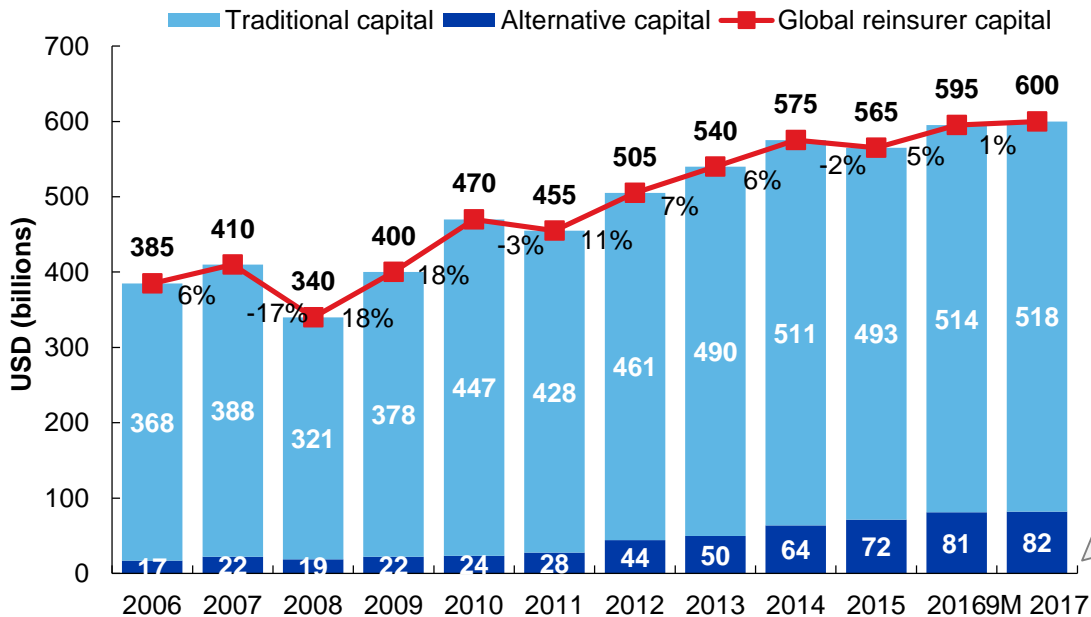


Reinsurance Market Trends

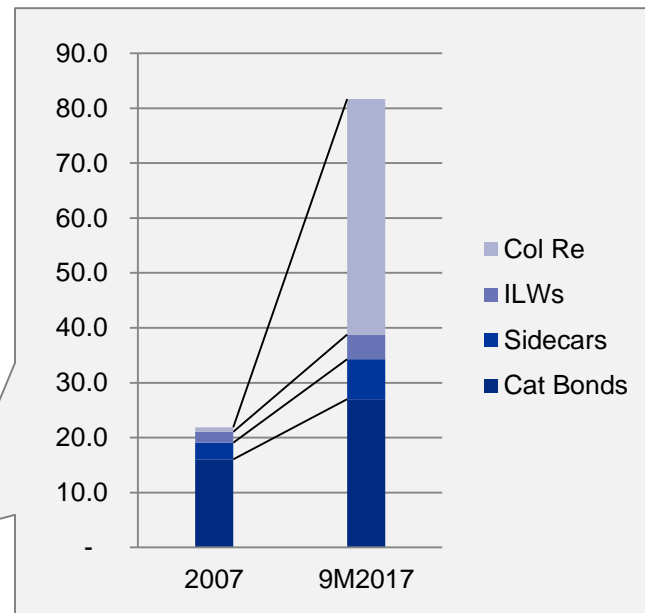
Eric Andersen
CEO Aon Benfield

The industry has seen an influx of capital from alternative sources creating demand for products and clients and seeking pure insurance risk

