Monte Carlo: September 14th, 2015: JLT Re has today launched its second JLT Re Viewpoint Report – Change in the Air? – an overview of the reinsurance market that analyses key developments that triggered nine consecutive, major renewals of falling prices leading up to 1 June 2015 and how new dynamics during this year’s mid-season renewals saw downward pricing pressure ease for the first time since January 2013.

David Flandro, Global Head of Analytics, JLT Re, said, “Low loss experiences, new capital inflows and changing behaviours amongst reinsurance buyers, characterised by reduced cessions and smaller reinsurance panels in particular, dominated reinsurance renewals between 2012 and 2014. These trends culminated in steep pricing declines, pushing rates for certain market segments to their lowest levels since the early 2000s as competition from alternative capital providers prompted reinsurers to adapt and innovate to defend market share.”

These trends continued to dictate the 1 January 2015 renewal as pricing again fell by double-digits for most lines. It was against this backdrop that risk carriers entered the 2015 mid-year renewal season, with many market participants expecting more of the same. However, rate reductions moderated for certain segments during the June and July renewals.

Mike Reynolds, Global CEO, JLT Re, said, “Although pricing remained under pressure across most lines of business at 1 June and 1 July, there were early signs of some stabilisation in certain segments, albeit at historically low-levels. The flattening trajectory of reinsurance rates during these renewals indicates change is again underway as increasing demand for reinsurance, an easing in the rate of alternative capital entry and reinsurer consolidation are coalescing to create an eventual pricing trough.”

David Flandro concludes, “The report shows that this is the time for buyers to review strategies and relative costs of capital. The burgeoning increase in demand will create important opportunities for insurers and reinsurers, alike. Today’s current environment of abundant capacity, coupled with a renewed focus on innovation, provides an opportunity for carriers to make genuine strides in creating new solutions for underinsured risks, including comprehensive flood and terrorism coverage, and the development of cover for relatively
new risks such as cyber, reputational, supply chain, fourth generation nuclear and autonomous vehicles to name a few."

To get a copy of the full report contact David Flandro – David.Flandro@JLTRe.com or Izzy Young – Isabella.Young@JLTRe.com. The report will be available exclusively to JLT Re clients until October 2015.

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About JLT Re Viewpoint
JLT Re Viewpoint is JLT Re’s regular series of publications and reports that comment on or give insight into key topics, occurrences or changes in the reinsurance and broking market place. JLT Re seeks to ask the questions that no-one else has asked and answer the questions that no-one else dares to answer. These publications and reports are aimed at helping clients to manage the diverse challenges they face today leveraging the specialty expertise of JLT Re.

About JLT Re
JLT Re trusted team of 700 colleagues worldwide combines market leading expertise and proprietary analytical tools with the freedom to challenge conventions.

Deep specialist knowledge and extensive experience of both the reinsurance market and clients’ own industries and sectors enables JLT Re to ask smarter questions, innovate and deliver better results tailored to meet client needs.

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