

Global Performance & Importance – Reinsurers - 2018

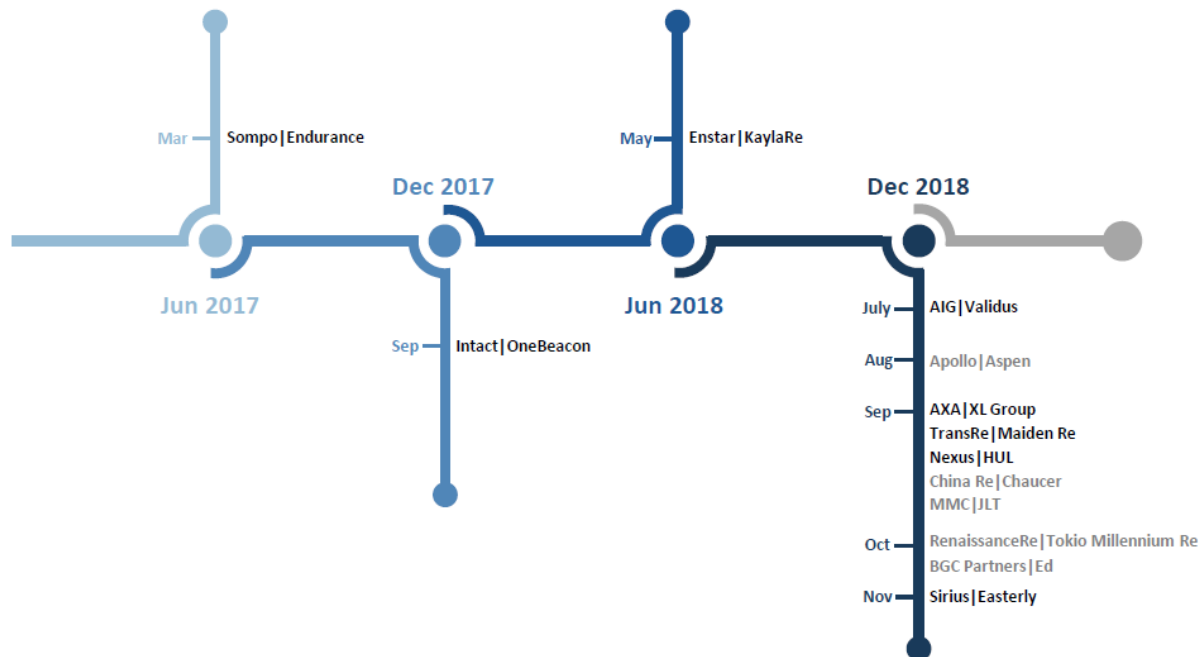
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Six global forces drive consolidation, while a ‘Hard Market’ remains a pipe dream

Despite receding in degree, a leading concern for insurers and brokers globally is the prevailing level of excess supply driven by alternative capital, and consequent pricing levels. We have identified [six global forces](#) that are active in each of the (seven) regions analysed, with ‘digital transformation and innovation’ now being viewed as the leading challenge.

These change drivers are the shaping forces behind industry consolidation, the pace of which has been quite remarkable. The past 24 months have seen the formation of the world’s largest commercial lines insurer (AXA XL) and several reinsurance acquisitions: Trans Re/Maiden, Apollo/Aspen, AIG/Validus, and most recently RenRe/Tokio Marine Reinsurance (TMR).

Exhibit 1: Consolidation activity – 2017 & 2018



The biggest news in insurance broking for 2018 is Marsh’s acquisition of JLT, which will have significant ramifications for the reinsurance broking segment. Once integrated, the combined Guy Carpenter and JLT Re will have similar market penetration to Aon Benfield within each of the key regions, [creating two clear scale leaders](#) for the segment.

Ed - the world’s fifth largest reinsurance broker – announced its acquisition by BGC Partners (a global intermediary and technology company) – seeking growth capital and possible synergies.

2018 is set to be a record year for reinsurance transactions, although the P&C reinsurance industry has been reshaping for a while now.

Brand matters

Brand is an essential element of the value proposition for reinsurers.

Our ratings and rankings for Brand Strength are derived by factoring the unprompted views of insurers and brokers as to the “most well-regarded brands”, partner preferences and also specialist recognition within lines of business across 30,000 data points in 2018.

