USA:
SEPTEMBER 2008

TURTLES' SPAWN

PROLOGUE

I was a bit embarrassed to see that I was originally headlined today as speaking about “The Successful Reinsurance Exchange”. Now wouldn't that be nice!

Maybe one day in 3 years time you can invite me back and let me talk about that.

AS we all know though, Pride is the predecessor to Fall, so 'm very cautious about trumpeting our business as being a Success Story. It would be hubris in the extreme to say that our business is where I would like it to be, and indeed it wouldn't even be true to say that we now have the formula precisely mapped.

But what we do have is 8 years of experience in building a business - from nothing in 2000 to a globally relevant force in 2008.

RI3K remains a work in progress. It has over 5500 users in nearly 300 companies around the world all logging onto one internet based trading service. That means the only software is on our servers and users just trade using their existing technology.

Another stat for you: the service has handled more in premium this year alone than the entire industry has traded electronically in the past 100 years. But this is a pinprick in terms of what can be achieved and must be achieved over the coming 36 months.

Nevertheless my agenda today is not to showboat a business case history but actually rather to tell you a bit about how we started, what we have gone through and where I think it all ends up.

RI3K is quite interesting by any standards.

We have had to create the world's first and only insurance to reinsurance trading service in face of an industry that was, at the very best, indifferent to our vision.

I want to characterize for you how, based on some good ideas, some great people and the bag of resources that every entrepreneur needs to keep with him or her every step of the way, adversity can be overcome.

I hope also to demonstrate that if adversity can't be overcome, how to live with it, and to refuse to let it triumph. It's a narrative of a great adventure, financial risk, disappointment, hope and fear, which is intriguing enough at one level. But it is also a story which can inform and educate any wannabee entrepreneur, based on the learning along the way.

Most importantly, the story also outlines what contribution to trading RI3K is making. It will, I hope, allow you to learn a bit about what it does, who uses it and why. And finally it will paint the roadmap for the next 3 years, which will see the journey really reach fruition and a point where we can perhaps allow ourselves to start to think about a "Successful Exchange".

I haven't tried to do such a review of RI3K ever before and as the company is still very much in growth mode, this will be a sort of living text book. Anyhow the objective is to combine the experiences of entrepreneurialism with a case history that is close to all of you in this industry.

I think it's useful because the story of RI3K will inevitably impact the way that you and your own organisations think about the insurance business. And to help bring it alive I thought I might show you a quick film of how the trading system works and then perhaps I could take any questions at the end.



THE YEARS BEFORE RI3K

In 1999, just 9 years ago, I had no idea that reinsurance existed, and I had no knowledge about the insurance industry. I had read Classics at Oxford, so it was absolutely true to say that insurance was all Greek to me.

I was trained at the great American advertising agency Young & Rubicam on their graduate intake in London and worked there for 5 years on my way to founding my own advertising agency, the SMI Group when I was 28 years old.

I was keen and ambitious, but I knew nothing about business. I had no commercial training that could prepare me for what lay ahead, but I did have a spirit of adventure which others might have called recklessness and I had a huge, and equally hugely unjustified, belief that whatever I did would succeed.

Our advertising agency was actually pretty poor.

We spent 2 years treading water until in 1989 my business partner suggested we niche the company. I remembered a saying from my advertising training: “If you can’t get big get niche, if you can’t get niche, get out”. We had only 2 options left at that point: niche or get out, so niching the company seemed a good plan. We chose to focus exclusively on advertising for technology companies.

My partner at SMI was a geek whereas I didn’t even know how to work a PC.

Within 5 years our company had become the 2nd largest Business-to-Business advertising agency in the world, outscaled only by the US agency Dahlin Smith White (which had the Intel business). We were doing something the Big Agencies didn’t understand, advising US companies on how to make their complex products appeal to a pan European audience.

Then in 1993 I got interested in the requests we were getting from the likes of IBM and Lotus to help them with something they were calling Intranets, for internal communications. And from there I got interested in the potential of the internet, fuelled by one of our clients, the pioneering CompuServe.

Within a couple of years we had become the specialists not only in technology marketing and advertising, but also in the emerging internet and world wide web as a communications medium. In 1997 the French giant Groupe Publicis bought our company and I spent 3 years tied in as part of the purchase agreement rolling out their internet agencies.

I tell you all this for a number of reasons. Firstly our company was profitable in the 10 years of its existence, for only 2 years.

Secondly, we lurched from disaster to disaster operationally and financially.

