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## **News release**

**Date** 15 September, 2015

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### **Value of re/insurance megadeals surpasses \$80 billion in a record year of M&A - PwC report**

#### **'Scale of recent transactions creates potentially greater complexities and possible pitfalls'**

**Hamilton, Bermuda** - With record levels of volume and size in insurance sector M&A activity during the first half of 2015, a new PwC report sets out why alignment with overall company strategy and preservation of value are key to pending and future mergers.

Launched this week by PwC at the Monte Carlo Reinsurance Rendez-vous, **Insurance 2020: On track for the payback, Realising megadeal potential**, outlines the ways in which insurers and reinsurers can address the basics of deal-making in order to withstand the complexities and challenges of large acquisitions.

The scale of recent transactions naturally creates potentially greater complexities and possible pitfalls, the report says.

**Arthur Wightman, PwC Bermuda territory and Insurance leader**, commented: "Acknowledging these challenges and tackling them head-on drives the best chance of success, in particular where bold decisions are being taken in response to today's M&A market."

Mr Wightman, in Monte Carlo hosting several PwC events for senior executives this week, said: "Decisions need to be fully informed with those responsible being assigned and accepting accountability, from board level through to business unit leaders driving the operations, for the evaluation and delivery of deal objectives. These megadeals can propel businesses ahead of competitors and have the potential to reshape the industry."

The value of insurance targeted M&A up to the end of July 2015 was more than \$80 billion, a record high for the first seven months of a year.

The strategic and economic rationales for M&A within the industry have been well established for some time. However, Mr Wightman said, "Few could have predicted the acceleration in activity and the scale of many of the deals we've seen so far in 2015, in particular in the P&C space. With increased scale comes increased risk, but also opportunity."

The PwC report highlights challenges facing the insurance industry in the midst of a flurry of megadeal M&A activity, including:

- The risk that deal strategy could become defined by size rather than suitability and fit.
- The possibility that a technology or telecommunications giant could seek to acquire an underwriting platform and ready-made market share to align with its own analytics and distribution capabilities.
- Sufficiency of deal strategies to face the heightened size and complexities of "megadeals".



- Board challenges around competing in an increasingly consolidating marketplace.
- The risk that non participation in the current M&A wave could make companies vulnerable to takeover themselves.

PwC underlines the importance of board level ownership for the evaluation and delivery of deal objectives. With the industry transforming, finding ways to sustain growth and keep pace is vital. By focusing on the basics with a clear vision of how and where their organisations intend to compete, boards can fully realise the role M&A can play in reinforcing their competitive platform. Equally important is perfecting corporate communications – ensuring investors, employees and customers understand the deal objectives, necessary integration activities, and responsibilities involved

### **Ends**

- Arthur Wightman is available for interviews before and during the Monte Carlo Reinsurance Rendez-vous. Please contact Ellie Raven on +44 (0) 207 804 3663, +44 (0) 7525 925 830 or [ellie.raven@uk.pwc.com](mailto:ellie.raven@uk.pwc.com)
- **Insurance 2020: On track for the payback, Realising megadeal potential** can be found here: <http://pwc.to/megadeals>

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