



**AM Best Vortragsreihe (Rück-)Versicherung
Deutschland 2020**



Hamburg

18 Februar 2020



Köln

19 Februar 2020



München

20 Februar 2020

Agenda

Zeit	Präsentation	Moderator
15:00	Registrierung	
15:30	Begrüßung	William Mills <i>Director, Market Development</i>
15:45	Der Globale Rückversicherungsmarkt: Ein- und Ausblicke, sowie 1.1.2020	Dr Angela Yeo <i>Senior Director, Analytics</i>
16:15	AM Best Ratings und Methodik: Benchmarking Studie	Konstantin Langowski <i>Financial Analyst</i>
16:45	Innovation: Update & Zeitplan	Dr Angela Yeo <i>Senior Director, Analytics</i>
17:00	Cocktails	

Der Globale Rückversicherungsmarkt

Dr. Angela Yeo

Senior Director – Analytics & Head of Operations



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Diskussionsleitfaden

**Globaler
Rückversicherungsmarkt**

Ausblick

Performance

Kapital

Entwicklungen

Globaler Rückversicherungsmarkt – Ausblick

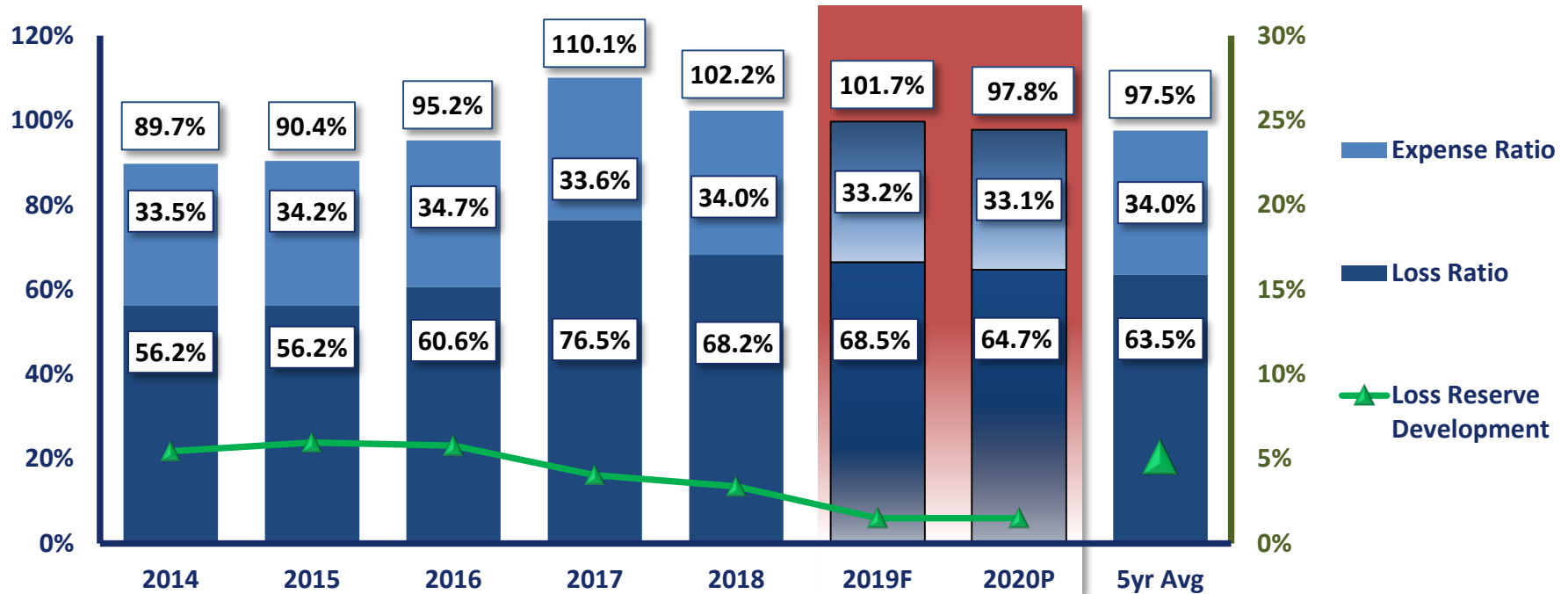
Gegenwind	Rückenwind
Überkapazität und intensive Konkurrenz beschränkt das Potenzial für Verbesserungen	Zunehmende Abstimmung zwischen traditionellem Kapital und Drittkapital
Steigende Retro Kosten	Sich verbessernde Preisdisziplin, insbesondere bei Katastrophen-Sachversicherung und Retro-Versicherung
Soziale Inflation zeigt Auswirkungen auf die Verluste	Zunehmende Preisdynamik auf der Erstversicherungsebene
Geringeres Polster bei Verlustvortrag-Reserven	US-Wirtschaftswachstum verlangsamt sich zwar, setzt sich aber fort
Fortbestehendes Interesse seitens Drittkapital, selbst jenseits Sach-CAT	Nutzung von Drittkapital bei Retrozessionsprogrammen verringert die Ertragsvolatilität

Dezember 2018 – AM Best revidierte den Ausblick für den globalen Rückversicherungssektor zu Stabil

Globaler Rückversicherungsmarkt Performance

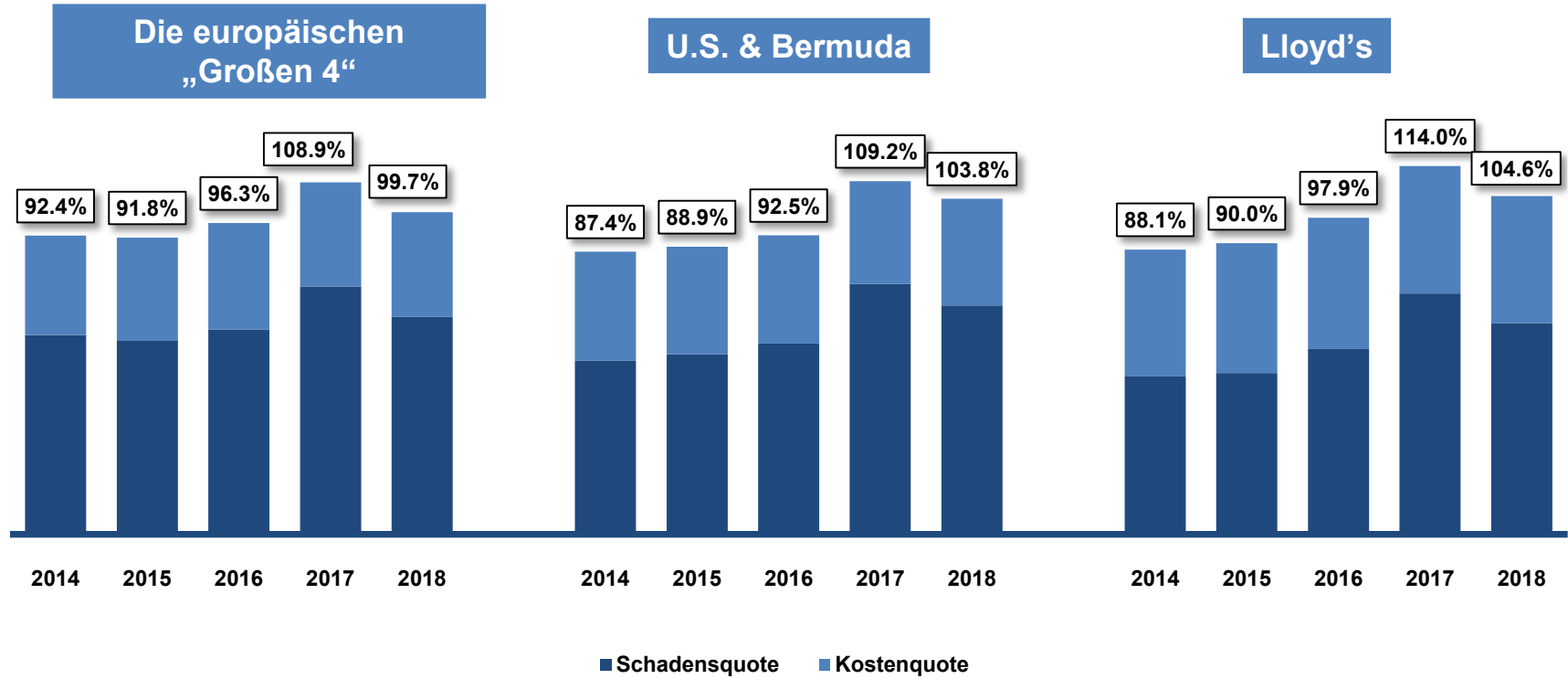
Globaler Rückversicherungsmarkt – Performance

