



The Global Reinsurance Perspective

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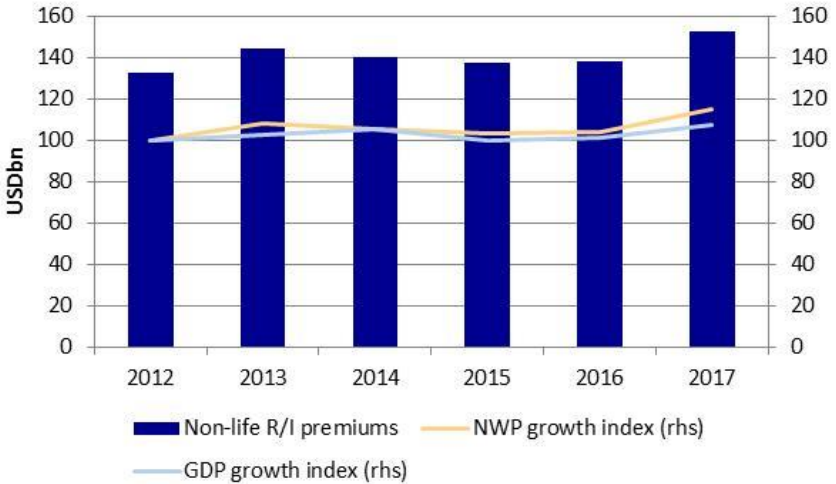
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The Non-life Reinsurance Market

3% profitable annual top line growth, average ROE of 8.4%

Net Premiums Written

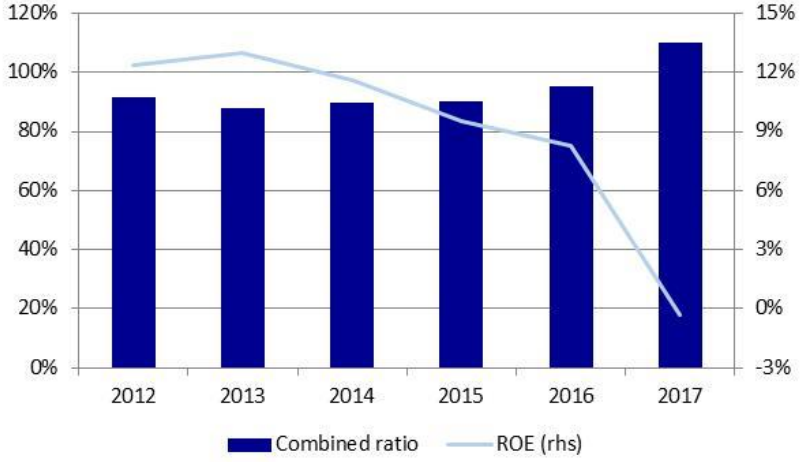
A.M. Best's Reinsurance Composite



Sources: A. M. Best, IMF

Combined ratio and Return on Equity

A.M. Best's Reinsurance Composite



Source: A. M. Best

Over the past years, non-life reinsurance has slightly outgrown GDP and offered attractive returns for investors – benefiting from a generally benign loss environment.

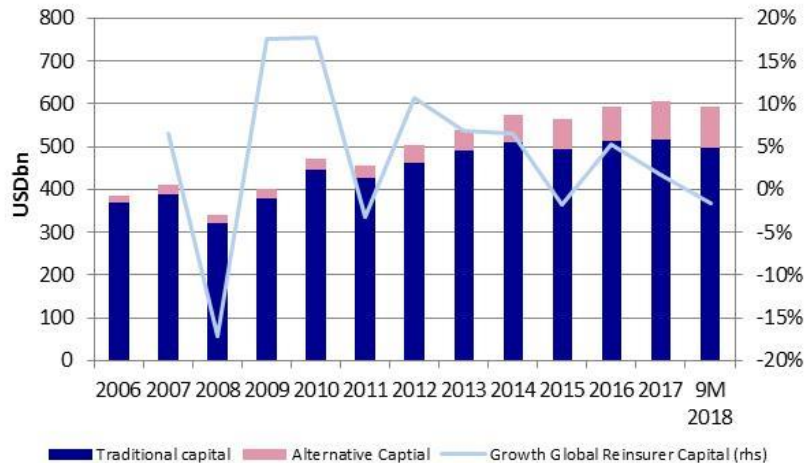


Returns have attracted steady influx of capital

Global reinsurer capital is at record level

Alternative capital driving increase

2018: Traditional capital -4%, Alternative capital +11%



- Traditional capital is 35% higher than in 2006. However, since 2014 it is hovering around 500 USDbn
- Strong growth of alternative capital – raising from 4% of total capital in 2006 to 17% in 9m2018
- No noticeable impact from cat occurrence