Thirdly we had huge prizes slip from our grasp all along the way. But most importantly we were incredibly enthusiastic, innovative and energetic. Where we lacked experience, we had verve and nerve, where we faced disaster we had enormous self-belief and determination. It paid off, but only after some horrendously near-death business experiences.

I can't pretend it was always fun, but in the end it worked and we learned quite a lot about getting the balance right in a business – making sure the opportunity always came first, but ensuring in the end that the operations and the finances were resolved enough to provide the service platform any business requires.

START UP

If you think back to late 1999, as I left Publicis with a blank sheet of paper, it was the era of Dream It and Do It!

Well, dreaming had never been a big problem, but the plethora of dreams and prioritizing was. I had spent the previous 3 years watching in frustration as entrepreneurs created paper fortunes inside this new internet paradigm, and there I was handcuffed to a French paymaster. Now I had the chance to be part of the revolution.

By chance KPMG, the Corporate financiers who had helped us sell SMI Group asked me what I wanted to do next. I said that the web boom was fine, but I felt it was easier to adapt it to financial services, where the deliverable was data, rather than the consumable sector such as books and gifts where the last leg of the internet was still a trucking company.

Well Jeff Bezos at Amazon has proved me wrong on that one! Internet-based consumable businesses can thrive, and I would guess he's done alright.

But overall I think that digital delivery is the business area that has really boomed over the past 10 years, from leisure, to music, software and, last but not least, financial services.

I told KPMG I would like to find a financial services investor interested in creating a VC fund dedicated to internet investments that could enhance their strategic position – which might seem an odd thing to say but most companies were at that time just investing in every and any non-related business in an effort to reap the billions of easy money allegedly being made by all and sundry at the time.

KPMG said that they knew some people in the Insurance industry who I should meet, and after one meeting and just a few weeks of legal process (well that was the climate then), I had a large investor, \$60m of funds to invest and absolutely no idea what to do with it all.

Then just a few weeks later the internet boom hit the wall.

Greed was replaced as the currency of the day by naked Fear. People looked at the small print on the bottles cool-ade they had been drinking and began to wonder what was really in it. Companies started falling off the cliff. My fund of \$60m was reduced to \$20m.

My investors started to have second thoughts.

The company put up the cash was Brit Insurance, which at that time was an investment trust spun out of Benfield Reay, the reinsurance broker. Their Chief Executive was a marvelous man called Neil Eckert, one of the significant Benfield shareholders, and a real entrepreneur without a trace of fear in his bones.

Single handedly he ensured that the Board of Brit, a public company held its nerve and continued to back what we trying to do. His nerve stayed intact, not just at that start-up moment when the wreckage of the internet boom was all around us, but through the collapse of the B2B Exchanges boom, and then, even post 9/11 in 2001 and the terrible hurricanes of 2005 when Brit itself had to raise more capital on the markets.

And I think here is a key piece of learning – Neil was able to defend and support his investment decision (for the next 5 years indeed whilst he was at Brit) purely because we had insisted that whatever activity we invested in, would be supportive to the strategy and experience and sphere of influence of Brit themselves.

If I had supported the other more wacky internet ventures that were tabled by Brit when I first met them (such selling Surf Boards on-line, and buying a vineyard and selling the wines exclusively on-line), then the story would have had an unhappy ending within 6 months of the bursting of the internet bubble. Instead the insistence that we invested within Brit's own segment of business saved our venture.

When the investment dwindled from \$60m to \$20m we all agreed that this was no longer a venture fund, but a single venture. I told them I would come back in 2 weeks with a plan and not knowing the first thing about their industry asked for a tour of the Lloyd's building.

THE TURTLES' SPAWN

Now you have to remember that by early 2000, every single great idea for selling or doing business on the web had been thought of. The gluttony of investors and the resulting release of creativity this had generated meant that 12 year olds were running \$50m companies and every mom and pop had their own dotcom path to billions. I was running out of time and was desperately short of ideas and knowledge.

That visit to Lloyd's proved to be the Eureka moment.

In a world that had gone crazy about the web, Lloyd's had trundled along as if nothing had changed. It was locked in its own time capsule of indifference to the outside world. At the moment that I breezed in, clad in my adman's linen suit and cowboy boots, the traditionalists who only a few weeks earlier had looked like dinosaurs grazing their final plain, were now, and not without some justification, reasserting their dominance.

The internet had been exposed as being fool's gold, and they were once again the face of common sense and guardians of proper business practice. But to me it was like stumbling exhausted and thirsty into an oasis of opportunity.

