



CHANGE IN THE AIR?

AGENDA

THE SECTOR'S RECENT HISTORY AND POSSIBLE FUTURE



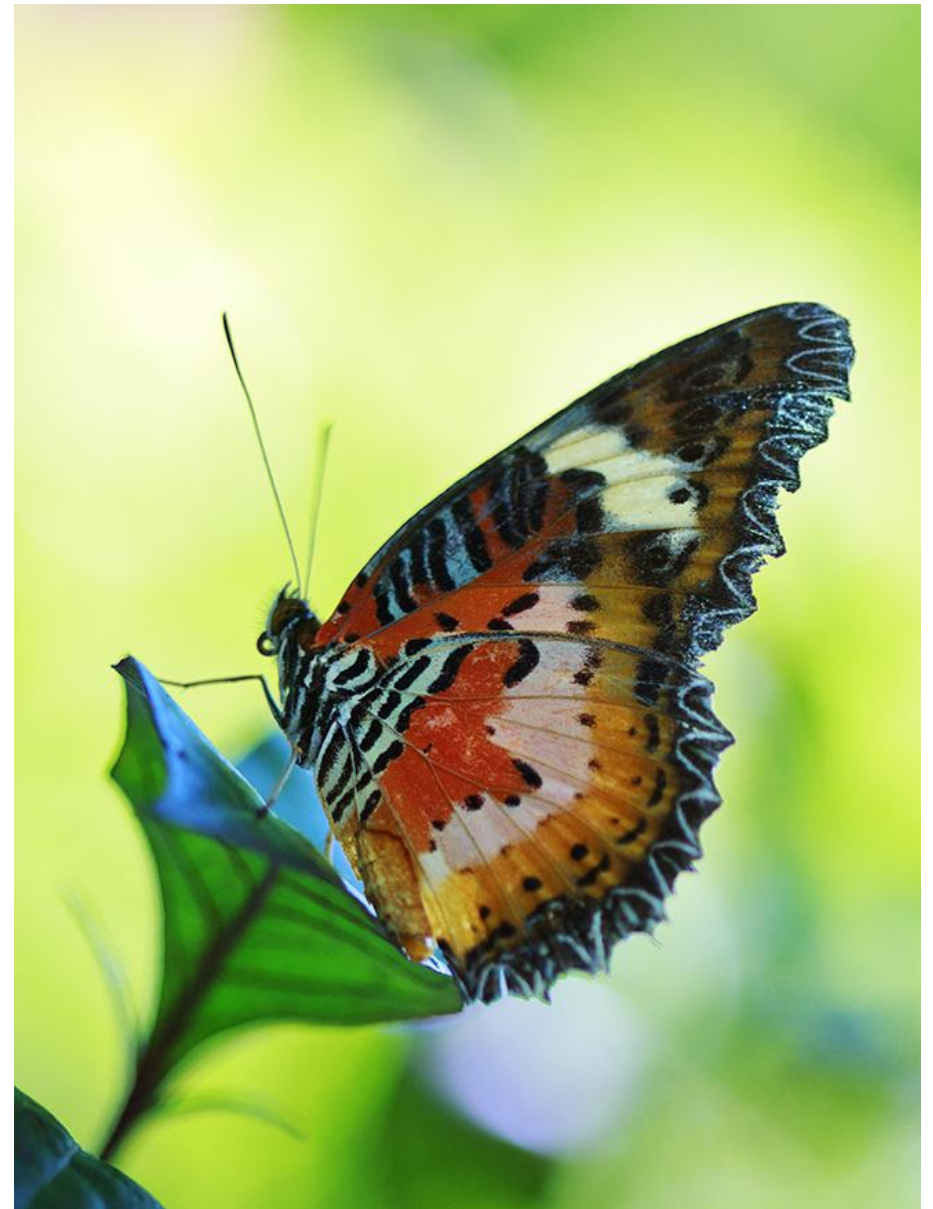
2012 – 2014: How did we get here?

2015: What has changed?

- Mergers & acquisitions
- A moderation of capital inflows
- Prices approaching the previous trough

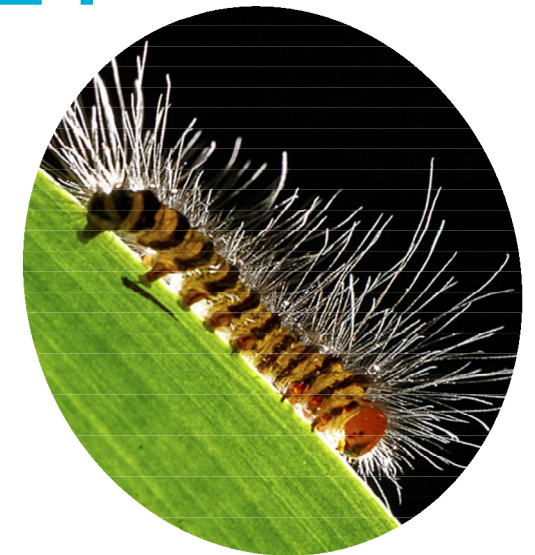
Harnessing insight, not only analytics

- How can reinsurers and brokers best serve clients at Monte Carlo?



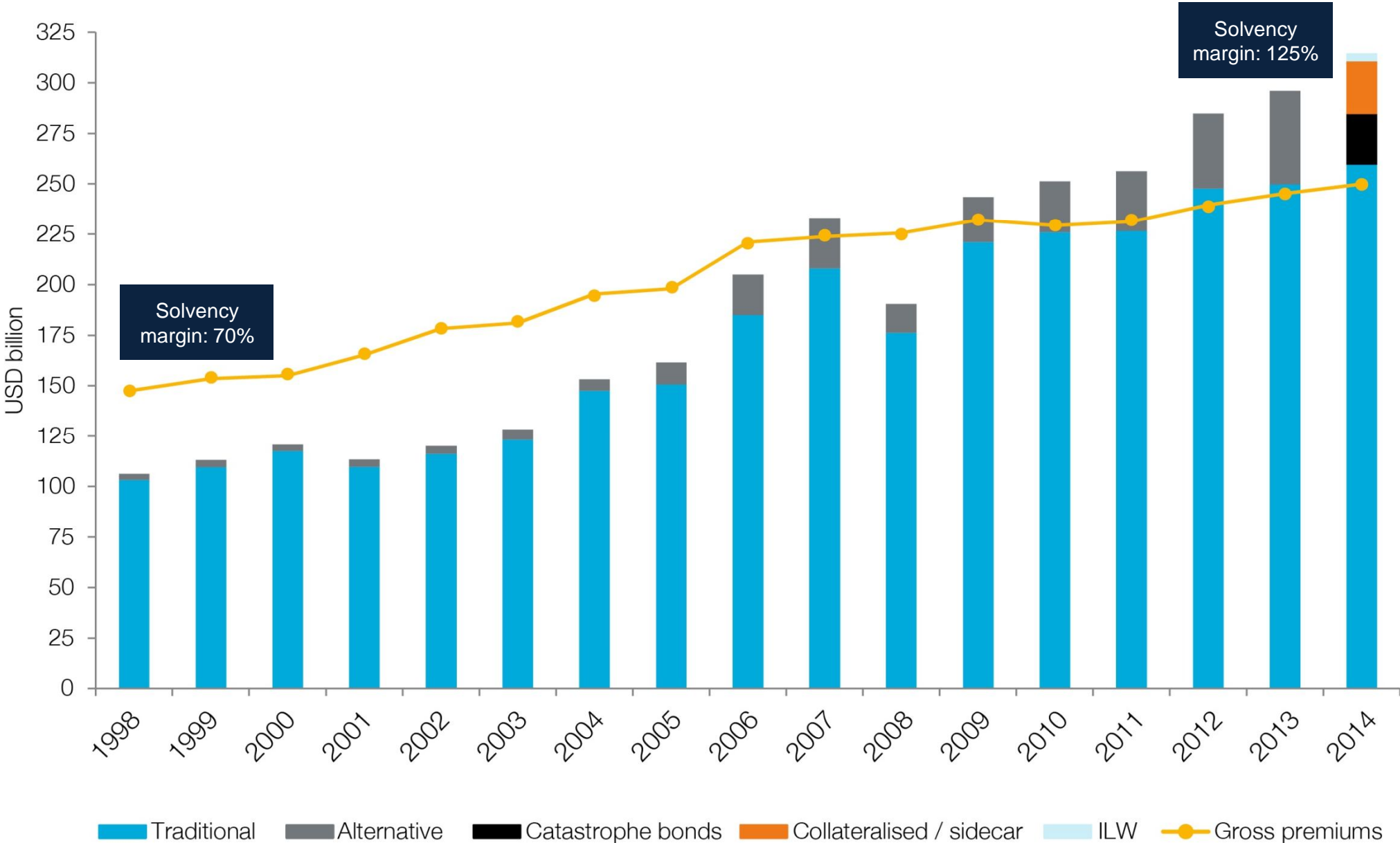
THE REINSURANCE SECTOR

HOW DID WE GET HERE?