Schadenkostenquote



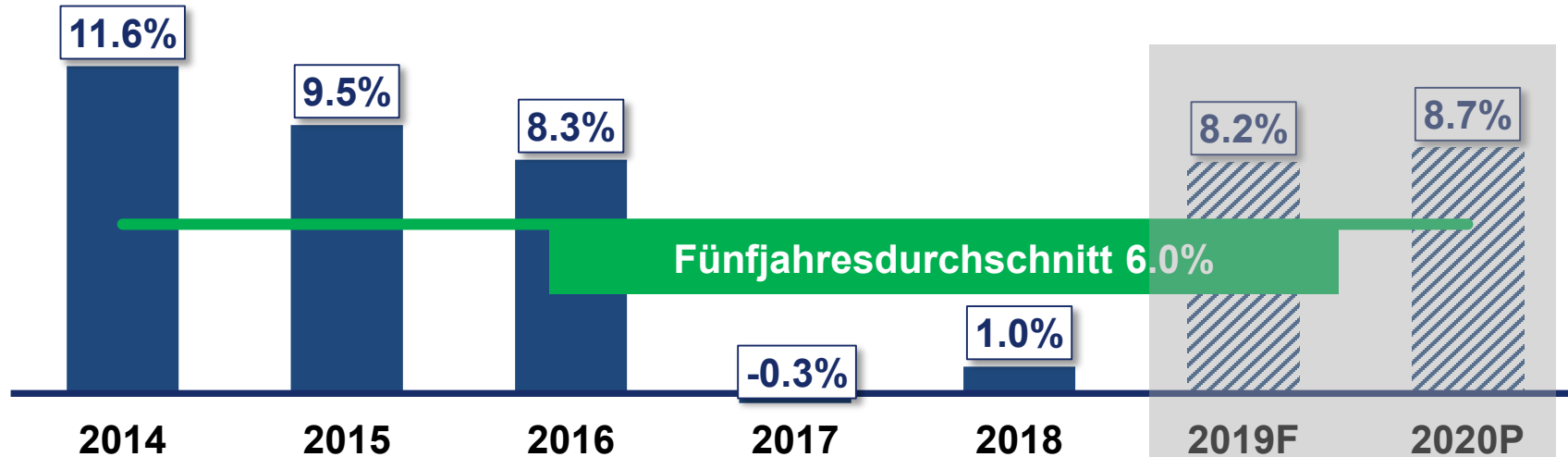
Globaler Rückversicherungsmarkt – Performance

