

2017 set to be another demanding year for reinsurers: Willis Re 1st View report

January 3, 2017

LONDON, Jan. 03, 2017 (GLOBE NEWSWIRE) -- Despite the pressures the global reinsurance market is facing, the industry remains on track to close out another profitable year, meaning that pricing stabilization remains a major challenge for (re)insurers, according to the latest [1st View Renewals Report](#) from Willis Re, the reinsurance division of Willis Towers Watson (NASDAQ:WLTW), the global advisory, broking and solutions company.

According to the report, while there are signs that reinsurers are not prepared to be as flexible as earlier years, many buyers have yet again managed to obtain improved terms. Key findings from the report include:

- While sizeable reductions have been obtained on international business, in the U.S. there are signs of more stability, driven by the capital intensive nature of some U.S. classes and the very significant improvements in terms in recent years.
- Capital markets have been active, leading to a further compression in margins, particularly on recent catastrophe bond issuances but also on a wider range of collateralized placements. Investor appetite continues to expand, most recently in motor, where issuers now have demonstrable access to alternative sources of capital.
- Reinsurers are taking a stronger client-centric approach to managing their portfolios in the current market; this is leading to superficially inconsistent underwriting at a market level and fragmentation of pricing trends by territory, class and client.
- Greater clarity about the regulatory treatment of reinsurance solutions is helping to lift demand for Life and Non-Life reinsurance solutions.
- The trend of M&A in the industry continues but the pace of consolidation has slowed when compared to 2015. With the uncertainties that consolidation brings, many buyers have been more cautious about severing relationships with longstanding reinsurance partners.
- InsurTech is emerging as a major market trend with supporters of disruptive InsurTech solutions coming from capital markets as well as from major reinsurers seeking access to original risk.

John Cavanagh, Global CEO of Willis Re, said: "The ability to produce yet another profitable year, somewhat against the underlying pricing models, has meant that the threshold to force a market pricing stabilization has not yet been reached.

"While reinsurers are still able to report profitable results, despite the underlying issues they face, the situation for many primary companies is much tougher.

"Rising combined ratios in many markets, driven by competition both from existing peers as well as from new style competitors utilizing innovative low cost distribution and cost models, is a growing concern.

"With the January 1 renewal season setting the tone for 2017, reinsurers can only look forward to another demanding year, where luck will play an even larger role in determining their final results."

Download the report: [The Willis Re 1st View report](#) includes specific commentary on key trends throughout the world's major reinsurance classes and regions.

ABOUT WILLIS RE

One of the world's leading reinsurance brokers, Willis Re is known for its world-class analytics capabilities, which it combines with its reinsurance expertise in a seamless, integrated offering that can help clients increase the value of their businesses. Willis Re serves the risk management and risk transfer needs of a diverse, global client base that includes all of the world's top insurance and reinsurance carriers as well as national catastrophe schemes in many countries around the world. The broker's global team of experts offers services and advice that can help clients make better reinsurance decisions and negotiate optimum terms. For more information, visit willisre.com.

ABOUT WILLIS TOWERS WATSON

Willis Towers Watson (NASDAQ:WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 39,000 employees in more than 120 territories. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

CONTACT

MEDIA

Annie Roberts: +44 20 3124 7080 | Annie.Roberts@willistowerswatson.com

INVESTORS

Aida Sukys: +1 703 258 8033 | Aida.Sukys@willistowerswatson.com



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