DEDICATED CAPITAL VS PREMIUMS

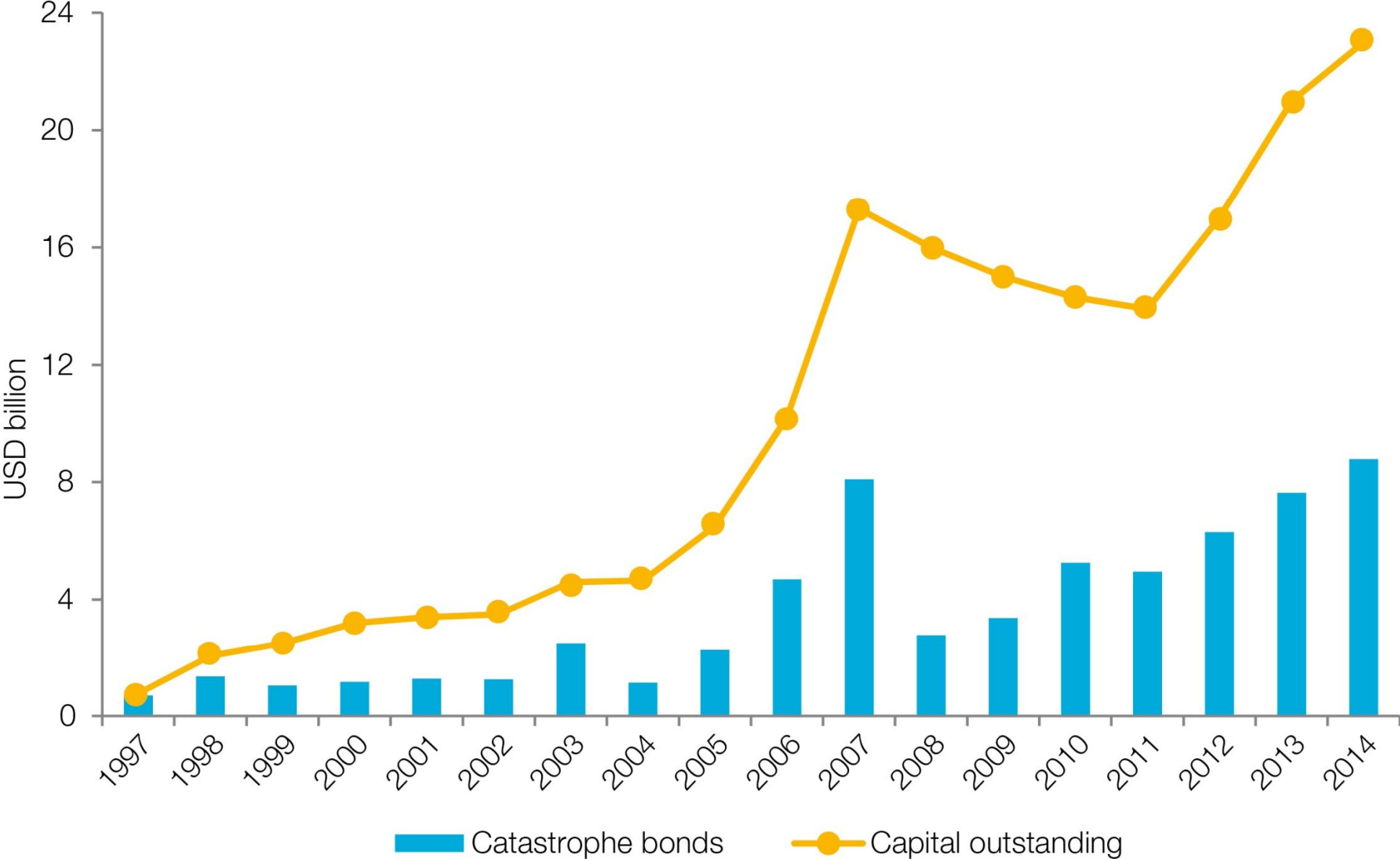
REINSURANCE SUPPLY HAS GROWN FASTER THAN DEMAND



Source: JLT Re

INSURANCE LINKED SECURITIES

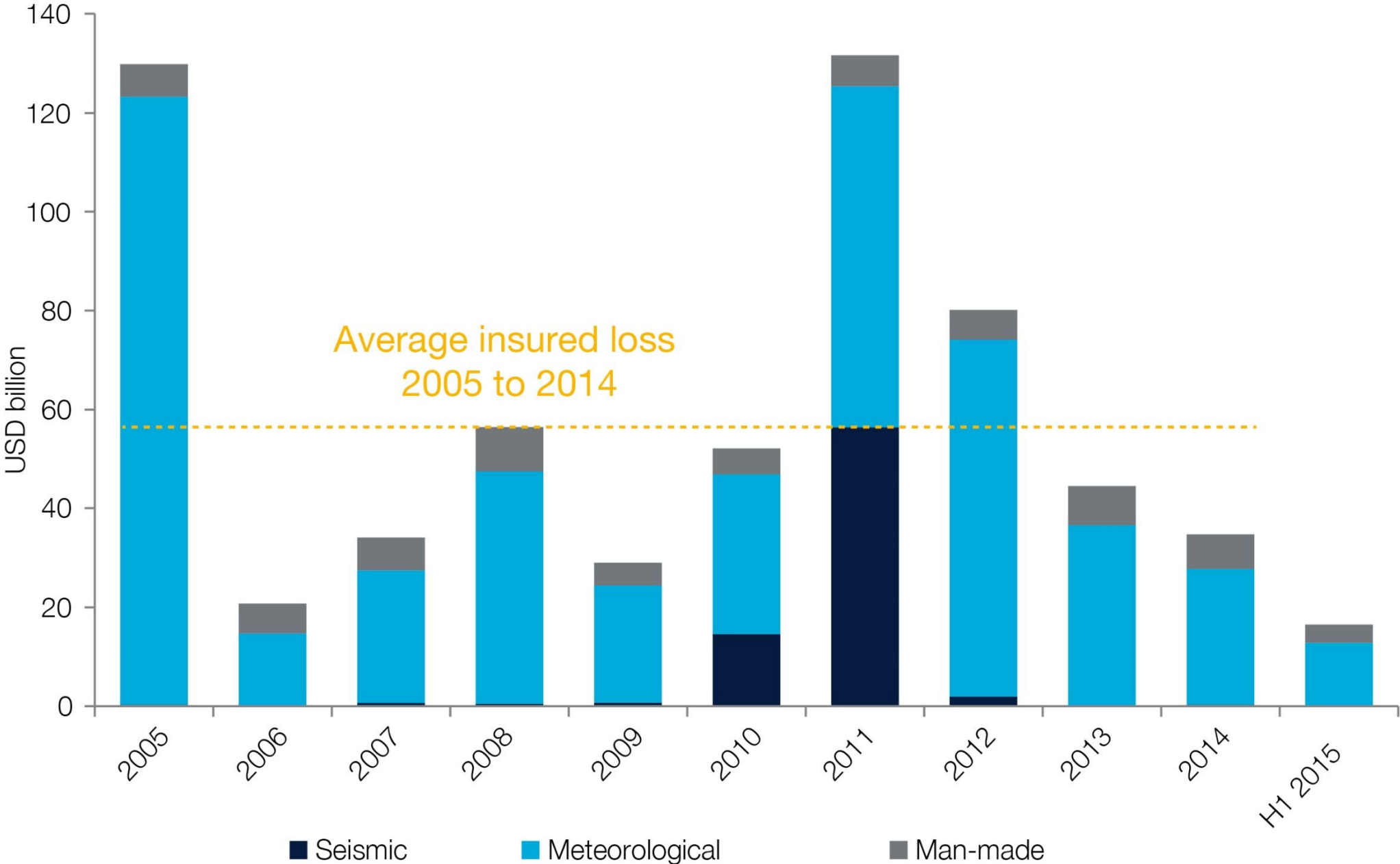
PRIMARY ISSUANCE VS CAPITAL OUTSTANDING



Source: JLT Capital Markets

INSURED CATASTROPHE LOSSES

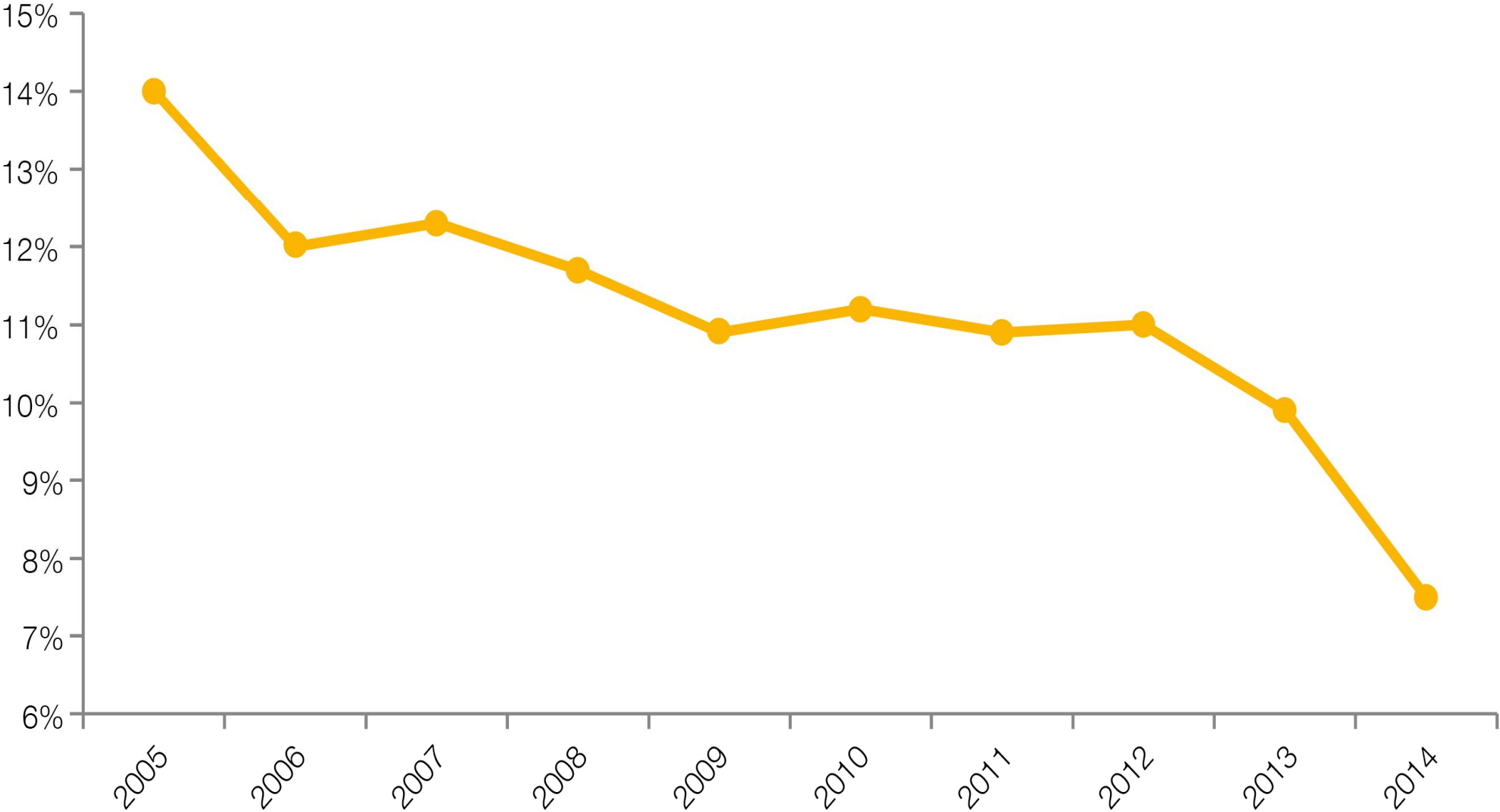
NOT WHAT MOST HAD PLANNED POST-2011