Schadenkostenquoten nach Rückversicherungssektor



Globaler Rückversicherungsmarkt – Performance

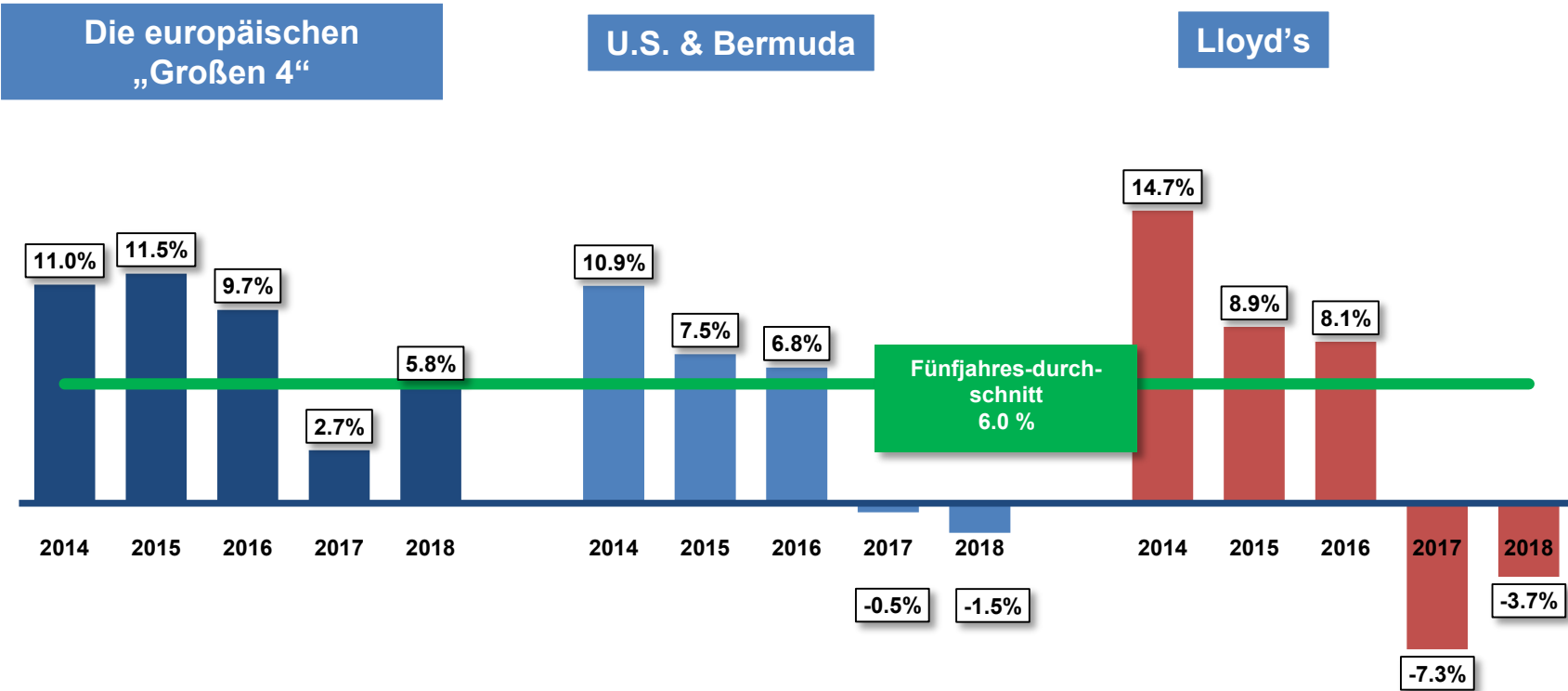
Eigenkapitalrendite



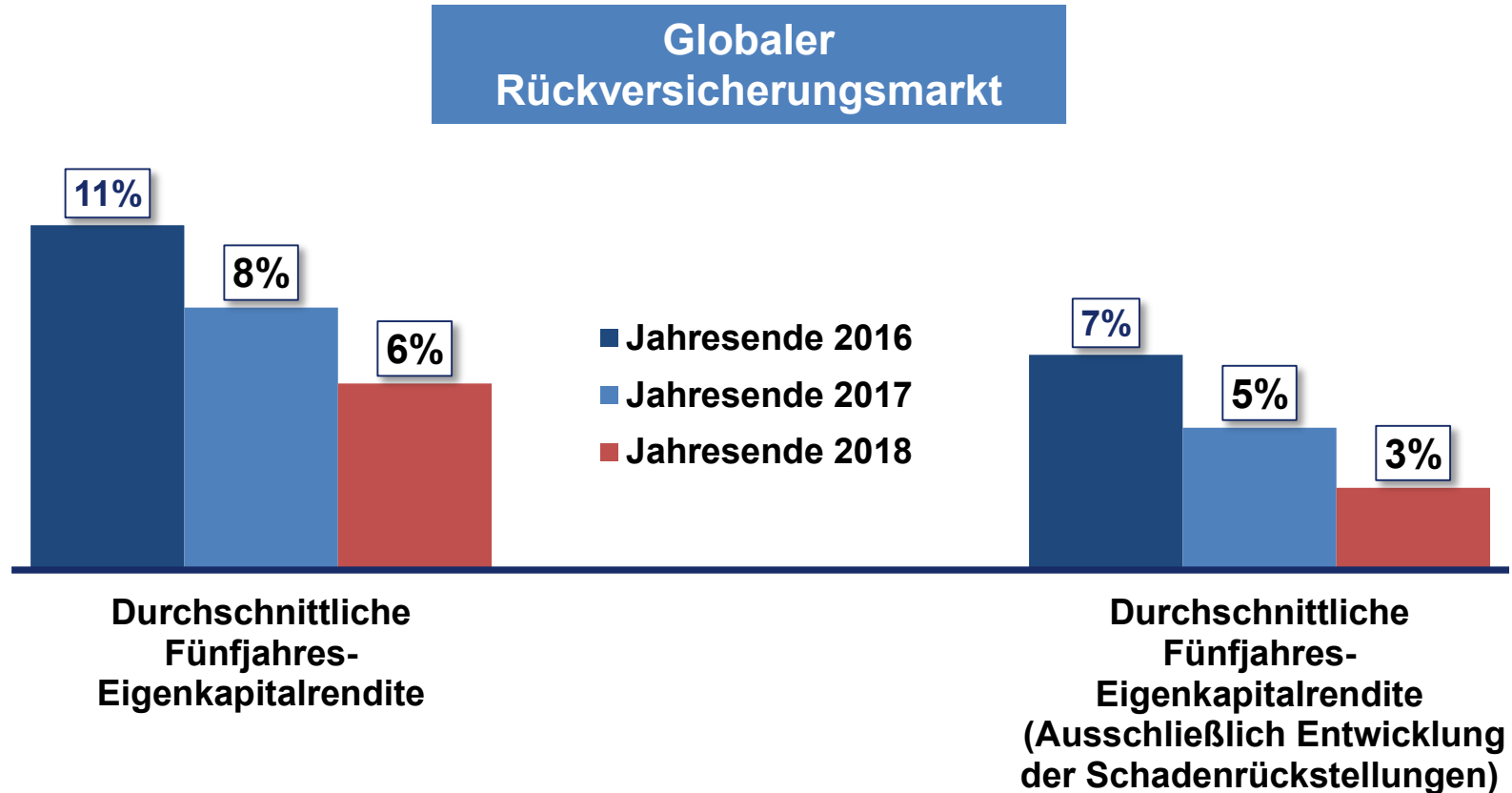
Source: AM Best data and research

Globaler Rückversicherungsmarkt – Performance

Eigenkapitalrendite nach Rückversicherungssektor



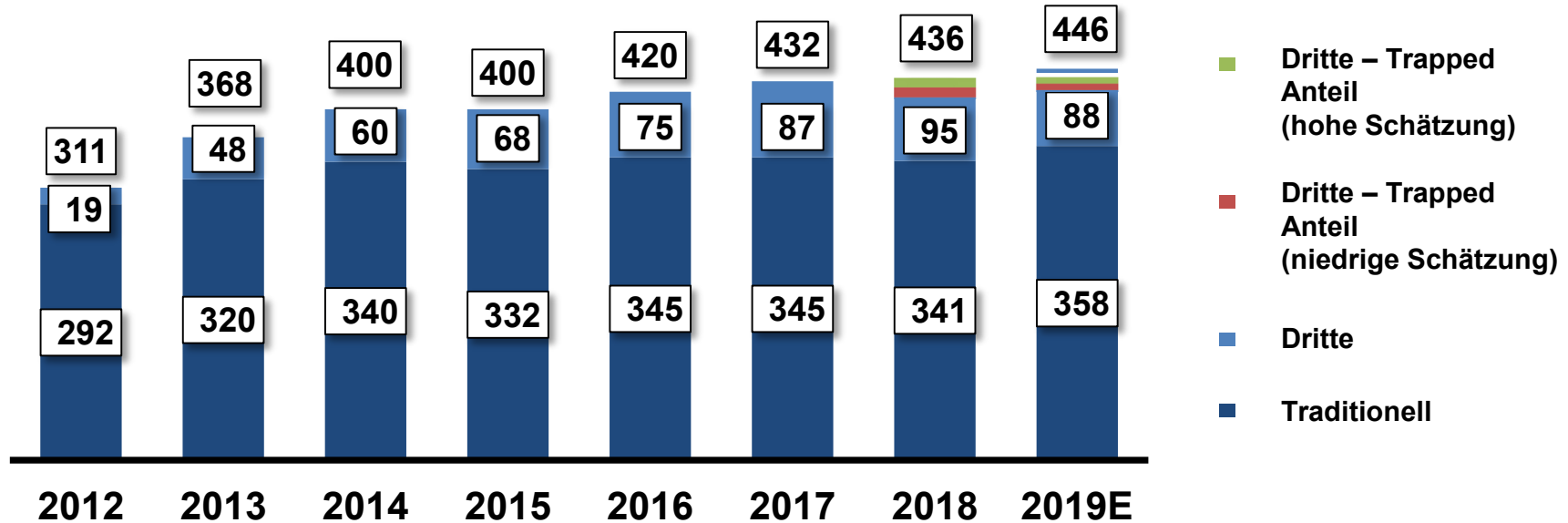
Globaler Rückversicherungsmarkt – Performance



Globaler Rückversicherungsmarkt Kapital

Globaler Rückversicherungsmarkt – Kapital

Schätzung – gesamtes dediziertes Rückversicherungskapital (Milliarden USD)



Sources: Estimates by Guy Carpenter and AM Best

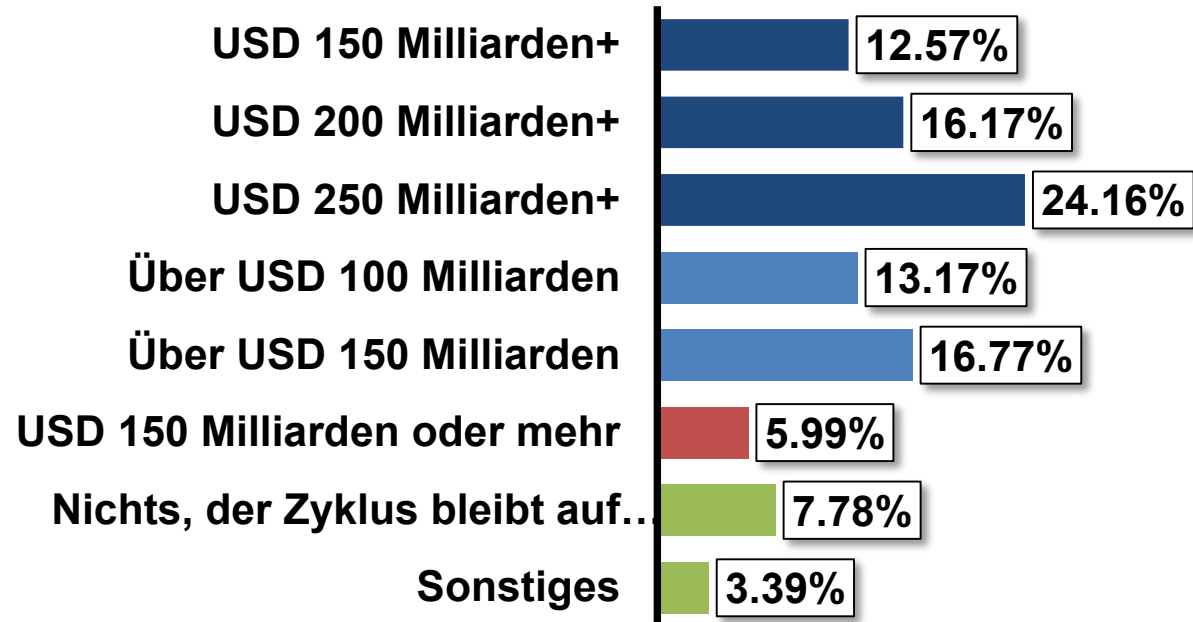
Was könnte den Markt umkehren?

