



Institute
and Faculty
of Actuaries

UK GI Market Conditions

How it can translate to the Asia Market

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4th March 2016



Background & Objectives



Background

- Career
- Volunteer
- Personal



Objectives

- More appreciation of UK market issues.
- Get you thinking about how they may affect the Asia market

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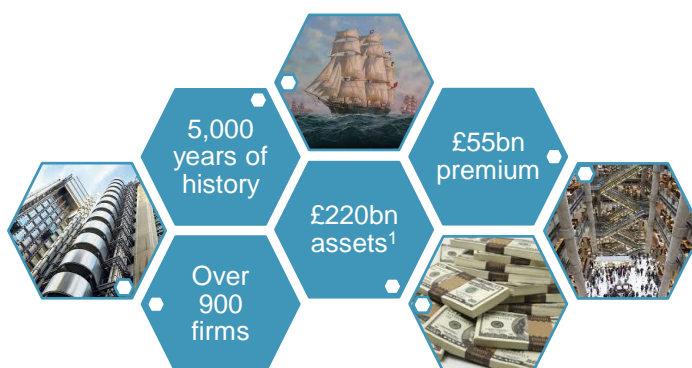
Outline

- The purpose of this talk is to outline the conditions that the UK GI market is facing.
- The focus will be on:
 - ✓ evolution and recent history of the market;
 - ✓ the key market drivers and their impact on the whole industry;
 - ✓ the reaction to and potential consequences of these drivers;
 - ✓ how they link to one another;
 - ✓ how the market conditions in the UK may translate into the Asian market.
- Personal opinion, not of employer's.

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Overview of UK Non-Life Market

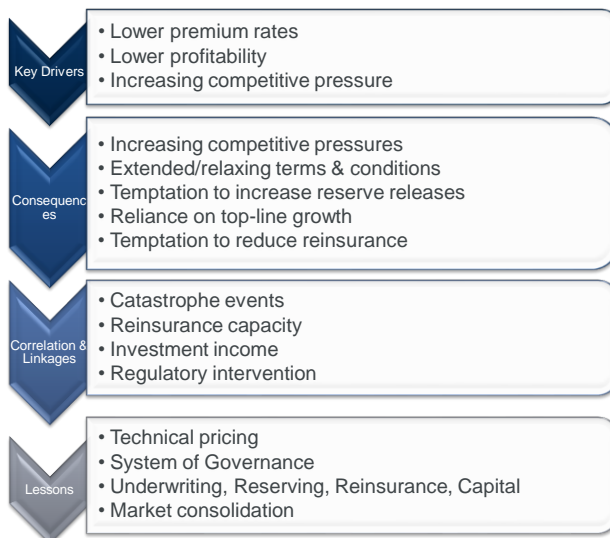


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¹ relative to £3,570bn for banks and £1,610bn for life insurance

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Soft Market



1 in 4
London Market insurers relying on investment returns to make a profit

98%
Net COR (95% adjusted for planned investment returns)

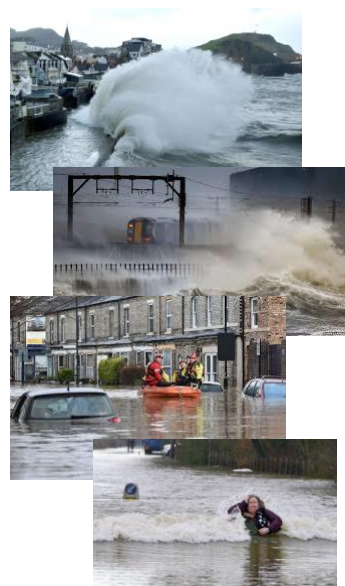
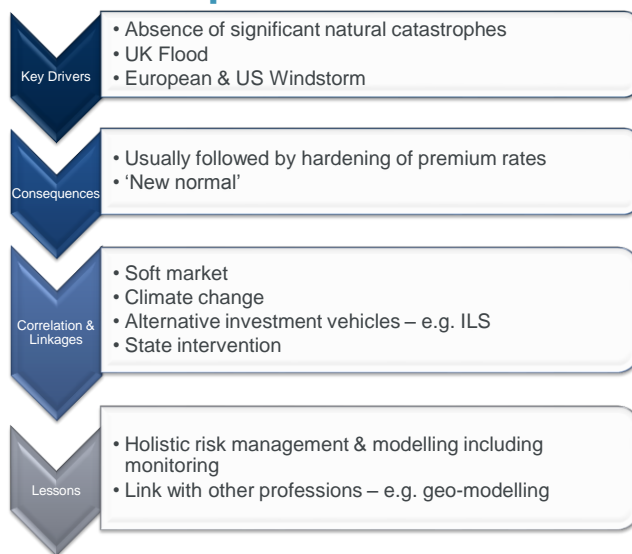
30%
Premiums cut by on average property reinsurance and energy classes

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Source: PwC London Market 2016 outlook