Source: JLT Re

CESSION RATES

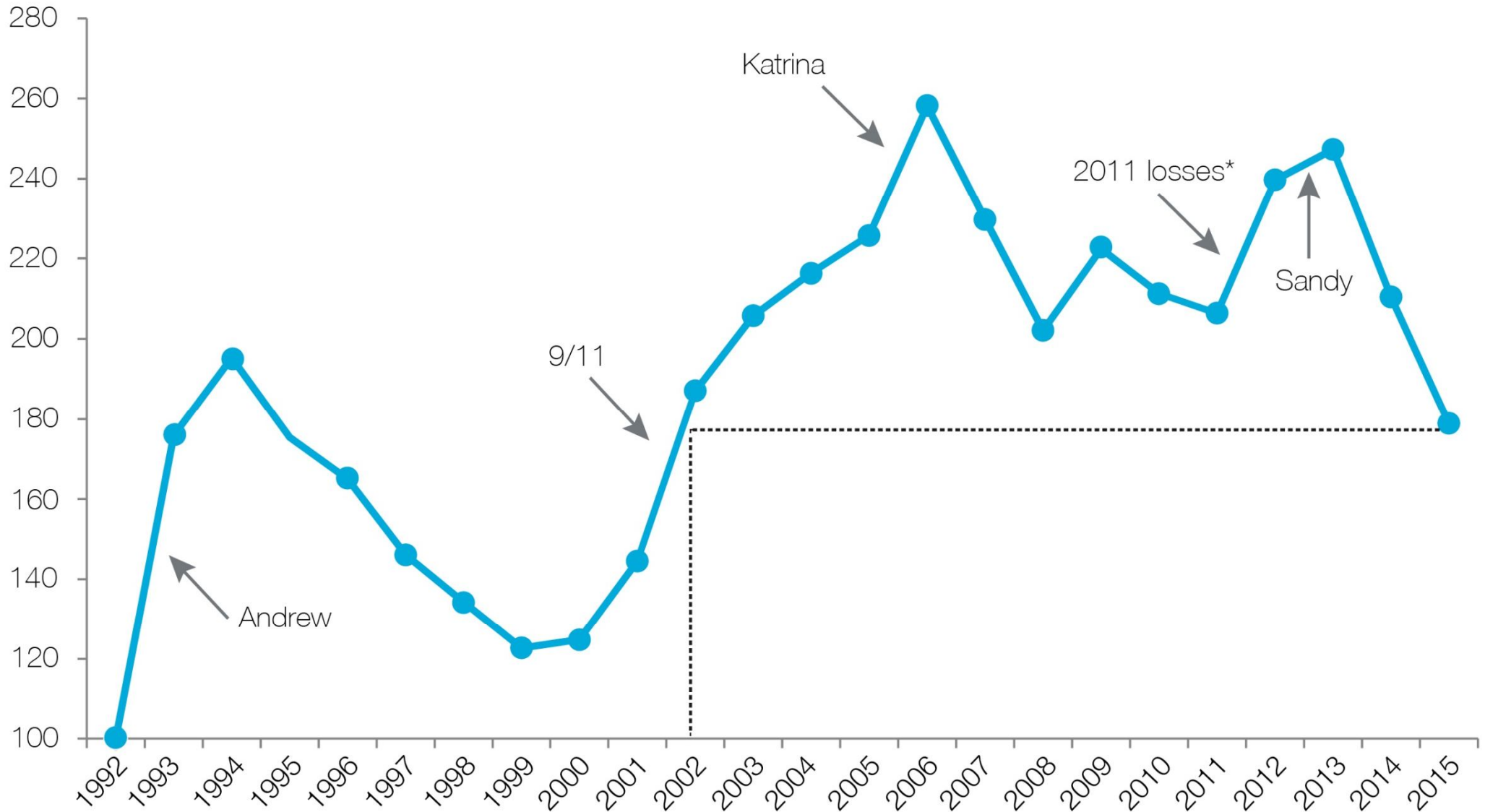
AVERAGE CESSION RATE: TOP 20 GLOBAL P&C CARRIERS



Source: JLT Re, Bloomberg data

RISK-ADJUSTED GLOBAL PROPERTY-CAT INDEX

WE ARE BACK TO THE LEVELS OF 2001 / 2002



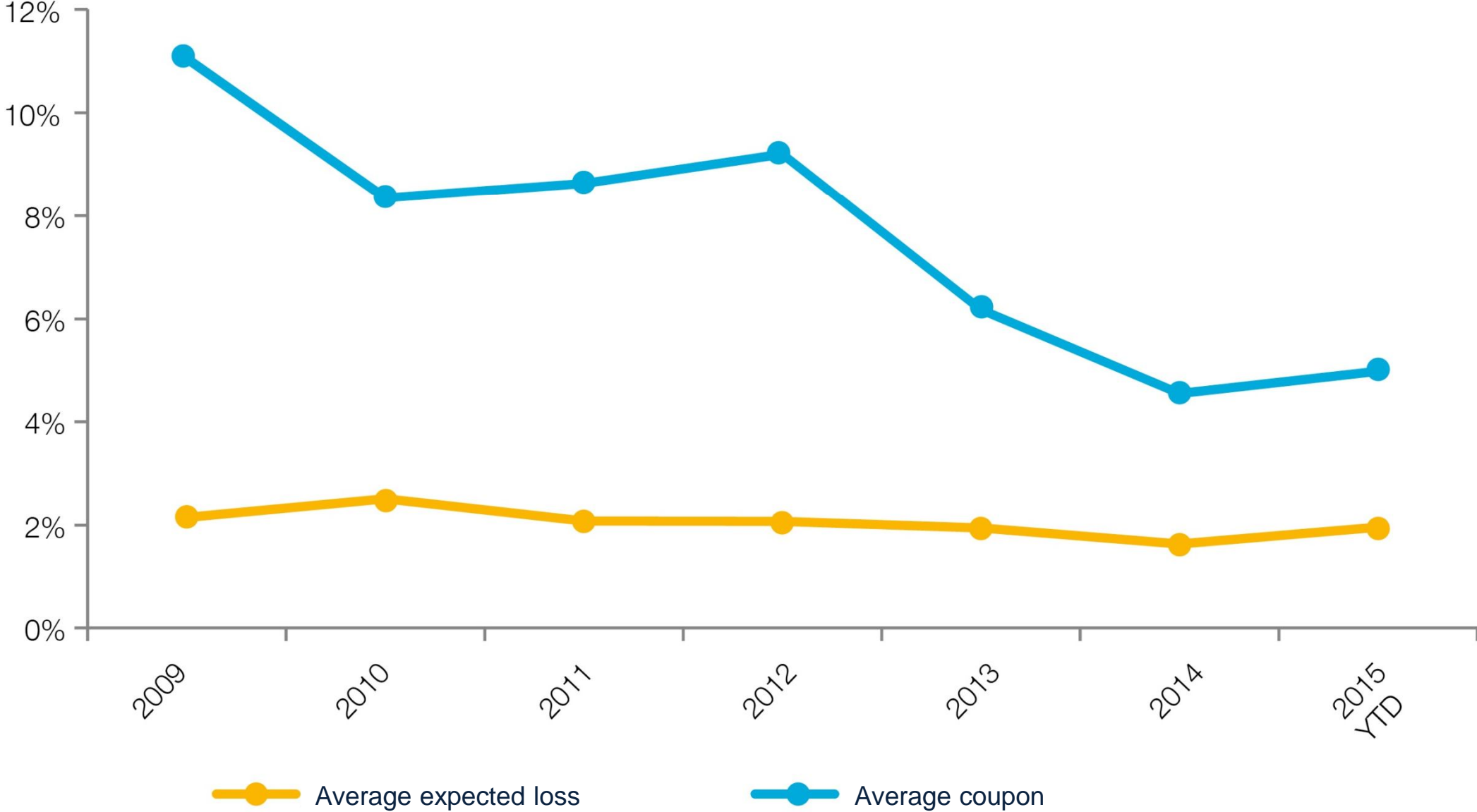
Source: JLT Re, * includes Christchurch earthquake, Tohoku earthquake, Thai floods