Kapazitätsdruck könnte ein Katalysator für einen nachhaltigen Preisanstieg sein

Ereignis oder
Reihe von Ereignissen

Nicht modelliertes
Ereignis

Haftpflicht-
Katastrophenereignis



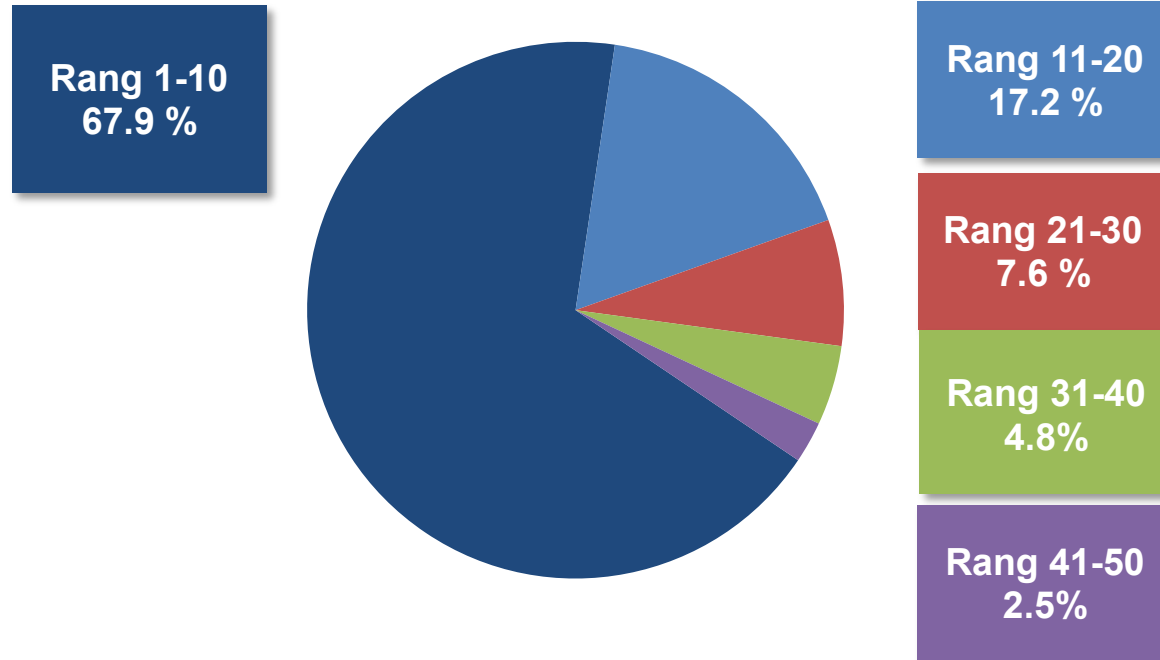
Globaler Rückversicherungsmarkt – Kapital

Die größten 10 Rückversicherungsgruppen der Welt

	Rückversicherung				Gesamt Eigen- kapital	Quoten (%)		
	Gebuchte Prämien Leben & Nichtleben (USD Mio)		Nur Nichtleben (USD Mio)			Schaden	Kosten	Kombiniert
	Brutto	Netto	Brutto	Netto				
Swiss Re Ltd.	36'406	34'042	20'864	20'220	28'727	74.2	32.4	106.6
Munich Reinsurance Co.	35'814	34'515	23'395	22'570	30'336	65.2	34.2	99.4
Hannover Rück SE	21'952	19'791	13'709	12'368	10'923	66.9	29.5	96.4
SCOR S.E.	17'466	15'773	7'069	6'115	6'672	66.5	32.8	99.3
Berkshire Hathaway Inc.	15'376	15'376	9'930	9'930	352'500	88.6	21.9	110.4
Lloyd's	14'064	9'926	14'064	9'926	34'846	72.2	33.8	106.0
China Reinsurance (Group) Corp.	11'564	10'681	3'942	3'809	12'689	58.0	40.9	98.8
Reinsurance Group of America Inc.	11'341	10'544	–	–	8'451	–	–	–
Great West Lifeco	7'737	7'647	–	–	20'096	–	–	–
Korean Reinsurance Co.	6'803	4'786	5'972	4'058	2'014	83.7	17.8	101.5

Globaler Rückversicherungsmarkt – Kapital

Leben- und Nichtleben-Rückversicherung Bruttoprämien-Verteilung nach Ranking

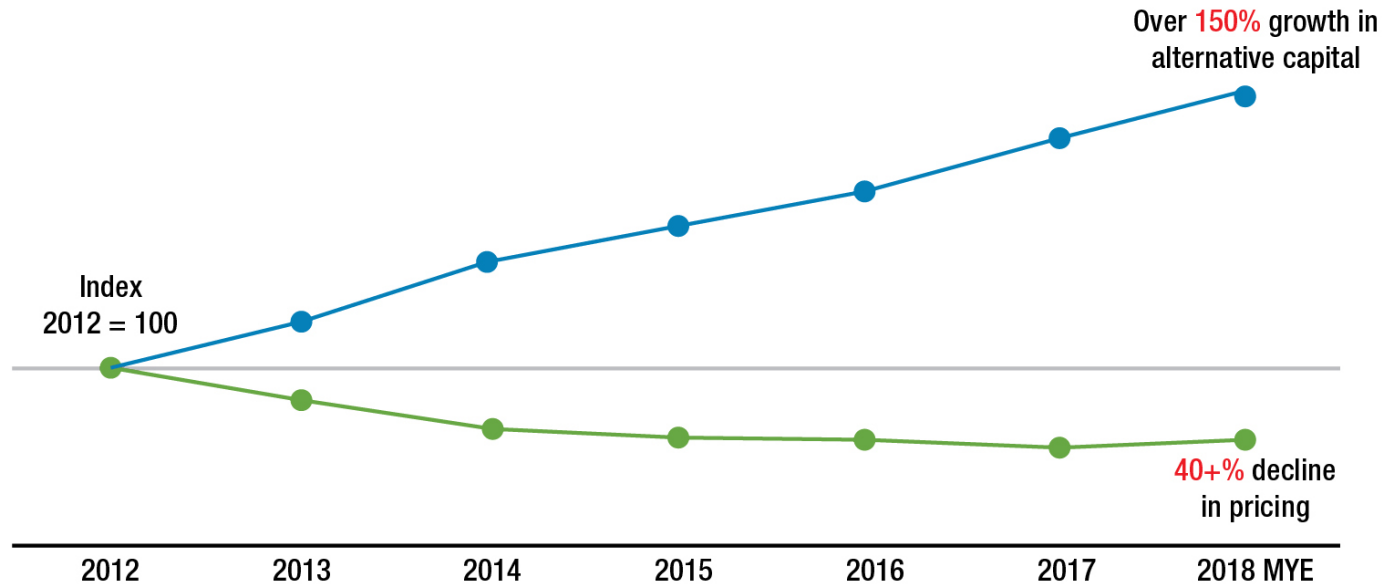


Globaler Rückversicherungsmarkt Entwicklungen


Rückversicherungsrate – Reaktion auf den Zufluss von alternativem Kapital

Angebot und Nachfrage

Die Rückversicherungsrate im Sach-Katastrophenrückversicherungsmarkt in Florida sanken in Reaktion auf einen Zufluss von alternativem Kapital