Change in global reinsurer capital



Components of Alternative Capital

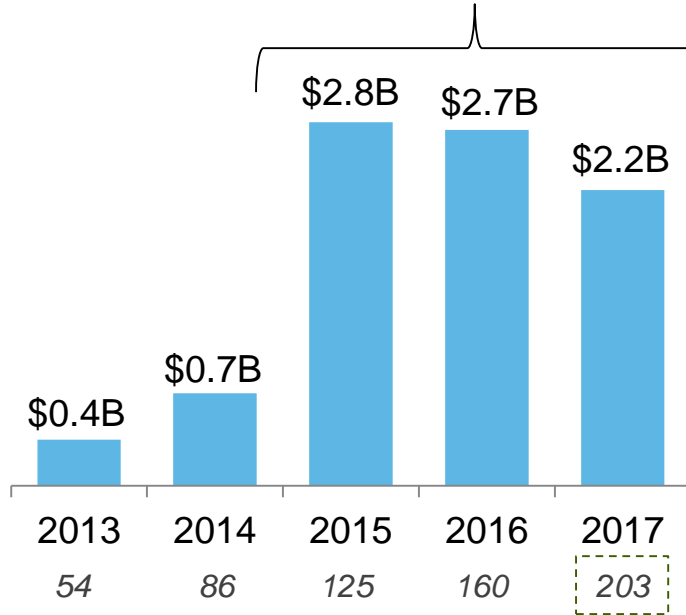


There has also been a large increase of investment in disruptive technologies, seeking to alter the value chain

Annual InsurTech Financing Activity

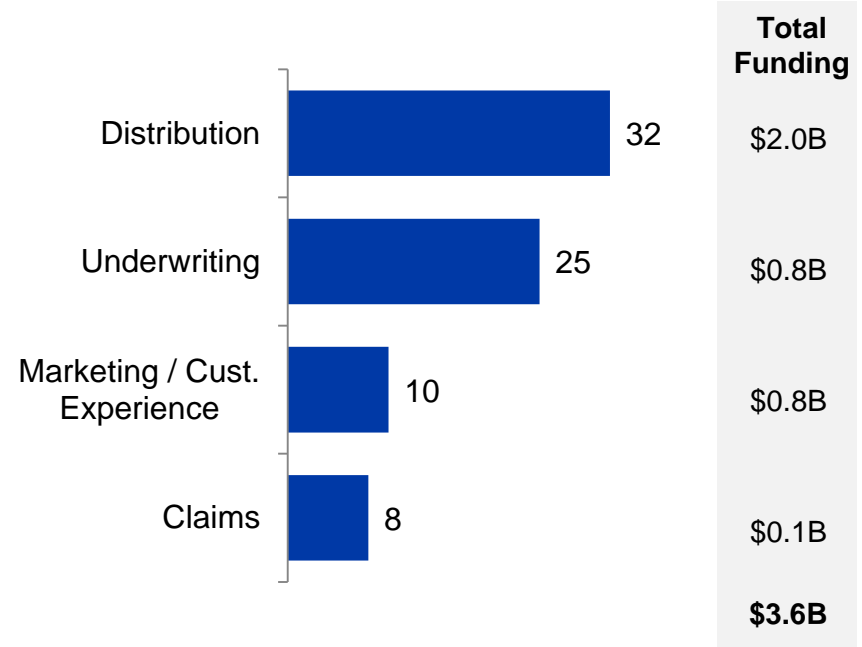
(2013 – 17)