WHAT HAS CHANGED? THREE EARLY INDICATORS

I. CAPITAL INFLOWS

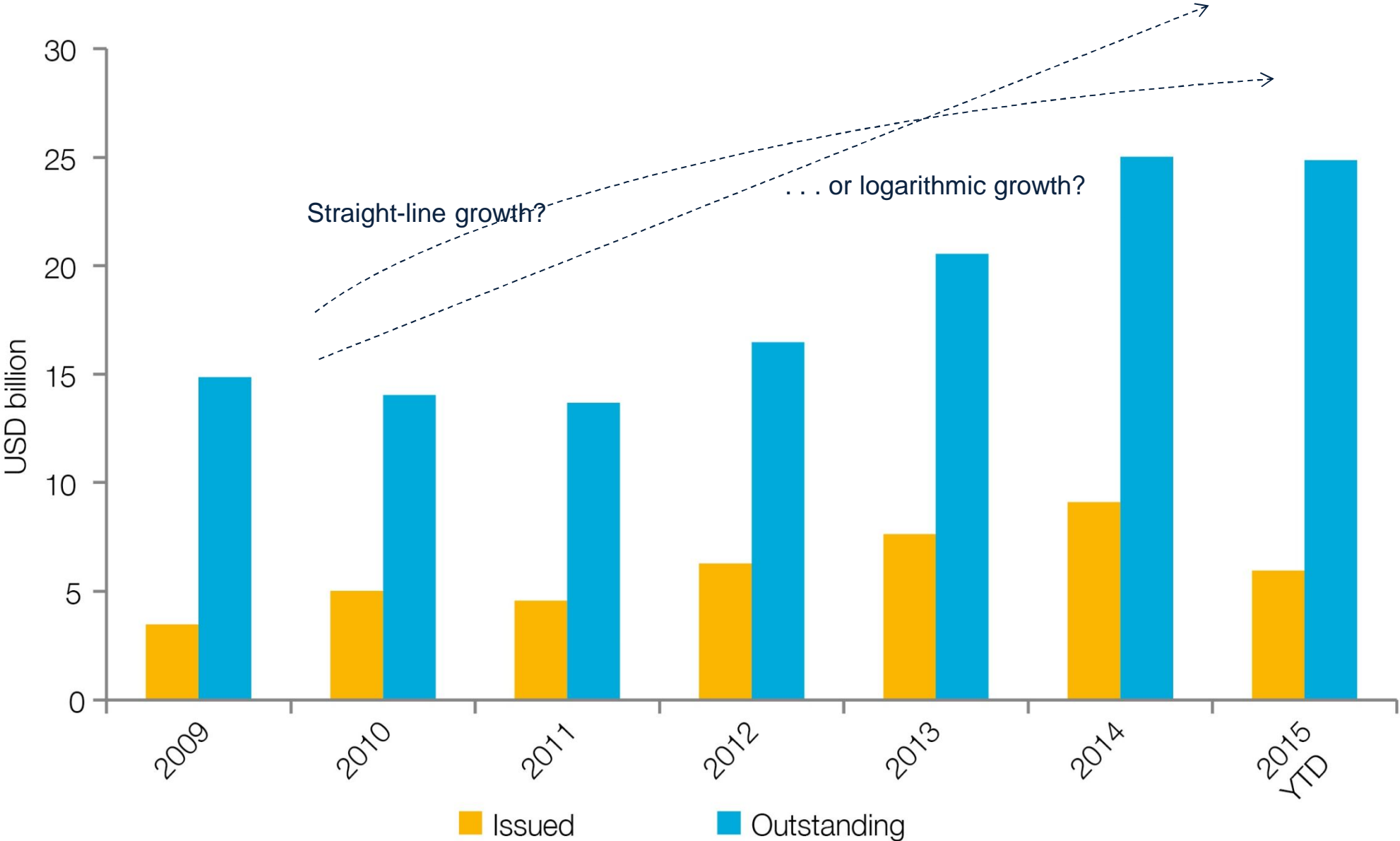
ILS RISK / REWARD PROFILE HAS CHANGED



Source: JLT Capital Markets

I. CAPITAL INFLOWS

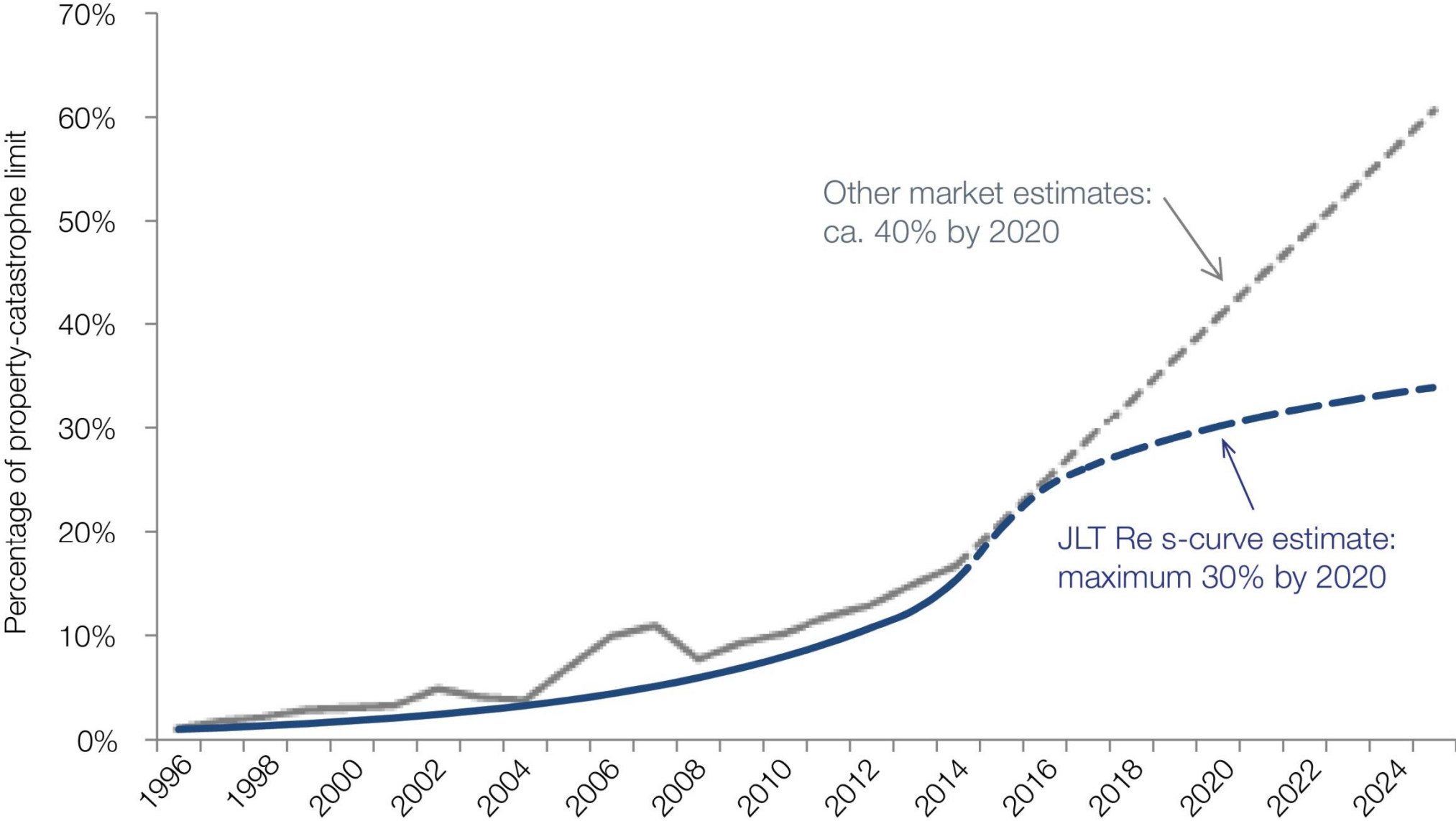
ILS ISSUANCE: A CLOSER LOOK



Source: JLT Capital Markets

I. CAPITAL INFLOWS

THIRD PARTY CAPITAL A PERCENTAGE OF TOTAL CAT LIMIT



Source: JLT Re

II. MERGERS & ACQUISITIONS

THE TREND IS STRUCTURAL, NOT ATTRITIONAL



Selection of reinsurance M&A activity – Q2 2014 to YTD 2015