Katastrophenschäden haben Restreserven (1)



Die schleichend ansteigenden Schäden durch Hurrikan Irma (2017) von über 1 Mrd USD überraschten sowohl die Rückversicherer als auch die ILS-Fonds

Auswirkungen der Entwicklung basierend auf dem Florida-Footprint

Nachfrageanstieg brachte das Schadenregulierungsverfahren unter Druck

Die Leistungszuweisung (Assignment of Benefits, AOB) resultierte in höheren Schadenskosten

AOB-Klagen stiegen von 1'300 im Jahr 2000 auf 135'000 im Jahr 2018

Katastrophenschäden haben Restreserven (2)

Hurrikan Maria (2017) brachte aufgrund des Ausmaßes der Zerstörung einzigartige Herausforderungen mit sich

Begrenzte Anzahl lokaler Schadensregulierer ließ Hilfe von US-Personal nötig werden

Mangelnde Vertrautheit mit Policebedingungen führte verstärkt zum erneuten Aufrollen von Schadensanträgen und damit zu Verlusten

Sich verzögernde Abwicklung und Verwendbarkeit verschärften verbundene Ansprüche wegen Betriebsunterbrechung

Katastrophenschäden haben Restreserven (3)

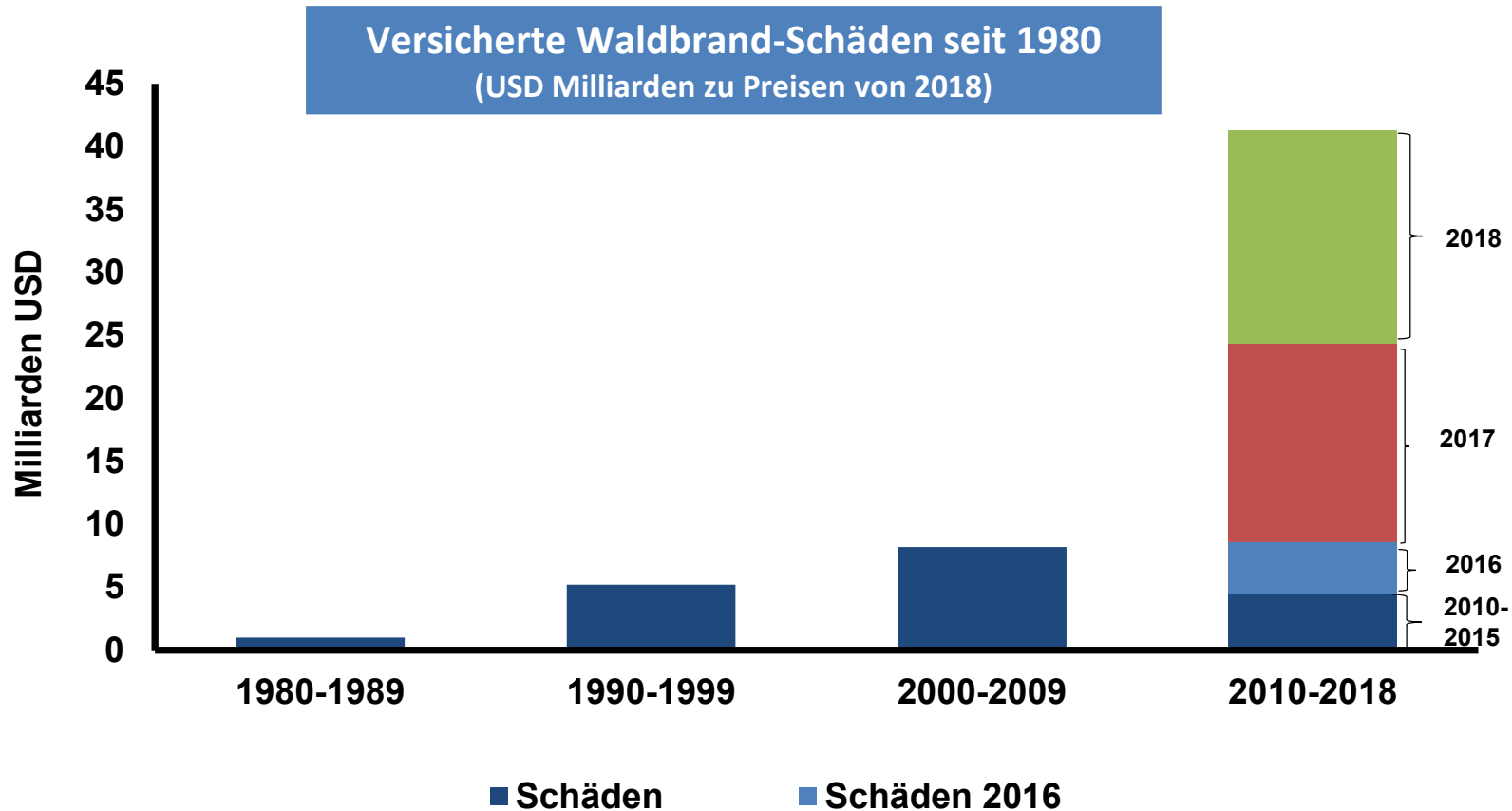
Aktuelle Schätzungen zu Schäden durch den Taifun Jebi (2018) sind auf USD 16 Mrd gestiegen (ursprüngliche Schätzung: USD 2 - 3 Mrd). Die derzeit von einigen Firmen erwarteten Schäden liegen bei USD 8 - 10 Mrd

Das Rechnungsjahr in Japan endet im März

Die Überschneidung des Taifuns Trami mit einer Reihe kleinerer Schäden verkomplizierte die Schadensschätzungen

Die Olympia-Vorbereitungen setzten die Wiederaufbau-Ressourcen unter Druck und trieben die Schadenskosten in die Höhe