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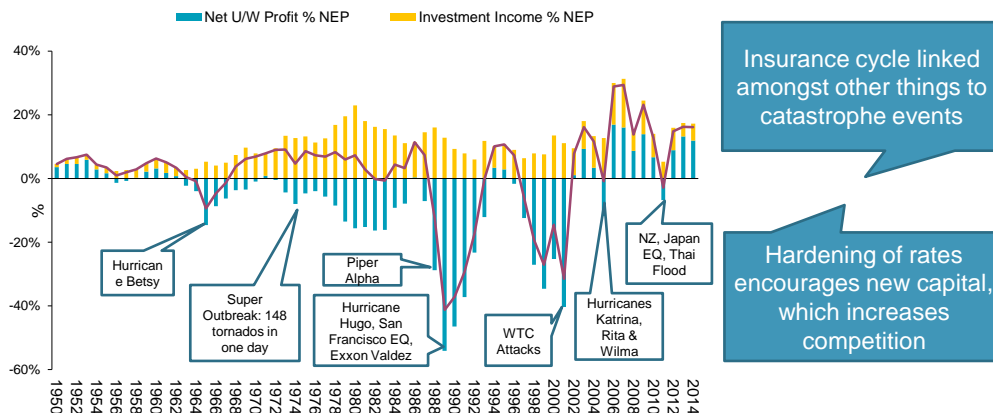
Catastrophe Risk



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Insurance Cycle



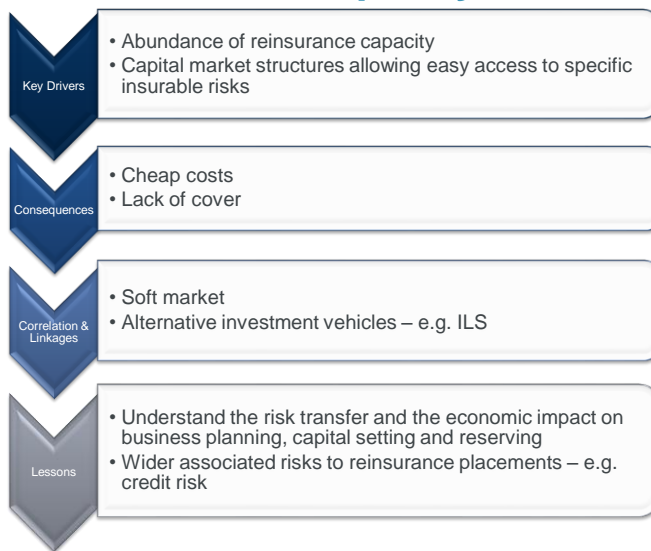
Major losses: Hurricane Betsy (1965), 1974 Super Outbreak 148 tornados in one day, Piper Alpha (1988), Hurricane Hugo (1989), the San Francisco Earthquake (1989), Exxon Valdez (1989) North European storms (1987 and 1990), Typhoon Mireille (1991), Hurricane Andrew (1992), Northridge Earthquake (1994), WTC (2001), Hurricanes Charlie, Francis, Ivan (2004), Hurricanes Katrina, Rita, Wilma (2005), New Zealand, Chile Earthquake (2010), New Zealand, Japan Earthquake, Thailand Flood (2011)

Source: Lloyd's Annual Reports,

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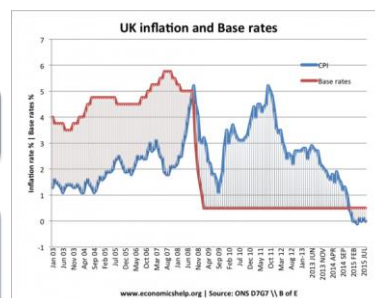
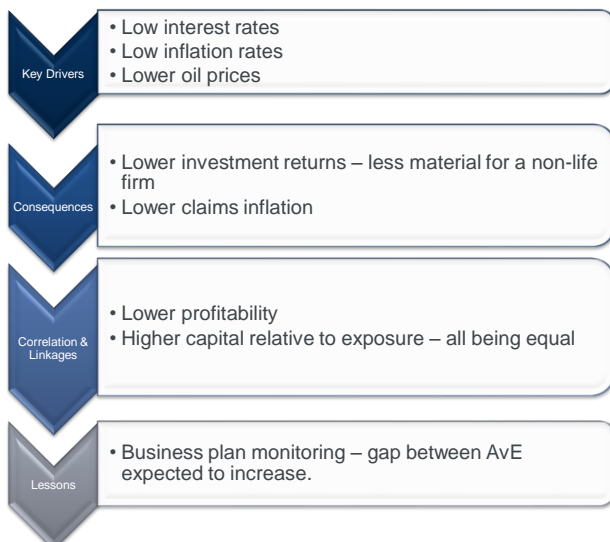
Reinsurance Capacity