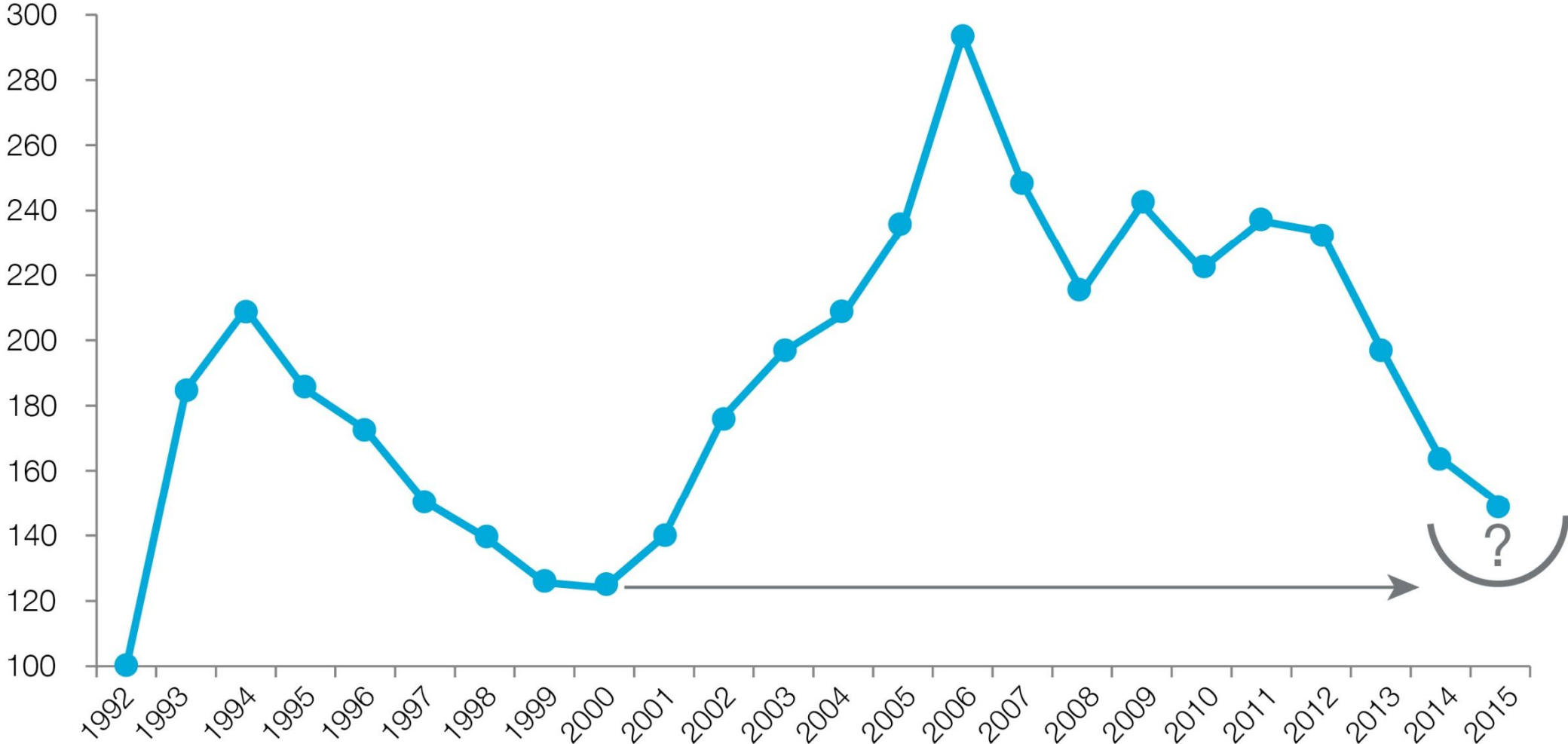
Date (Announced)	(Prospective) acquirer	Target	Transaction Value (USD million)
Sep-15	Mitsui Sumitomo	Amlin	5,400
Aug-15	EXOR	PartnerRe	6,900
Jul-15	China Minsheng Investment	Sirius	2,200
Mar-15	Endurance	Montpelier Re	1,800
Feb-15	Fairfax	Brit	1,900
Dec-14	XL Group	Catlin	4,200
Nov-14	RenaissanceRe	Platinum Underwriters	1,900
Jun-14	Validus	Western World Insurance	690
Total			25,680
As a percentage of YE 2014 <u>dedicated</u> reinsurance sector capital			Ca. 8%