Whilst a lot has now changed at Lloyd's under the current CEO, Richard Ward, at that time there was no internet plan, email was just appearing, e-trading was a pipe dream and it was virgin territory for a significant and speedy web-based exchange. I think the first business plan I submitted to Brit said that we would build the market an E-Lloyds and the exit valuation would be hundreds of millions of dollars within a matter of months. Lloyd's would have a trading exchange within months.

And there if you like is another nugget of learning. My first business had taken 10 years to understand, niche, build and sell. Now I seemed to assume the next would take only 10 months to do the next venture - and sell it for 100 times the value of the first!

My own naivety still astonishes me, but then again I somehow doubt it would have been quite so attractive to our investors if we could all have foreseen that it was in fact a 10 year plan to profitability.

Most people who have been through their own start-ups seem to agree that on average a business takes 10 years to exit. But that also, on average, a very low percentage of businesses ever survive. The reality was that, even before looking at the issues holding back this particular industry, the odds were not the sort that would attract even the most reckless gambler.

The optimist inside the entrepreneur saw none of this. And thank goodness for that. The self belief of the entrepreneurs overrides any doubt thrown up by calculating the odds. If it's a great idea, then that's enough for most of us.

In this way entrepreneurs are the Turtles' Spawn. The Turtles each lay countless eggs as their own insurance policy against the high casualty rate on the road to adulthood. The ensuing mortality rate is terrifying .

First of all they get feasted on by nest predators seeking juicy eggs. Next, if they survive the incubation period, they run the gauntlet of waiting Ghost Crabs that devour the hatchlings on their desperate moonlit dash for the ocean. Next they have to bypass the natural predators once they make the sea and float helplessly on the currents until finally their shells harden and they can begin to protect themselves from man and fish alike.

For every million businesses we seed, only a few lucky and strong healthy ones even make it to adulthood. It works for turtles, and it works for businesses. Those that are both strong AND lucky, survive.

At RI3K, that part of the Turtles' Spawn was both strong and lucky. We made it to the sea.

In the first instance we had found an idea that had real merit. There was a clear gap in the market, and a clearly identifiable requirement to move an industry from paper-based transaction to digital distribution and straight-through-processing. There was a strategic investor with a powerful and supportive Chief

Executive. And there was an entrepreneur, who had been through the mill before, and would unknown to him, have to go through it all over again. But most crucially of all, there were team of people who joined us in those heady exciting days.

THE PEOPLE

The first thing we had to do in early 2000 was surround ourselves with people who understood what was required and could make it happen. Personally, I knew nothing about the industry, and nothing about building technology. That meant finding an industry expertise, and a technology expertise, and somehow combining the two.

On top of this we were entering unexplored territory where no-one had ever successfully ventured. The people that gathered around this venture were so exceptional that they have not only overcome almost every setback and challenge thrown in our paths, but they have charted out into new waters and stayed on board all these years, believing, as I do, that the voyage whilst slow, rough and uncomfortable is worth making.

Sometimes the classicist in me makes it feel a bit like the voyage of Odysseus. His trip home from Troy should have taken a few weeks but in the end he and his comrades took 10 years to get back to Ithaca via all sort of unscheduled and unexpected routes and adventures.

That voyage created a legend and legacy despite the pain and suffering along the way. We intend to emulate it.

I have often wondered what would have happened if this crew of people had not come together. I think the answer is that the venture would have folded within 3 years.

Never, ever underestimate this fact.

It is the oldest cliché in the book that a business is defined by its people, but the cliché endures for the very simple reason that it is true. At RI3K we probably have at least 5 people who have become global thought-leaders in the field of electronic insurance trading.

The virtues required to stay with a business and to believe and to execute in face of tough, tough times are truly exceptional.

COMPETITION

The first year of any venture is pure adrenalin. It is exciting, new and thrilling. Reality really bites in Year 2, and boy, did it bite.

Following the old adage “if you can’t get big get niche”, we had toned back our ambition from Insurance to Reinsurance already.

Next we faced serious competitive threat.

Robin Merttens, my business partner, the Chief Operating Officer at RI3K and I were in Zurich late in 2000, visiting Swiss Re to brief them on our intended trading platform. They told us not to bother. They themselves were creating Inreon, the definitive Reinsurance Exchange backed by Swiss Re, Munich Re, Intercapital Group and Accenture. It would trade facultative reinsurance and we were dead in the water.

It was indeed a weary trip back to London.