+\$7.7B in 3 years



Disruptive Insurtech Focus

75 (Series A – Late) Risk InsurTech startups

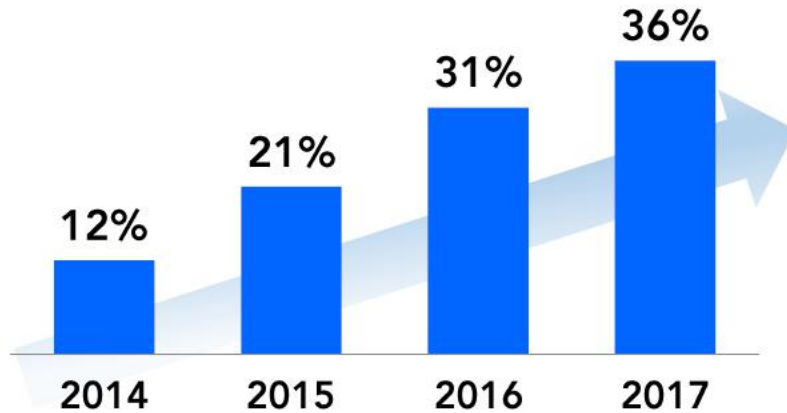


Source: Aon Digital Monitor, FT Partners, Crunchbase, CB Insights

Aon Benfield | Dubai World Insurance Conference
February 27, 2018

In fact, much of the investment is coming from the insurance industry

Percent of Financings with Strategic or CVC Participation



Source: Aon Digital Monitor, FT Partners, Crunchbase, CB Insights

Aon Benfield | Dubai World Insurance Conference
February 27, 2018

The impact is collapse of the traditional value chain, taking out waste

Insured

- Increased sophistication in risk as an offensive tool (modeling, captives, etc.)
- Practices driving losses and frequencies down

Insurers

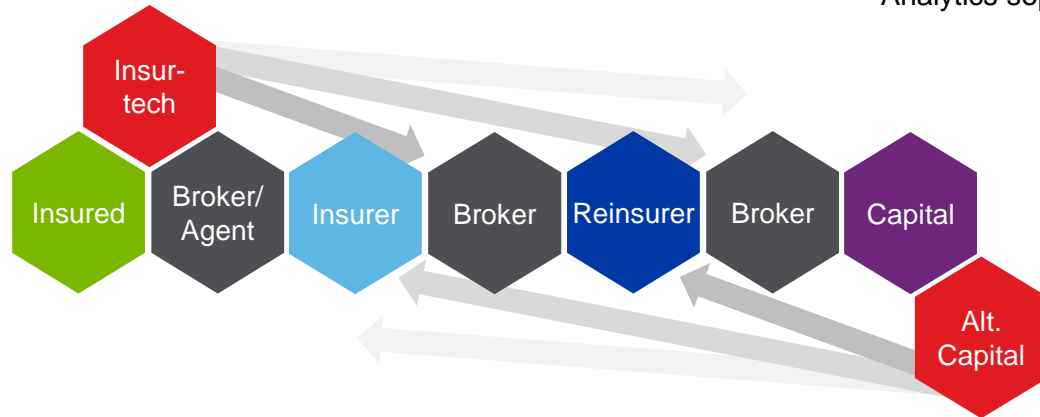
- Increased use of Alternative Capital
- Analytics and M&A driving retention
- Forming hybrid R/I vehicles

Reinsurers

- Push towards Direct/Retail, including MGAs
- Increased incorporation of Alternative Capital / Asset mgmt. into their capital stack
- Analytics sophistication

InsurTech

- Moving up the value chain
- Disrupting distribution
- Changing analytics



Alternative Capital

- Moving down the value chain
- Still growing, passed the “storm” test
- uptick in fronting insurers and MGUs as ‘transformer’ to access primary insurance

Brokers

- Moving to other distribution channels (MGA, WS, Facilities)
- Shifting to advisory
- Increasing use of data/analytics to understand clients – drive value

Underwriters

- Recognizing their value
- Departing insurers to start MGUs or search for platforms

Traditional Capital

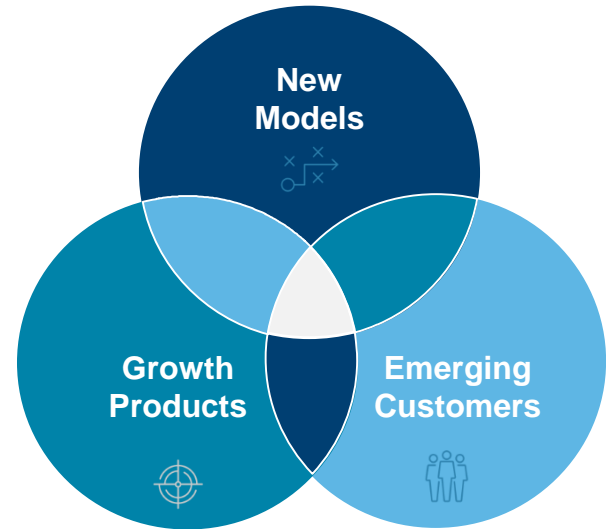
- Incorporating Alt. Capital into their model
- Shifting traditional capital towards casualty
- Restrained by equity model