Exhibit 2: Top 50 brands - Global

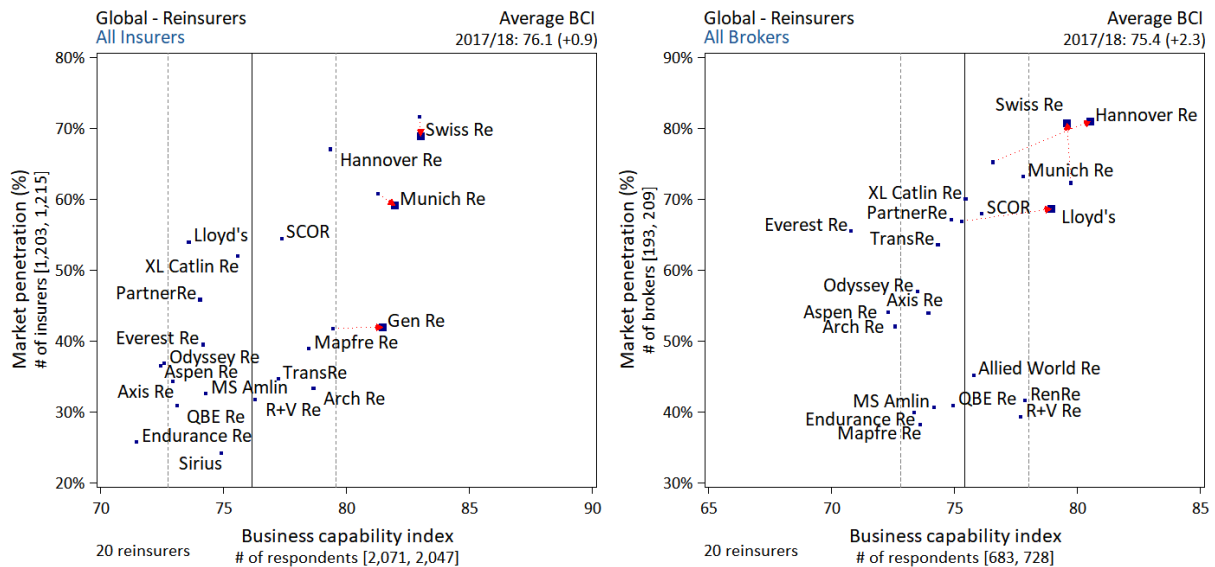
Reinsurer	Rank	Reinsurer	Rank
Swiss Re	1	IRB	26
Munich Re	2	Korean Re	27
Hannover Re	3	Validus Re	28
Lloyd's	4	Nacional Re	29
Gen Re	5	Allied World Re	30
SCOR	6	Chubb Tempest Re	31
XL Catlin Re	7	Markel Global Re	32
Mapfre Re	8	GIC Re	33
Everest Re	9	Berkley Re	34
PartnerRe	10	Patria Re	35
TransRe	11	Tokio Millennium Re	36
R+V Re	12	Hiscox Re	37
RenRe	13	Deutsche Rück	38
Axis Re	14	China Re	39
Allianz	15	Maiden Re	40
Arch Re	16	Africa Re	41
Odyssey Re	17	Safety National/Tokio Marine	42
QBE Re	18	ACR	43
Aspen Re	19	CCR	44
Arch Re Fac	20	AIG Re	45
MS Amlin	21	Taiping Re	46
Toa Re	22	New Re	47
Endurance Re	23	Qatar Re	48
Berkshire Hathaway	24	Trust Re	49
Sirius	25	MNRB	50

Source: NMG Consulting's Flaspöhler Study – P&C Reinsurance – 2017/18

Swiss Re is the leading brand for P&C reinsurance globally and within all but one of the major regions. See [Brand Strength Rankings](#) to learn how these vary across the world's major regions.

Competitive positioning – Reinsurers

Exhibit 3: Business Capability Index - Global



Source: NMG Consulting's Flaspöhler Study – P&C Reinsurance – 2017/18

Swiss Re was again top ranked globally on NMG's Business Capability Index (BCI) incorporating the views of ~2,000 insurance executives globally. Hannover Re – lifted by a strong year in the US & Canada – carried the leading global result among brokers.

Value attributes rank highly in reinsurer selection, especially 'partnership', 'ease of doing business' and 'timeliness' (all of which are notably higher rated than underwriting capability). The greatest sources of differentiation between reinsurers are to be found in overall relationship management, underwriting, thought leadership and innovation.

To innovate or not to innovate?

Insurers indicate that innovation is a lower-ranking factor in the selection of reinsurance partners. Even more striking is the relative absence of 'innovation' in the brand associations of reinsurers (particularly as compared to Life & Health reinsurers).

Exhibit 4: Brand association for reinsurers



Source: NMG Consulting's Studies of Life & Health and P&C Reinsurance – 2017/18

So, are reinsurers to blame, or have they simply (rationally) focused on customer engagement (and price) alone in a market where propositions are commoditised? We wonder how much do the legacy operating styles of the days of the hard market contribute?

Our author

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