But by next morning as the headlines about the launch of Inreon stared out off the front page of the Financial Times, Robin and I were ready with a strategy swerve that ultimately saved our venture and got us where we are today.

The plan was that our niche just got smaller – leaving fac to the large reinsurers, and meantime we would focus down onto treaty reinsurance. In just 12 months the dream had shrunk from the trillion dollar insurance market, to the 500 billion dollar reinsurance segment, down to the 300 billion dollar treaty reinsurance sub-segment.

We didn’t know it then, but the functionality required for treaty was the most complex, but also the foundation for almost every form of transaction we would eventually need to handle. In other words, treaty was the start-point from which we could expand later into fac, and thence back up into the insurance sector where we now stand. To come top down from insurance to fac to treaty would have been impossible.

The other key learning for any entrepreneur was not to be dazzled by a competitor's pedigree and power.

By all means fear their abilities, but understand also their inherent weaknesses. In the instance of Inreon, we decided not to compete with them head-to-head. But we were also quick to understand their inherent fragility.

They were never going to be flexible and entrepreneurial due to their heritage, and they were going to struggle to win over the cedants and brokers who saw their effort as a way to control pricing and distribution. Whether or not this was fair we will never really know.

Inreon lasted just 3 years and \$50m was spent reinforcing the belief that electronic trading would never work in this industry.

And the competition just kept on coming at us. Just 18 months after Inreon was announced, Lloyd's of London announced its own venture too. It intended to build an Insurance trading service called Kinnect which would reach into reinsurance too. The funds they had at their disposal dwarfed ours, but then again so did the barriers facing them.

The subsequent failure of Kinnect has been well documented and analysed in the media.

In reality the impact of Kinnect and Inreon was perceptual more than real. Their high profile failures were deemed as proof of the impossibility of our vision, and this gave people reasons to doubt our potential and sustainability.

It was tough to argue at the time without offending some mighty powerful and financially embarrassed companies that a failure of structure, operations and strategy did not by any means prove that electronic trading could never succeed.

THE REASONS WHY NOT

Our belief in electronic trading was always based on the fact that industry was saddled with extreme inefficiencies of doing business that had been eradicated in every other major financial services business.

But the arguments against this were strong.

Wholesale insurance and reinsurance were customized trades and not commodities that could be posted and traded on price alone.

Catex, the US-based cat trading exchange (which has now brilliantly morphed into a successful software company) had also already proved that what catastrophe risk could actually be commoditised would usually only find its way to an auction-based exchange if it was distressed business. As for the rest of the wholesale market, it could never be commoditised and thus could never and would never be e-traded.

Our strategy back in 2001 had to embrace this problem, as it also had to deal with a number of other endemic issues. Quite aside from the fact that risks were not commoditised, there were other severe limitations on the pace at which we could progress. It would take too long to list them all but take your pick from:

- There was no standard or recognized process for treaty reinsurance trading. So we had to define it, digitize it and try to convince users.
- As a result every company had different, unique processes for doing business which they saw as unique selling propositions but at a practical level were difficult to get them to change
- The technologies inside companies were so diverse and old that the prospect of web-connection with a central utility to take data in and send it out was impossible
- There were no real data transmission standards
- Most of the IT departments lacked the skills around the technological requirements
- The Broking houses saw the internet as a disintermediator

- The cost of paper processing was trivial to carriers compared to the cost of claims
- And then of course there were the people manning the defences.

I think the biggest learning for me personally in the 8 years we have been building up the RI3K proposition has been that whilst people cannot stop the inevitable from happening, they can make the inevitable take an awful lot longer to happen.

I don't say this in any way as a critique of the industry or its professionals, but merely as an observation of business as a whole from experience of what we have been trying to do. It is the unseen factor on a business plan.

The concept of electronic trading of insurance within a people intensive industry has been universally regarded with distrust and suspicion. The harsh truth is that for the past 25 years there has been an undercurrent of fear that automation means job losses.

It is certainly true that automation would be less attractive if it didn't bring with it margin benefits.

It is certainly also true that manual data processing, carried out mostly in off-shore sites can be massively reduced.

But it is absolutely untrue that electronic trading means net job cuts in the front office.

The learning from any industry that has made the break with paper and voice based trading has been that electronic trading multiplies trading. This multiplication brings huge opportunity for the traders themselves.

Better data, better information, faster transactions, less time spent on iterative manual work, less time spent in filing and admin. All of these savings simply enhance time spent at the sharp end of doing business.

Companies make more money and can afford to pay higher salaries.

