



News release

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PwC: Transformation of insurance and reinsurance marketplace accelerating

‘Slow adaptation not a viable option for industry’

Hamilton, Bermuda – Insurance and reinsurance CEOs are displaying a sense of optimism about their respective companies’ growth potential despite having real concerns about increasing disruption from changes to distribution channels and alternative capital.

Results from **PwC’s 18th Annual Global CEO Survey-Insurance sector** reveal 59% of industry CEOs believe there are *more* opportunities than there were three years ago, however, 61% see more threats and 69% are concerned about disruption from change to distribution channels.

PwC interviewed 80 insurance industry CEOs in 37 countries for the 2015 survey.

Commenting on the analysis, **Matthew Britten, PwC Bermuda managing director, Insurance**, said: “The transformation of the insurance and reinsurance marketplace is accelerating, both in Bermuda and globally, creating opportunities for some and threats for others.”

Mr Britten continued: “With mounting commoditization, intensifying price competition, abundance of traditional and alternative capacity, and difficulties in conveying the true value of coverage provided, slow adaptation is not a viable option. Insurers and reinsurers need to continue to challenge and evolve their business models to move more quickly in developing necessary competitive capabilities if they want to sustain growth and keep pace with market expectations.”

The survey also found that while 90% of insurance CEOs say they recognise how **digital technology** can help them sharpen data analytics, strengthen operational efficiency (88%) and enhance customer experience (81%), some 70% of them - more than all but one other industry - see the speed of technological change as a threat to their growth prospects.

And more than in any other industry, **over-regulation** is another disruptor. 91% of insurance CEOs deem it to be a threat to their growth prospects. With Solvency II now less than a year from going live and other regional and local changes coming up over the horizon, PwC says the challenge is how to



minimise the upheaval and build the new requirements into a reliable and cost-efficient business as usual.

Other findings show 71% of insurance CEOs see the limited availability of **key skills** as a threat to growth and diversity is now recognised as a key way to enhance business performance, innovation and customer satisfaction. Nearly three-quarters have a strategy to promote talent, **diversity and inclusiveness**, or plan to adopt one.

Nearly half of CEOs operating in insurance say they plan to enter into a **new joint venture or strategic alliance** over the course of the next 12 months. Two-thirds see these tie-ups as an opportunity to gain access to new customers, far greater than in other financial services sectors. More than 30% see alliances as an opportunity to strengthen innovation and gain access to new and emerging technologies. Yet, only 10% are looking to partner with start-ups, even though such alliances could provide valuable access to the new ideas and technologies they need.

David Law, PwC's global insurance leader, commented: "The fact people are living longer and have more wealth to protect presents insurers with an opportunity. However, challenges include mounting commoditisation and the need to have lower cost digital distribution and advanced digital profiling to respond more effectively to customer demands."

ENDS

Notes to Editors:

PwC's report is based on a summary of findings in the insurance sector, based on the response from 80 insurance CEOs in 37 countries. To see the full results of PwC's 18th Annual Global Survey, please visit www.pwc.com/ceosurvey

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