

1 July 2017 renewals see continued downward pricing: Willis Re 1st View

LONDON, 30 June 2017 — The reinsurance market has maintained the downward pricing trends seen at the January and April renewals, despite first quarter deterioration for many reinsurers' results, according to the latest [1st View renewals report](#) from Willis Re, the reinsurance division of Willis Towers Watson (NASDAQ: WLTW), the global advisory, broking and solutions company.

The continued softening has been driven by the realization that for the global reinsurance industry, the June and July renewal seasons are the last realistic chance for underwriters to meet their 2017 premium targets.

This was seen in the Florida renewals where, in the face of flat demand, a larger than anticipated influx of capacity, particularly from Insurance Linked Securities (ILS) markets, led to a further drop in pricing from the 2016 renewals, and at a greater pace than the reductions seen on U.S. property catastrophe earlier this year.

Underlying loss and expense ratios for many reinsurers are showing a worrying trend, with combined ratios for many classes now looking unattractive, according to the report.

The report also highlights that as a result of stubbornly soft pricing, cost control measures are being applied widely and more aggressively across the entire reinsurance chain. Market initiatives to contain and reduce costs, such as the London market Placing Platform Limited (PPL) initiative, are seeing increased impetus and support as the importance of the promise of greater efficiency is recognized.

John Cavanagh, Global CEO of Willis Re, said: "Yet again, we're in a position where the weakening in the global reinsurance industry's performance has not reached an unacceptable level. Reinsurers across the board do not yet feel compelled to take a stronger stance over conceding further modest rate reductions and walking away from clients. Much now will depend on loss activity in the traditionally more active third and fourth quarters and on any instability in investment returns."

Download the full report: [The Willis Re 1st View report](#) is a thrice yearly publication including specific commentary on key trends throughout the world's major reinsurance classes and regions.

ABOUT WILLIS RE

One of the world's leading reinsurance brokers, Willis Re is known for its world-class analytics capabilities, which it combines with its reinsurance expertise in a seamless, integrated offering that can help clients increase the value of their businesses. Willis Re serves the risk management and risk transfer needs of a diverse, global client base that includes all of the world's top insurance and reinsurance carriers as well as national catastrophe schemes in many countries around the world. The broker's global team of

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