III. PURCHASING AND PRICING BEHAVIOUR

APPROACHING A TROUGH?

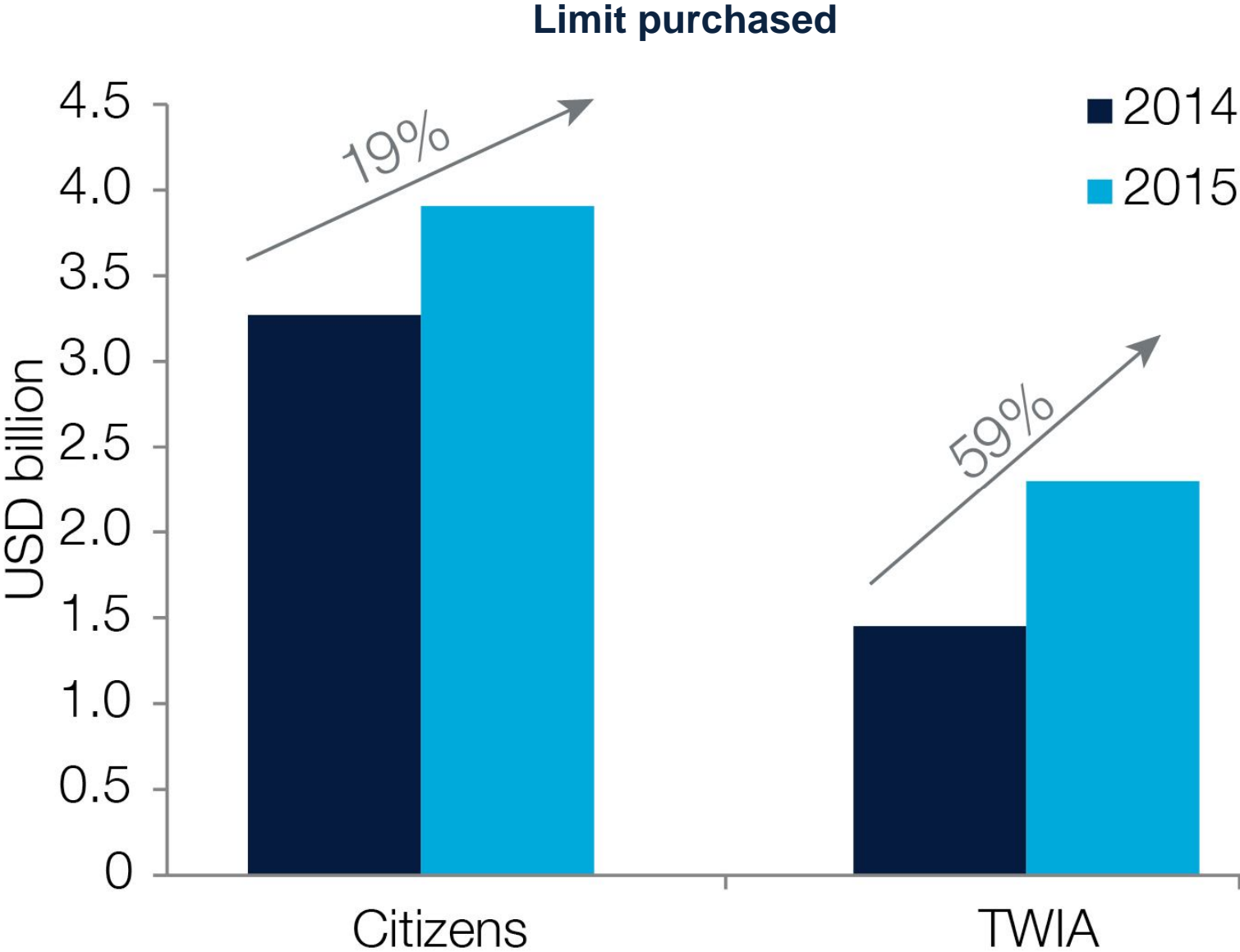


Risk-adjusted property-catastrophe rate-on-line index at 1 June



III. PURCHASING AND PRICING BEHAVIOUR

A CHANGE IN APPETITE AT 1 JUNE?