Source: AON

Impact on Rates

The softening tendencies of the past years, have only partially corrected, if at all

- ➔ Property Cat rates substantially below 2012 levels, despite occurrence of major cat events



Sources: Swiss Re, Guy Carpenter, own calculations

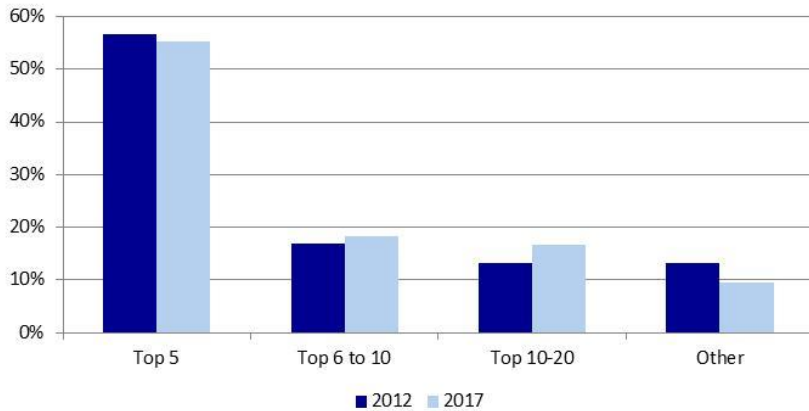
- ➔ Non-cat Property, Specialty and Casualty – rates at bottom end as reinsurers diversify away from Property Cat.
- ➔ Rate corrections often only applied to loss making accounts, with strong competition on loss-free programmes.

Reinsurer Landscape – Traditional Players

Small players under pressure, more diverse geographic set in top group

Share of top 40 Global Reinsurance Groups

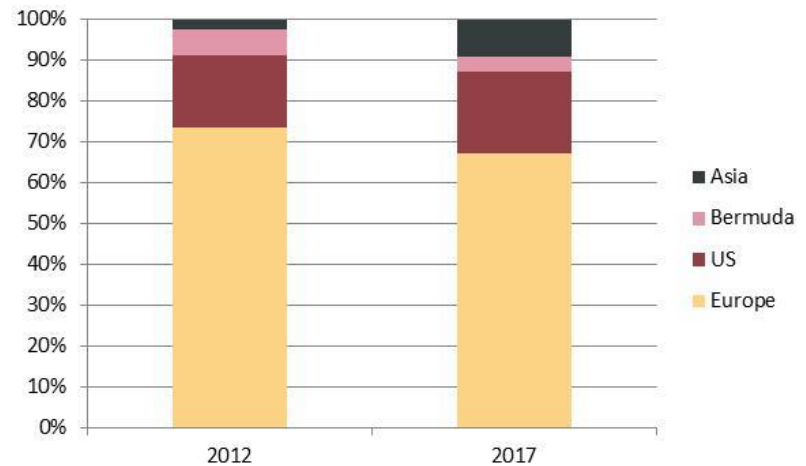
Consolidation in the middle/small segment



Note: Ranking by Net Reinsurance Premiums Written
Source: Standard&Poor's

Top 10 Reinsurance Groups by Geography

Asian Players tripling their share



Note: Ranking by Net Reinsurance Premiums Written
Source: Standard&Poor's

The top 5 group has been able to maintain their dominant market share. However, their composition has changed – reinsurers from Asia have increased their share from 3% to 9% over the past years. Competition has further led to a consolidation with middle tier players gaining in importance at the expense of small players.

Regional Impact

➔ **Current position**

- ➔ Overcapacity leading to soft pricing
- ➔ Risk aggregation creating volatility
- ➔ Operating margin for reinsurers low
- ➔ Limited direct impact of catastrophe disruption.

➔ **Developing position**

- ➔ Withdrawal of capacity
- ➔ Meaningful underwriting and rate correction
- ➔ “Opportunity” to support non MENA business following disruption elsewhere

➔ **Expected position**

- ➔ Continued withdrawal of capacity
- ➔ Less regional subsidy from global reinsurers
- ➔ Margin expansion on domestic treaties
- ➔ Demand for more sophisticated structures
- ➔ Solution for emerging and developing risks.



Thank you