



Press Release

Date September 19, 2014

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Clients expect more from their brokers in challenging new era of risk, according to PwC report

PwC Bermuda: ‘Brokers evolving from being placers of coverage to preventative risk advisors and managers’

Hamilton, Bermuda – Brokers may need to take on a wider risk advisor role in the market or face losing profitable business to special risk advisors, according to PwC’s new report **Broking 2020: Leading from the front in a new era of risk**.

The report, launched at the annual Monte Carlo Reinsurance Rendez-vous, draws on a survey of risk buyers from multinational organisations. It reveals that organisations think that the evolving risk environment can no longer be managed solely through traditional approaches and are beginning to engage a wider set of advisors for specialty advice.

PwC’s research reveals while risk managers continue to rely on brokers as their main information source when placing risk, they don’t always view brokers as the ones to develop solutions for their risk concerns.

Less than half of those surveyed identified brokers as a solutions provider. This is particularly true for emerging risk such as cyber security, data and supply chain risks, where risk managers said they would look primarily to industry groups and carriers to develop the solutions for these risks. This is a worrying trend for the broking industry as these are also the risks that organisations place highest on their risk agenda.

Arthur Wightman, PwC Bermuda managing director and insurance leader, said: “Brokers’ clients’ expectations are changing faster than ever, with risk managers looking for consultative partners who have the skills to both identify and develop solutions for the changing risk landscape.”

Mr Wightman continued: “Brokers may be first choice to take on this expanded risk facilitation role, but they are not the only choice in all cases. Given the rising demand for risk advice, other specialty advisors are vying to take on this risk partnership role.”

Colm Homan, PwC Bermuda managing director, insurance team, added: “If some market players don’t adapt their businesses to provide the services and expertise their clients now want they could face increased competition for this valuable new business. For some brokers this will require a shift in mindset from hindsight to foresight as they evolve from being simply placers of coverage to preventative risk advisors and managers.”



According to the research by PwC, nearly three quarters of risk managers said they want analytics to help inform their decision making due to concerns over new and emerging risks, but many brokers are falling short in this area. Less than a third of respondents said they were very satisfied with brokers' analytical and modelling services.

The research shows that developing advanced risk and loss analytics and capitalising on big data analysis will be key to strengthening brokers' position in the market.

PwC suggests that brokers should:

- Adapt their business models to simultaneously support cost-efficient standard risk management and be seen as knowledge-intensive risk consultants
- Expand their information gathering network to better anticipate and understand the new and emerging risks facing their clients
- Improve their ability to collect, integrate and analyse data to create new solutions – shifting to more of an analytical/consultative broker

Ends

Notes

1. PwC's Broking 2020: Leading from the front in a new era of risk research is based on an in-depth survey of 60 risk buyers (typically heads of risk or CFOs) from multinational corporations and face-to-face interviews with Dominic Christian, executive chairman of Aon Benfield International, Daniel Glaser, president and CEO of Marsh & McLennan Companies and Stephen Hearn, deputy CEO of the Willis Group.
2. You can download the full report via www.pwc.com/insurance/broking2020

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