Change can be threatening, but it also brings opportunity

If you partner wisely



...its possible to ride the wave of impact



New tech and access to capital enables growth in new products

Examples:

Cat ILS

- Not just for insurers
- (e.g. World Bank)

Weather

- Parametric Weather Triggers for Business Interruption Events

Cyber

Cyber

- Understanding “Silent” cyber
- Shift to Business Interruption
- Large capacity needed

Cat. ILS

Wx

Mort-gage

Mortgage

- Concept expanding to other countries
- Large capacity needed

It Also Is Creating Emerging Client Segments

Examples:

Government

- Flood
- Credit
- Quake



Large Corporates

- E.g. “FANGs”, Tesla, etc.
- Bespoke solutions for large captives
- Recapture retained risks

Emerging Markets

- Smartphone distribution
- “Social” Underwriting

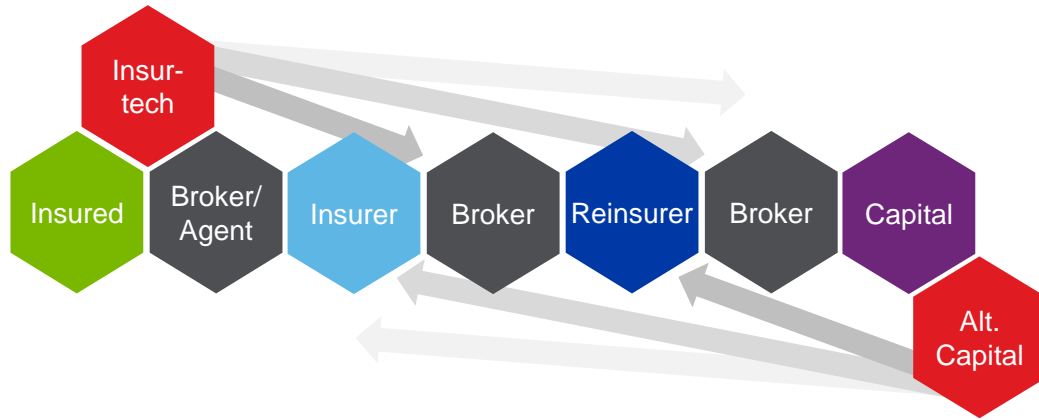
New Business Models; enabled by Insurtech and easy capital

Examples:

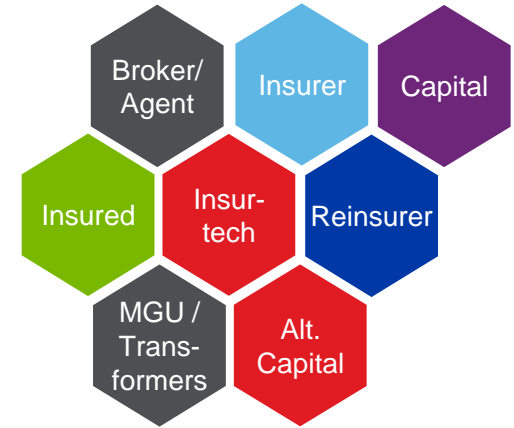
Efficient	Insightful	Agile	Simpler
Fraud detection	Data Aggregation	On Demand	Fewer players
Loss adjustment	Analytics Tools	Usage-based	Easy for clients
Self service	Analytics Services	Traded after placement	Bespoke Terms

Where Is The Insurance Industry Going?

Traditional Value Chain



...New Value Chain?





Q&A