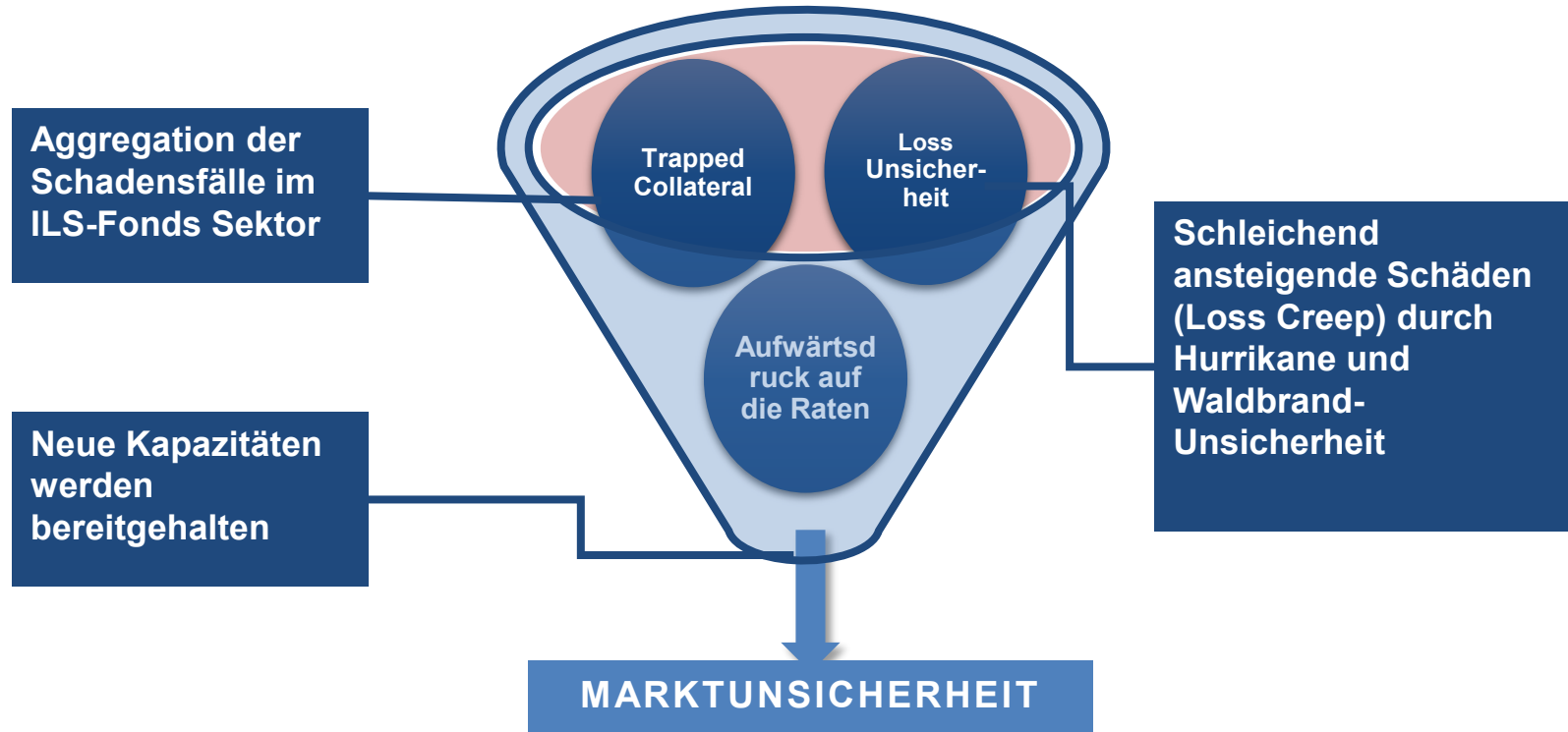
Globale Rückversicherung – Marktentwicklungen



Mögliche Änderung des Entwicklungsverlaufs



Anhaltende Marktunsicherheit



Was wir bis jetzt beobachten konnten

Die Erneuerungsverhandlungen vom
Januar und Juni 2019
verzögerten sich



Allgemeine Erneuerungspreise – flach bis steigend

Europäische
Erneuerungen waren
überwiegend weniger von
den Katastrophen der
Jahre 2017 und 2018
betroffen

Raten stiegen um 30 %
für schadenbelastete
Programme
(Lloyd's und US)

Ungleichgewicht von
Angebot und Nachfrage
führte zu Retro-
Preiserhöhungen von
15-20 %

Unfallprogramme sahen
moderate
Ratenverbesserungen mit
Zedentenprovisionen
flach oder fallend

Was steht zu erwarten?

Die Kapitalmärkte sind bei den Erneuerungen zur Jahresmitte weiterhin zentral für nachhaltige Ratenerhöhungen

Große Kapitalmengen warten nur darauf, zum Einsatz gebracht zu werden

Das sich entwickelnde Zinsumfeld ist eine neue Variable der Preisgleichung

Was bekannt wurde

**Die Erneuerungsverhandlungen vom
Januar 2020
zeigen keinen eindeutigen Trend**



**Allgemeine Erneuerungspreise – reduziert und
steigend**

Bedarf an RV weitherhin
hoch.
Grosse Unterschiede
sowohl im Preis, als
auch bei den
Konditionen

ILS Wachstum
angehalten, aber auch
reduziert, 144a Cat
Bonds wieder im
Kommen

Retro: Ungleichgewicht
von Angebot und
Nachfrage trägt weiter
zum harten Markt bei

Unfallprogramme:
weiterhin Bedenken
wegen des
Niedrigzinsumfelds, der
Renditen, des
Diskontsatzes

Q&A

Best's Credit Rating Methodology (BCRM): Benchmarking Review

Konstantin Langowski

Financial Analyst



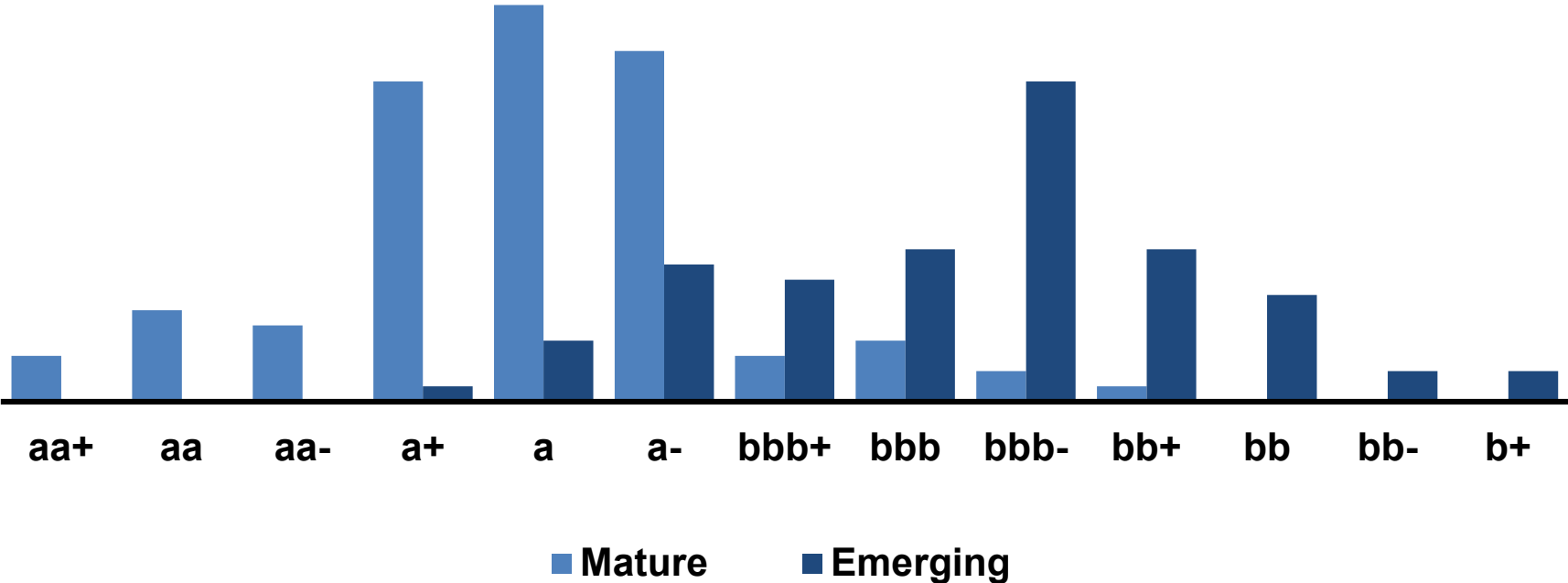
Issuer Credit Ratings (ICR) and Financial Strength Ratings (FSR)

Long-Term ICR	FSR
aaa aa+	A++
aa aa-	A+
a+ a	A
a-	A-
bbb+ bbb	B++
bbb-	B+

Long-Term ICR	FSR
bb+ bb	B
bb-	B-
b+ b	C++
b-	C+
ccc+ ccc	C
ccc- cc	C-

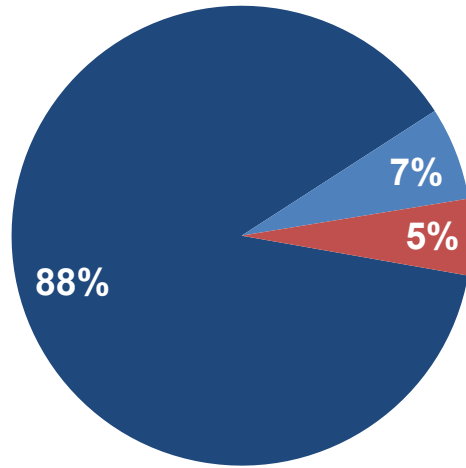


Issuer Credit Ratings EMEA: Overview (2019)



