

## Capital supporting the global reinsurance industry grows despite declining results

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LONDON, April 20, 2017 (GLOBE NEWSWIRE) -- Aggregate shareholders' funds for companies making up the Willis Re Index increased by 4% to USD 344.1 billion as at 31 December 2016. These are the findings of the latest [Reinsurance Market Report](#) from Willis Re, the reinsurance business of leading global advisory, broking and solutions company Willis Towers Watson (NASDAQ:WLTW).

Taking into account capital from alternative markets and a pro rata share of capital from insurance groups where reinsurance makes up more than 10% of their total premium the revised figure is USD 449 billion, an increase over the previous year of USD 427 billion.

According to the report, aggregate net income for companies making up the Willis Re Index reduced to USD 26.6 billion from USD 30.3 billion resulting in a reduction of the headline return on equity (ROE) of 8.0% down from 9.3% at the end of 2015.

In the face of testing market conditions, reinsurers have continued to actively manage their capital through dividends and share buy backs, totaling USD 16.4 billion for the Willis Re Index.

For companies making up the Subset of the Willis Re Index (i.e. companies which provide more detailed financial disclosure), the reported return on equity (ROE) fell to 8.2% from 10.2% in the previous year. When adjusted for reserve releases and normalized annual catastrophe losses, the underlying ROE for the Subset reduced to 3.3% from 3.4% the previous year.

Rising expense ratios continued to undermine the reported ROE figures for the Subset which, using the 2007 expense ratio as a base resulted in a 2.5% reduction in reported ROE, an increase from 2.4% in the previous year.

**John Cavanagh, Global CEO of Willis Re, said:** "The continued challenging conditions of the market further impacts pressure on margins. However buyers can take comfort from the fact that the market balance sheet and headline figures remain robust in the face of persistent market softening due to continued reasonable net income and measured capital management strategies."

Download the full report: [The Willis Re Reinsurance Market Report](#) is a biannual publication providing in-depth analysis of the size and performance of the reinsurance market. Analysis is based on the Willis Reinsurance Index group of companies. In 2016 The Index includes 37 companies from across the globe.

\* INDEX relates to those companies listed within Appendix 1 of the report. Merger and acquisition activity has resulted in the exclusion of a number of reinsurers from the INDEX compared to H1 2015. We have also observed some distortions occurring within our industry-wide performance indicators due to the lack of relevant financial disclosure for the groups involved in these deals.

\*\* Net income and capital return figures reflect a change in the composition of the INDEX owing to M&A activity and include reporting from companies previously unavailable at the time of our half year 2015 report.

\*\*\* For the purposes of the report the term catastrophe loss reflects generally large single event claims as reported by the companies themselves. A catastrophe related loss may therefore not appear in our numbers as 'Cat Loss' unless it reaches a value that exceeds the company's own threshold for disclosure.

\*\*\*\* SUBSET is defined as those companies that make the relevant disclosure in relation to cat losses and prior year reserve releases. All constituents of the SUBSET are publicly listed groups that compose 58% of the aggregate capital INDEX.

### 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](http://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 40,000 employees serving more than 140 countries. 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](http://willistowerswatson.com).

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