



Press release

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Contact **Marina Mello**, PwC Bermuda
Tel: 1-441-299-7184/1-441-505-3127
e-mail: marina.mello@bm.pwc.com

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**Reinsurance market more sophisticated, efficient today,
PwC – S&P Bermuda Reinsurance Conference hears**

Hamilton, Bermuda – The challenges facing the reinsurance market have intensified in the past year, attendees at the ninth annual **PwC – S&P Bermuda Reinsurance Conference** heard today. But reinsurers are evolving and innovating, resulting in a more sophisticated, better equipped and efficient market today.

Despite the challenges, the conference heard that Bermuda remains the centre of the reinsurance market and is still the dominant player.

“The forces driving change in the reinsurance market have continued to intensify since we met last year,” **PwC Bermuda Insurance Leader, Arthur Wightman**, told more than 200 members of the industry attending the Bermuda conference. “These forces are both structural and cyclical and are driving the market towards a point of more fundamental dislocation.”

He continued: “Low interest rates, low growth, an abundance of capital, customers who are demanding even more specialized, creative and finally targeted solutions, brokers placing business towards narrowing panels of reinsurers with the highest rating or greatest expertise. These and more represent the challenges facing CEO's today. In spite of the complexity there is no shortage of fierce competitors who will leverage the disruption to create competitive advantage.”

Among the highlights from the line up of speakers this year, **Costas Miranthis**, PartnerRe Ltd. president and CEO, noted changes for the better in the industry: “I think the reinsurance industry today is far more sophisticated than it was in the late 1990s. The degree of transparency has also improved.”

Jeremy Pinchin, Hiscox Re CEO, said: “Relevance is absolutely critical to staying in the game with your cedants. It’s about producing products that solve their problems.”



Don Kramer, ILS Capital Management Ltd. chairman and CEO, said: “For the first time we have watched demand for reinsurance decline as people retain more risk.”

Mr Wightman concluded: “The reality of today is that hunkering down in the hope of a more favourable rating environment ahead is no longer a viable strategy for survival. Even with lower costs and some premium uplift in premium rates, many reinsurers will struggle to sustain new investment and competitive relevance.

“The ability to establish a value proposition that is differentiated, source new markets where pricing is at a premium and innovate outside the commoditized corners will truly set a course for long term success. There is no one model for the future. Indeed it is the differentiation and ability to play to your particular strengths that will be crucial.”

Sponsored by PwC Bermuda and Standard & Poor’s Ratings Services, and titled *Charting a Strategic Course in Unsettled Waters*, the event was held Wednesday, November 12 at Pier 6 Lower Level, Front Street.

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