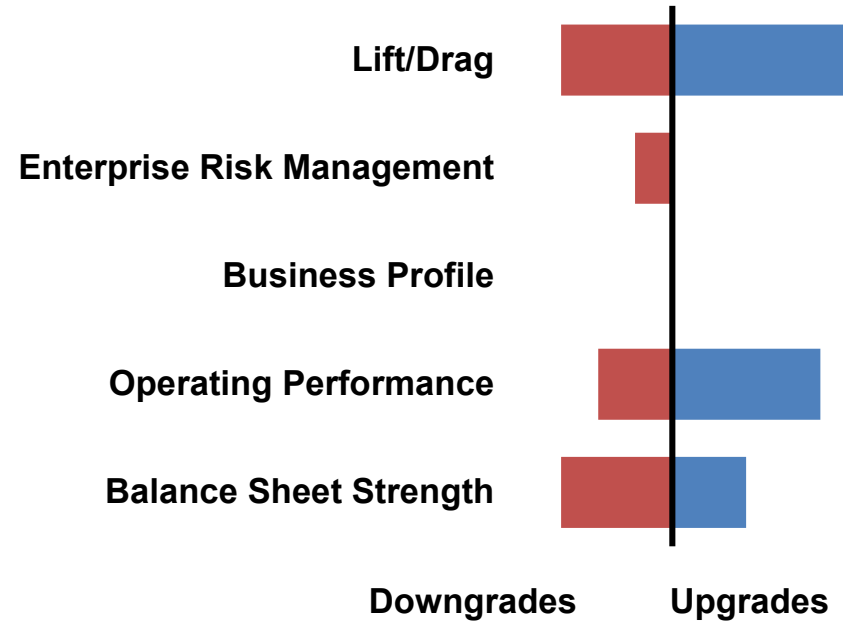
Drivers of Rating Upgrades & Downgrades EMEA (2019)