And perhaps most importantly of all, a more efficient way of trading makes the industry more attractive to external capital and new entrants, creating a whole

wave of opportunity for the expert practitioners, who become an even more highly valued and relatively speaking rarer resource.

But try telling that to a professional who has spent 10 years working in one way and who would now be forced to change his or her way of working, facing the uncertainty that comes with change. Protecting the status quo is easier and preferable, 9 times out 10.

And to this day the fight goes on to convince people, not of the need for change, but of the need to accept the changes themselves. Company CEO's sign off on electronic trading but the workers construct barriers and the inevitability is postponed by a few extra months each time.

THE REASONS WHY

I don't think I know a single Chief Executive of any major insurance company that won't agree that electronic trading is essential for the future of the industry and their own organisations.

They base this assessment on a list of imperatives of which cost-saving is actually one of the lowest rated criteria:

- Better, quicker information
- Easier quicker access to markets or to business
- Standardised, controllable process
- Better, easier compliance
- Better audit trails reducing dispute
- Easier regulatory reporting
- Faster movement of cash
- Reduced risk of operation through once-only data entry
- Back office processing savings

Some companies are now moving so fast along this path that managing their expectations about what we can deliver and when is a major part of our effort. Once you let people have a glimpse of the Promised Land, they often want to live there right away.

From people outside the industry, the question most often put to me is "why wouldn't any company move to this way of doing business"? The CEO's problem is not in not wanting to do business this way, but the very real barriers presented by process transformation.

It often takes semtex to blow the barriers out of the way, not least when the companies themselves have so many other issues to deal with concurrently, without stirring up this particular hornet's nest.

THE CHANGE DYNAMIC

In the early years adoption was also delayed by the great chicken and egg situation. The reinsurance underwriters would not join the service whilst the liquidity was so low, and the reinsurance cedants wouldn't commit their business to the service whilst their major markets were not signed up to the service.

The brokers therefore had little or no interest in a service which lacked both liquidity and markets.

Eventually in 2003/4 some large reinsurance cedants broke the deadlock – and for this their names should forever be carved in the history of the industry's struggle to transform. Frustrated by lack of progress and aware of the need for concerted action, some of the world's major insurance companies asked their brokers to use RI3K for placing their outwards reinsurance.

Ace, Royal Sun Alliance, Aviva and the German giant Talanx's Protection Re actively begin to promote the use of RI3K, along with RI3K's majority shareholder Brit Insurance. They all became active users, with Brit, Ace and Aviva moving risk onto the platform for their brokers to then shape and move onto the reinsurance markets for binding.

There was a gradual build up of impetus, but progress was frustratingly slow, with a once a year dependency on 31/12 renewals, but within 2 years about 80 or so carriers were signed up to one interchange agreement.

Quite frankly the story might have ended there, with a proven platform but insufficient liquidity to sustain a business. The real problem was that the reinsurance cedants, whilst huge in their right, were not big enough liquidity providers of ceded reinsurance to drive the change through the industry.

The brokers too were resentful of having this way of doing business for a small part of their book and were distrustful (wrongly) of the potential for the cedants to disintermediate them by using the placing technology themselves.

RI3K was interposing itself within big commercial relationships and creating unwanted transparency. This type of destabilization was to be resisted. As a

result the broker doors were slammed shut in our faces, whilst in fact the brokers themselves were the key to liquidity.

In 2005 the Eliot Spitzer attack on the brokers was the trigger for us to change our approach and our marketing to brokers. They were now faced with a new business paradigm, where transparency was to be embraced more than ever before, process needed to be standardized and structured to ensure good practice, and efficiency of distribution was becoming a focus.

Over the coming few months doors that had been shut began to open and none more so than inside Aon, where a champion of electronic commerce who was a rarity in understanding technology issues and the business practice had emerged. I'll spare his blushes by not naming him here, but he combined this capability with brutal determination to see the job through.

It took time and it is still a rolling programme but today the outcome of that change of tactic is that over 80% of all Aon London broked reinsurance business is now traded electronically, and the success has been so deeply rooted that nearly 300 companies and 5500 user worldwide are now trading on the service. Aon is now rolling out wholesale insurance divisions, with the intention of distributing and placing all of its UK business electronically via RI3K in the next 18 months or so.

The roll-out does not stop there.

RI3K is now being used by a number of other brokers and progress towards being a market utility, rather than solely Aon's Exchange is well underway. The acquisition of Benfield by Aon should significantly accelerate liquidity and acceptance.

