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## News release

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### **Weathering the perfect storm: PwC urges reinsurers to stay close to risk data for survival and success**

- Reinsurers need to compete on more than just price to have any chance of survival in the changing market
- Risk insight, innovation and specialised, creative solutions are rapidly becoming the key competitive differentiators for reinsurers
- It is expected that there will be reduced differentiation in the roles of insurers, reinsurers and brokers, the winners being the parties with the best knowledge of client and access to the widest range of specific risk data
- Regulatory change continues to be at the forefront of concerns amongst reinsurers

**Bermuda - 25 September 2013:** Reinsurers are advised to get closer to clients needs in order to have the greatest chance of securing and retaining business, according to a new report by PwC, entitled “Reinsurance 2020: Breaking the mould”.

Many reinsurers are focusing on the short term challenges of soft rates and low investment returns. But with limited growth in traditional markets and a range of disruptive new threats on the horizon, the paper suggest this could be the time for a radical rethink of how to build for the future. They must compete on more than just price, capitalising on internal expertise to get closer to clients and understand their needs.

PwC also suggests that due to the changing nature of the reinsurance market, CEOs can't ignore the impact of new market openings, changing customer expectations and new analytical techniques. Increasing customers expectations mean that there will be increased blurring of roles within the traditional three-party model of the insurer, reinsurer and broker. The party in the best position to secure and retain business will be the one with greatest access to client specific and wider risk data.

The report can be accessed on PwC's website at: [www.pwc.com/bm](http://www.pwc.com/bm)

Arthur Wightman, PwC Bermuda's Insurance Leader, says:



“As customer expectations and sources of capacity continue to evolve, the market is going to demand more specialised, creative and finely targeted solutions from their reinsurer, and companies will need to focus on risk insight and innovation to break away from competitors. Reinsurers must compete on more than just price now, capitalising on internal expertise to get closer to clients and understand their needs.”

“Competition in the risk transfer market is potentially at its fiercest point in history. The market is going to demand more specialised, creative and finely targeted solutions from their reinsurer, and companies will need to focus on risk insight and innovation to break away from competitors.

“Establishing a firm footing in an environment where the sands are constantly shifting is only the starting point for executives - establishing a value proposition that is differentiated, sourcing new markets where pricing is at a premium and innovating outside the commoditised corners will truly set a course for longer term success.”

Bryan Joseph, PwC’s Global Actuarial Leader, says:

“The reinsurance market is facing a near perfect storm - low interest rates, low growth in their traditional markets and an influx of new capital into the insurance-linked securities market sector. This is keeping premium rates soft and creating perfect conditions for innovation, creativity and evolution into new markets and risk types.

“Understanding the unstructured and secondary data available about clients and utilising it effectively can transform the underwriting process and lead to better and more effective underwriting and risk management.

“However the onus remains on management teams to take charge of their destiny and look beyond current conditions to creating winning strategies within the new and evolving landscape.”

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