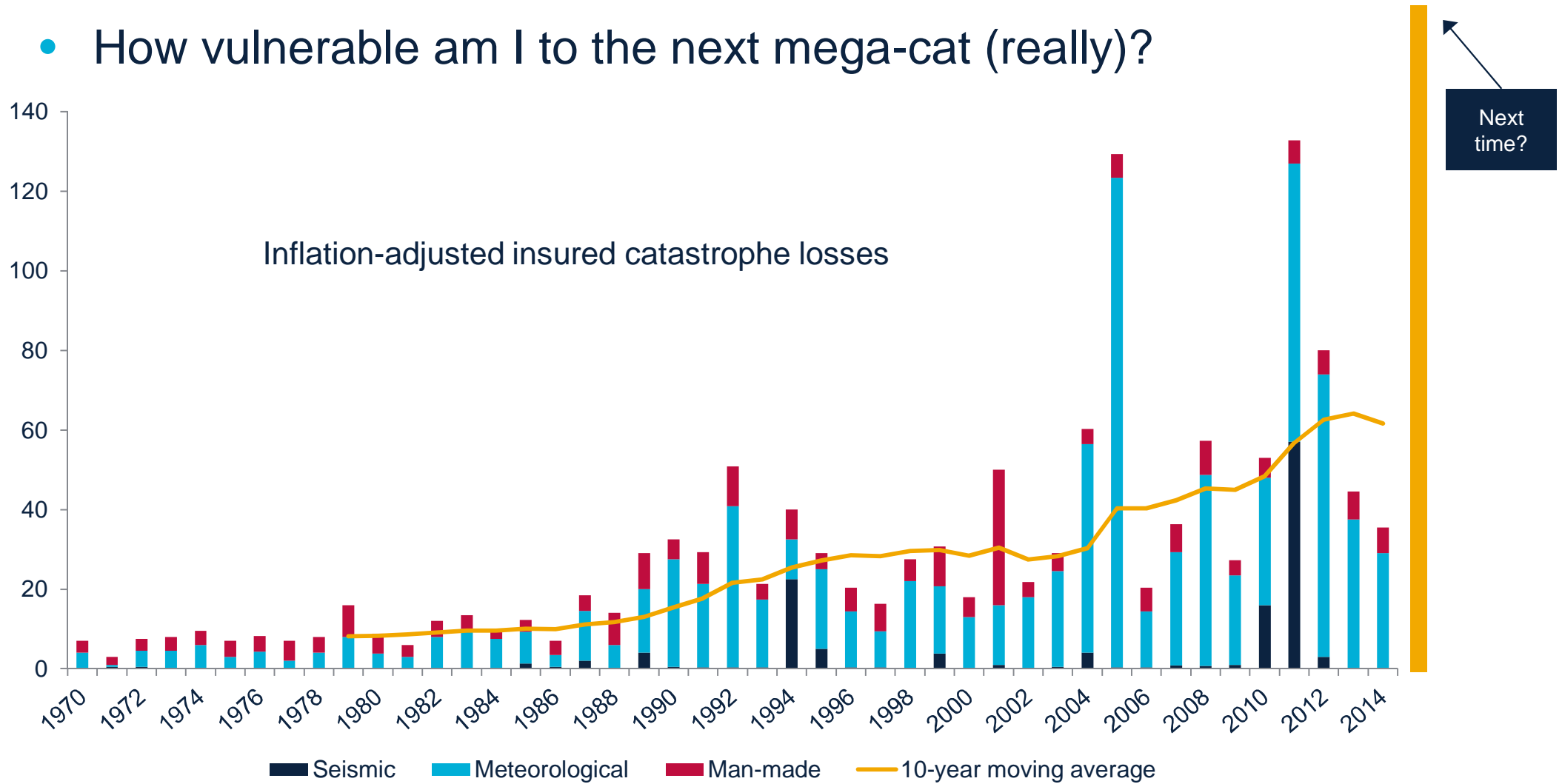
Source: JLT Re, CPIC, TWIA

WHERE CAN
BROKERS AND
REINSURERS
ADD INSIGHT?

THE PURPOSE
OF ANALYTICS

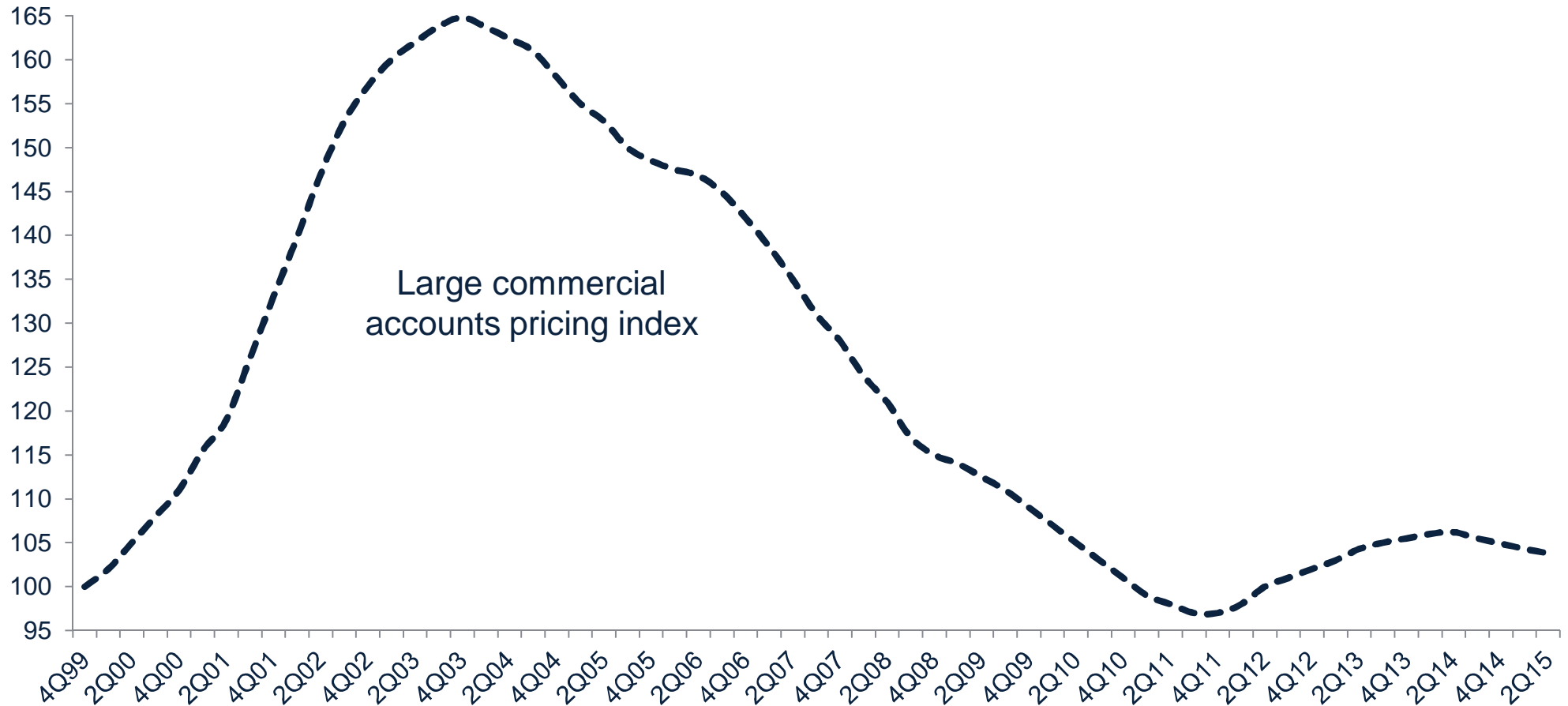


- How vulnerable am I to the next mega-cat (really)?



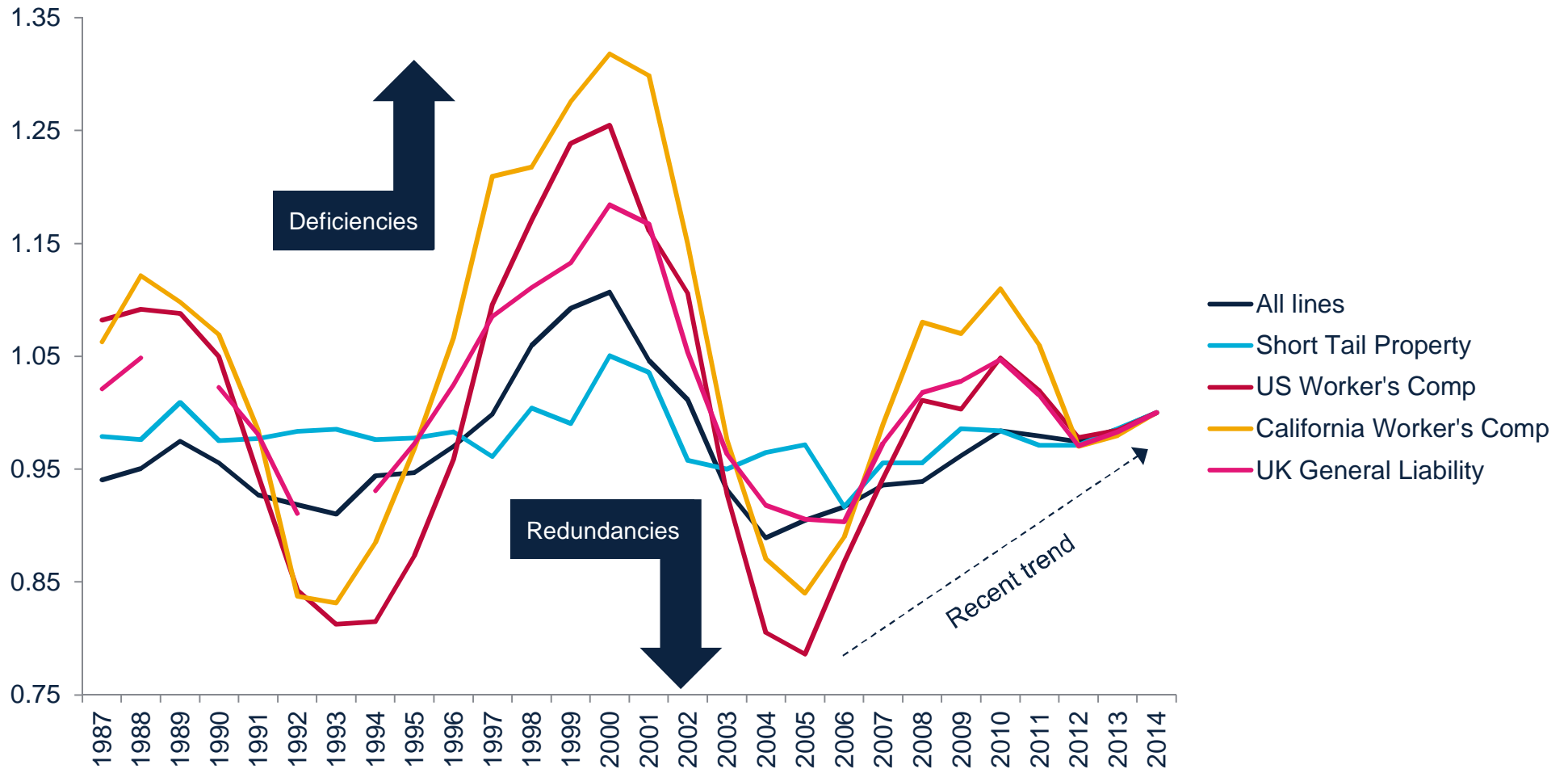
Source: JLT Re, Swiss Re Economic Research & Consulting, Cat Perils

- Where can I find pockets of opportunity amidst lacklustre pricing?