I think that between them Aon and Benfield would account for about 35% of brokered reinsurance business, so it seems the tipping point really has now passed and we will soon treat electronic reinsurance trading as the norm.

Insurance is about 18 months behind, but the volumes here, of course, dwarf those of reinsurance so in terms of actual trades we can expect the insurance and

reinsurance volumes to be running at parity in 2009 with insurance becoming the dominant force by 2010.

Let's have a quick look at what a trade looks like from the broker side of the internet.

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RUN TRADING VIDEO: 5 MINS

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THE EXCHANGE

But the story for electronic trading does not end there. There are huge strides being made but a long way still to travel.

Carriers in particular are struggling to get value from the new way of doing business and will continue to do so until they commit more time and effort into receiving the data output directly from RI3K into their own systems.

Acord data standards exist for this and there are plenty of 3rd party providers selling solutions to catch the data and ship it onwards into internal systems. But the Chicken and Egg argument is being heard again in this area. What comes first the flow of business or the data integration? “Show us the liquidity and then we will invest in data integrations” they say.

In London 10 companies have integrated, but that is 10 out of 200. No other companies outside of London have made the leap. They need to.

Electronic trading is not going away, and is only going to accelerate and become more important as the move into accounting and settlement capabilities evolves. Our Roadmap is to close the accounting advice and distribute settlement messages to the banking network.

Carriers need to get ahead of this curve and get integrated now, not wait till other companies have jumped the queue.

The end-game, of course, is not the straight-through-processing efficiency and swifter payment. This is merely the imperative for an attractive and efficient infrastructure.

Digitisation of this industry offers a prize far greater even than the billions to be saved by better, lower risk trading and quicker, better service and cash movement.

With digital trading comes data. And data enables indexation, standardization and, inevitably, derivatives and a secondary market for insurance and reinsurance

products. In other words, the current RI3K Trading service has a roadmap to providing more Exchange style services in the years to come.

ICAP, the world's leading interdealer which trades over a trillion dollars a day says that a secondary market in any sector magnifies the volumes traded x 10.

This in turn acts as the irresistible force attracting new capital players, investment banks and asset management funds. Derivatives are commodities, and with the type of data driven by an exchange companies will be able to commoditise, repackage and speculate on risk easily and in great volumes.

This is no threat to existing market players – the smart brokers are already gearing up for this type of activity, and the really smart brokers will see their business grow exponentially within such an opportunity. They have the best position and the knowledge of the industry. Multiply this by ten and it is possible to understand why the Exchange is going to be so important to them.

A SUCCESSFUL EXCHANGE

Within all of this chaos and opportunity, RI3K has for 8 years ploughed along believing in the vision that was spelled out in the first business plan in 2000. But by goodness it has not been cheap. To date over \$70m has been invested in RI3K and profit may not be realized on operations until 2010. But the industry has woken up to RI3K, with billions of dollars traded, thousands of users and a very large and powerful liquidity provider.

Lloyd's too is using the service for its newly opened China subsidiary so we are a little bit of the way to creating also to creating an E-Lloyds!

During 2007, RI3K's original investors Brit Insurance divested their majority shareholding to under 20% and ICAP's Michael Spencer, and the Hedge Fund Eton Park assumed the majority stake, setting the stage for a truly sustainable but neutral Exchange of the future.

No-one pretends that the future for RI3K will be simple, or easy, and we haven't even touched on the complexities of building and maintaining the technology! But the future is bright and the entrepreneurial origins, whilst fading from memory mean that the spirit and heartbeat of the company remain innovative, creative and resourceful.

If in 3 years time I am invited back to speak to you, perhaps then we can begin to talk about the "Successful Exchange". In the meantime I hope you have taken heart from the story of our journey from Turtles' Spawn to confident, strong survivors which may have provided some useful thoughts on what it takes to be an entrepreneur.

Above all else though, I hope that your view of how insurance and reinsurance is being traded and will be traded in the coming months and years has changed forever.

The Successful Exchange is on its way, and it will, without doubt change the way your business works and it will change the way your careers evolve.

For those of you who have ever had the chance to swim with a full grown Turtle, you will already know that this experience changes your perspectives on many things in life.

I hope that this introduction to our trading exchanges has a similar effect on your perspectives on your business. If so, the Turtles Spawn has been worthwhile.

And with that, I must finish.

For further information:

www.ri3k.com

or email Alex Letts : alex.letts@ri3k.com

RI3K Ltd
10 Ely Place
London EC1N 6RY
United Kingdom