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Economics

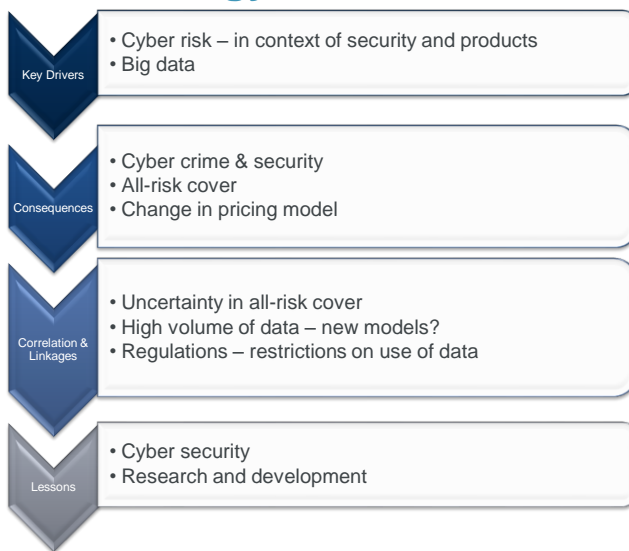


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Source: ONS Bank of England

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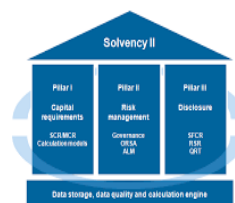
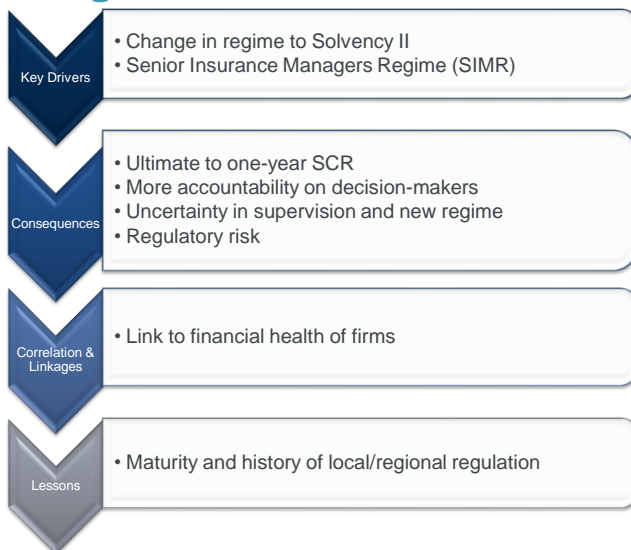
Technology



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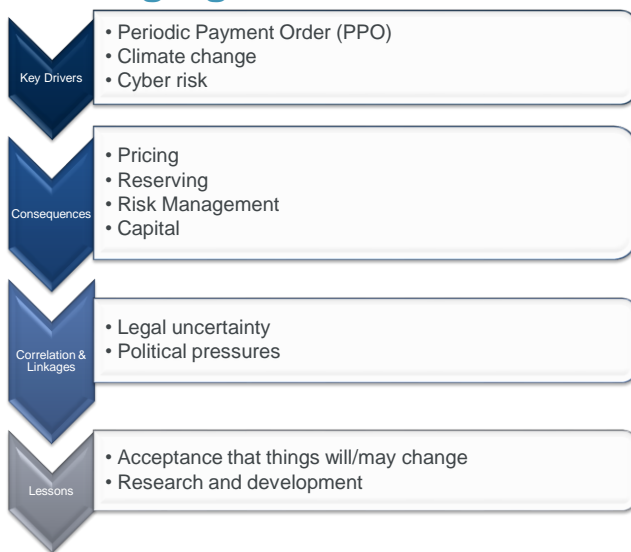
Regulation



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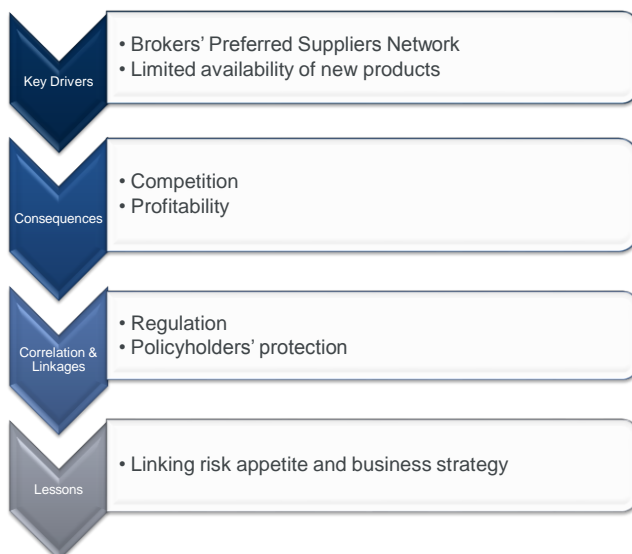
Emerging Risk



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Product Innovation & Market Practice



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Conclusion

- Inter-related drivers brings us where we are today – nothing is truly independent.
- Be mindful of what is happening around us and how it might affect us (stress and scenario testing!).
- Learn from history and learn from others.
- Actuarial experience and professional learning puts us in an excellent position to understand the market.

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Questions

Comments

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