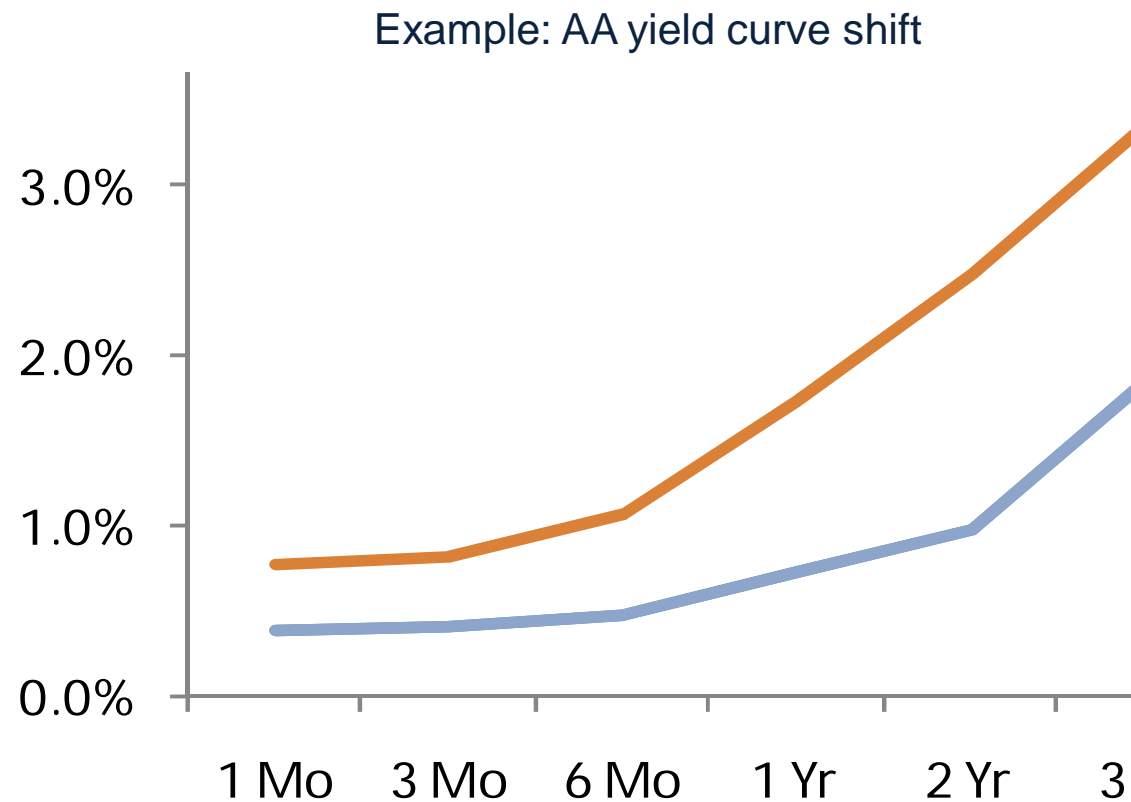
Source: JLT Re, the Council of Insurance Agents and Brokers, Barclays

- What happens if the reserving cycle shifts abruptly?



Source: JLT Re, SNL, UK PRA returns

- What happens to my balance sheet if interest rates suddenly rise?



Source: JLT Re Strategic Advisory, Bloomberg data

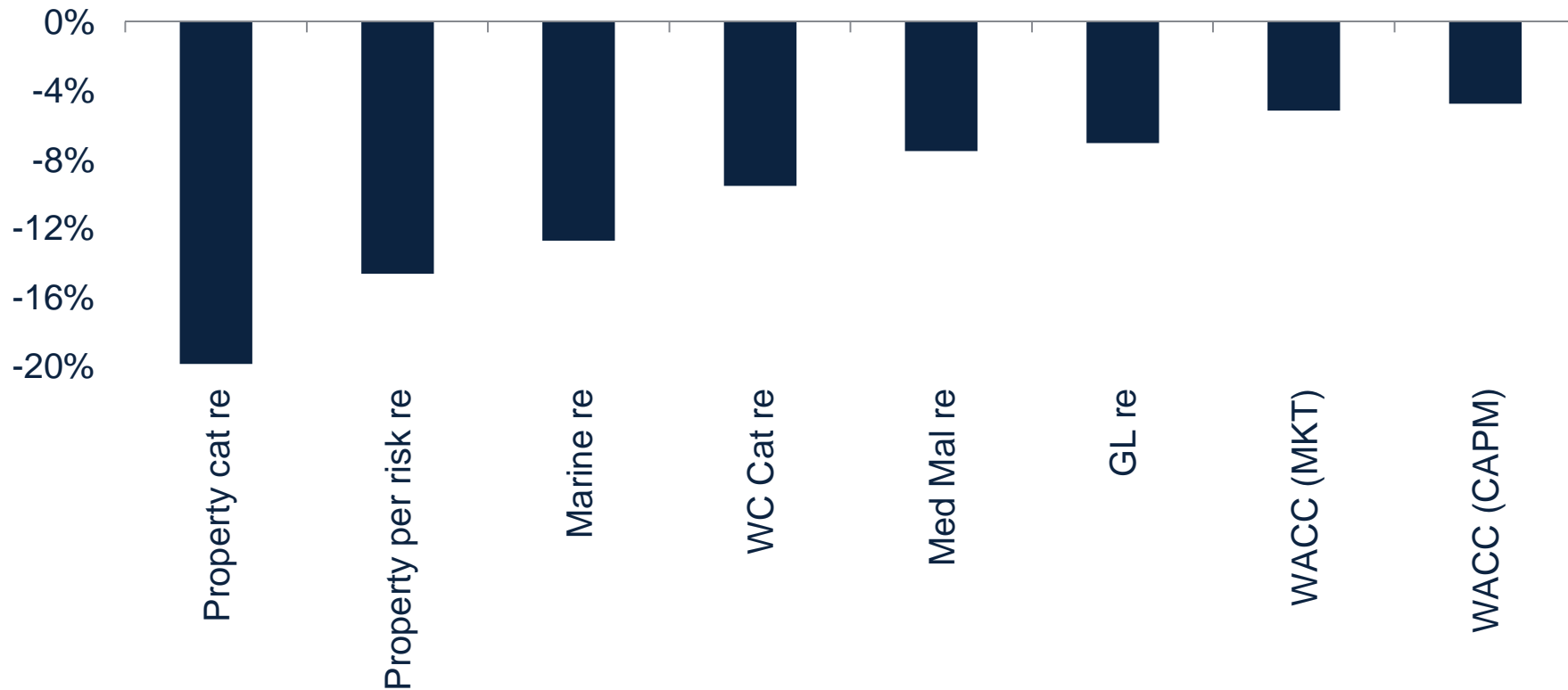
ANALYTICS = INSIGHT IN TODAY'S MARKET

HOW CAN I TAKE ADVANTAGE OF TODAY'S ENVIRONMENT?



- Can falling reinsurance prices help me to achieve profitable growth?
- How does my cost of capital compare to my cost of reinsurance?

Δ s in costs of various forms of reinsurance capital since 2012¹



PROVIDING INSIGHT

JLT RE

Collaboration




Agility



Rigour





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