Overall Rating Movements

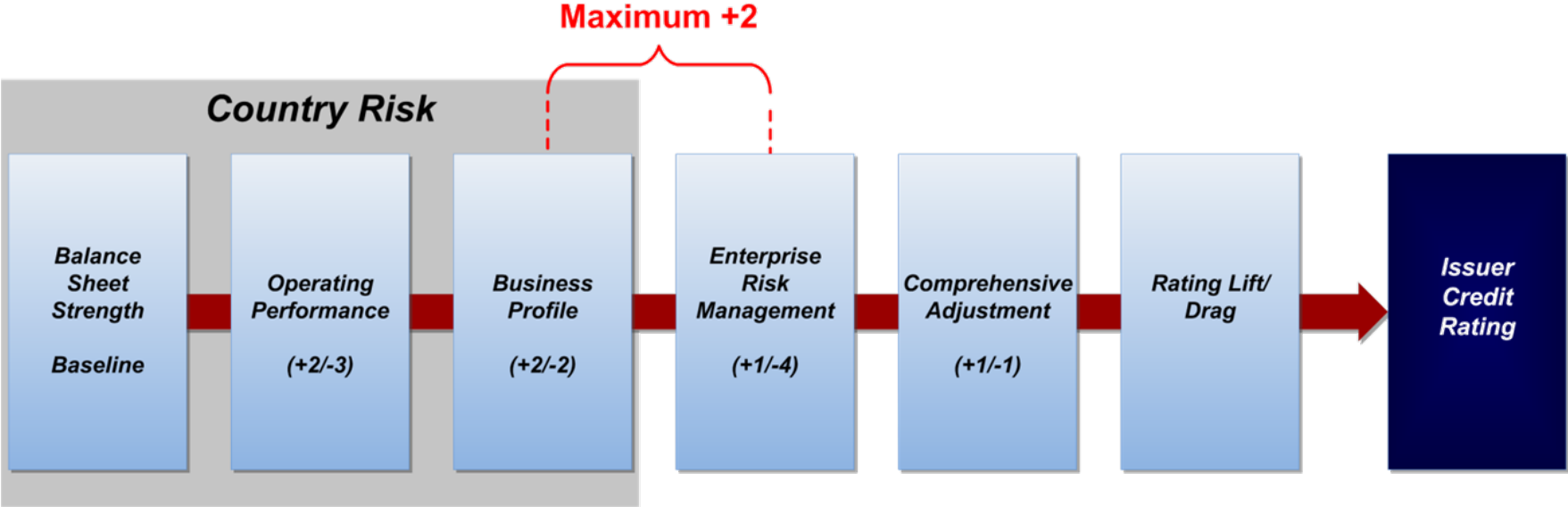


- Affirmation
- Upgrade
- Downgrade

Upgrades & Downgrades by Building Block



AM Best's Rating Process: Recap

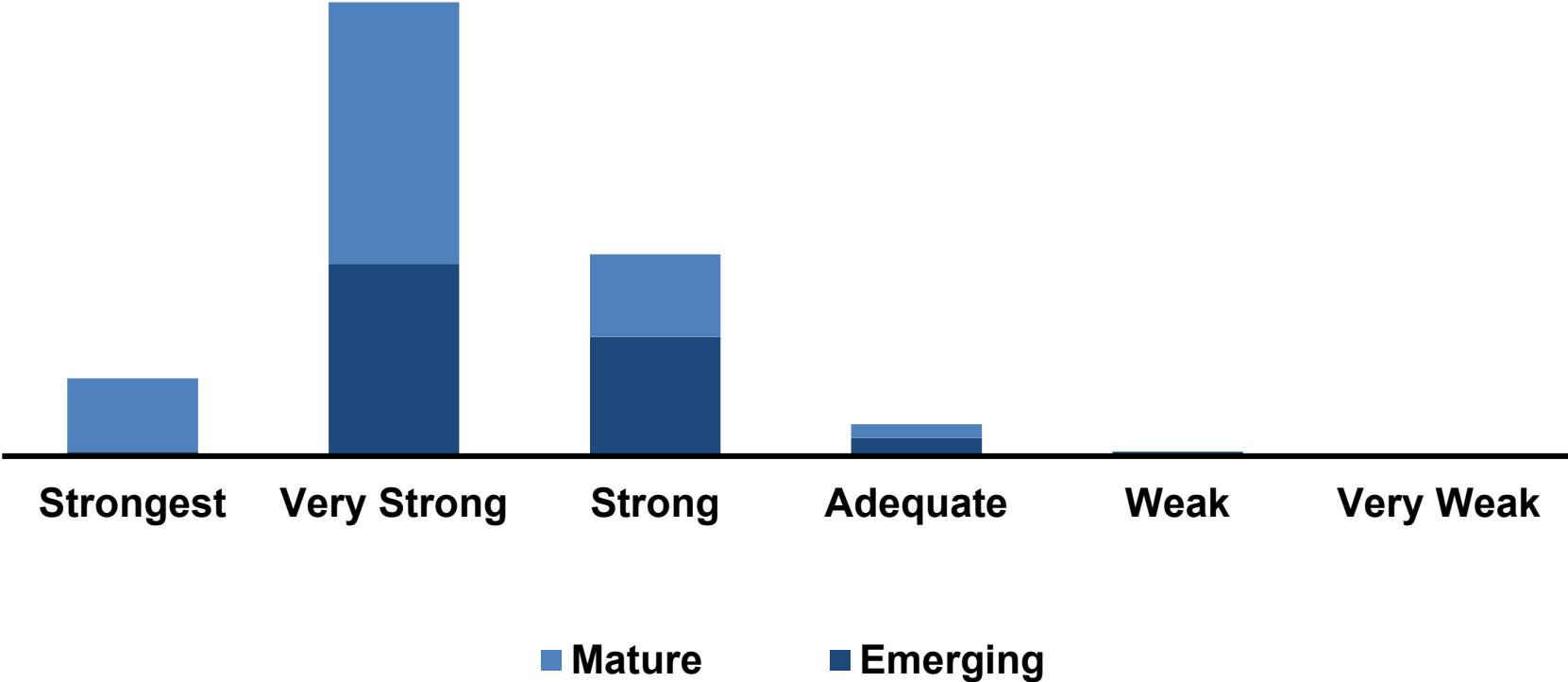


AM Best's Rating Process: Recap

<i>Balance Sheet Strength</i> <i>Baseline</i>	<i>Operating Performance</i> <i>(+2/-3)</i>	<i>Business Profile</i> <i>(+2/-2)</i>	<i>Enterprise Risk Management</i> <i>(+1/-4)</i>
Assessment	Assessment	Assessment	Assessment
Strongest	Very Strong +2	Very Favourable +2	Very Strong +1
Very Strong	Strong +1	Favourable +1	Appropriate 0
Strong	Adequate 0	Neutral 0	Marginal -1
Adequate	Marginal -1	Limited -1	Weak -2
Weak	Weak -2	Very Limited -2	Very Weak -3/4
Very Weak	Very Weak -3		



Balance Sheet Strength: Distribution of Assessments (2019)



Balance Sheet Strength: The Baseline Assessment

Overall Balance Sheet Strength Assessment

Combined Balance Sheet Assessment (Rating Unit/ Holding Company)	Country Risk Tier				
	CRT-1	CRT-2	CRT-3	CRT-4	CRT-5
Strongest	a+/a	a+/a	a/a-	a-/bbb+	bbb+/bbb
Very Strong	a/a-	a/a-	a-/bbb+	bbb+/bbb	bbb/bbb-
Strong	a-/bbb+	a-/bbb+	bbb+/bbb/bbb-	bbb/bbb-/bb+	bbb-/bb+/bb
Adequate	bbb+/bbb/bbb-	bbb+/bbb/bbb-	bbb-/bb+/bb	bb+/bb/bb-	bb/bb-/b+
Weak	bb+/bb/bb-	bb+/bb/bb-	bb-/b+/b	b+/b/b-	b/b-/ccc+
Very Weak	b+ and below	b+ and below	b- and below	ccc+ and below	ccc and below



Best's Capital Adequacy Ratio (BCRM) Guidelines

$$\text{BCAR} = \frac{(\text{Available Capital} - \text{Net Required Capital})}{\text{Available Capital}} \times 100$$

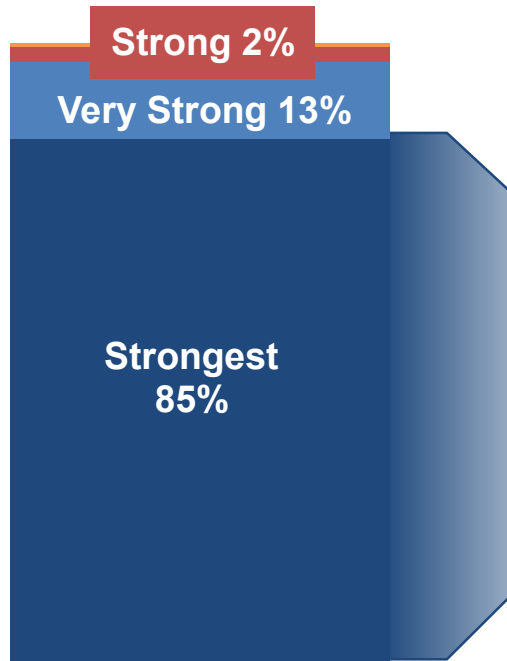
VaR Level (%)	BCAR	BCAR Assessment
99.6	> 25 at 99.6	Strongest
99.6	> 10 at 99.6 & ≤ 25 at 99.6	Very Strong
99.5	> 0 at 99.5 & ≤ 10 at 99.6	Strong
99	> 0 at 99 & ≤ 0 at 99.5	Adequate
95	> 0 at 95 & ≤ 0 at 99	Weak
95	≤ 0 at 95	Very Weak

* Companies with < 20 million USD in capital & surplus cannot score in strongest category

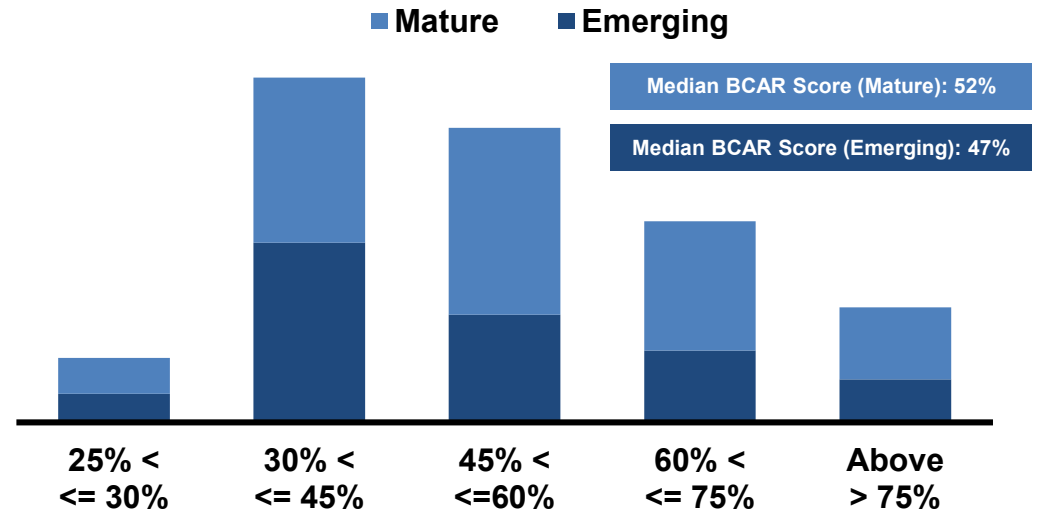


BCAR: Assessment & Distribution (2019)

BCAR Assessment



Distribution of BCAR Scores @ 99.6% VaR within Strongest Category



Balance Sheet Strength: Relationship of BCAR

Mature		Balance Sheet Strength				
2018	Assessment	Strongest	Very Strong	Strong	Adequate	Weak
BCAR	Strongest	20%	56%	8%	1%	-
	Very Strong	2%	3%	4%	1%	-
	Strong	-	-	1%	1%	-
	Adequate	-	-	-	1%	-
	Weak	-	-	-	-	-
	Very Weak	-	-	-	-	-

2019	Assessment	Strongest	Very Strong	Strong	Adequate	Weak
BCAR	Strongest	17%	53%	16%	1%	-
	Very Strong	-	7%	2%	1%	-
	Strong	-	-	1%	1%	-
	Adequate	-	-	-	-	-
	Weak	-	-	-	-	-
	Very Weak	-	-	-	-	-

For both mature and emerging markets, most companies have a balance sheet strength assessment of “Very Strong”

Emerging		Balance Sheet Strength				
2018	Assessment	Strongest	Very Strong	Strong	Adequate	Weak
BCAR	Strongest	1%	61%	19%	-	-
	Very Strong	-	3%	10%	-	-
	Strong	-	-	4%	-	-
	Adequate	-	-	-	1%	-
	Weak	-	-	-	-	-
	Very Weak	-	-	-	-	-

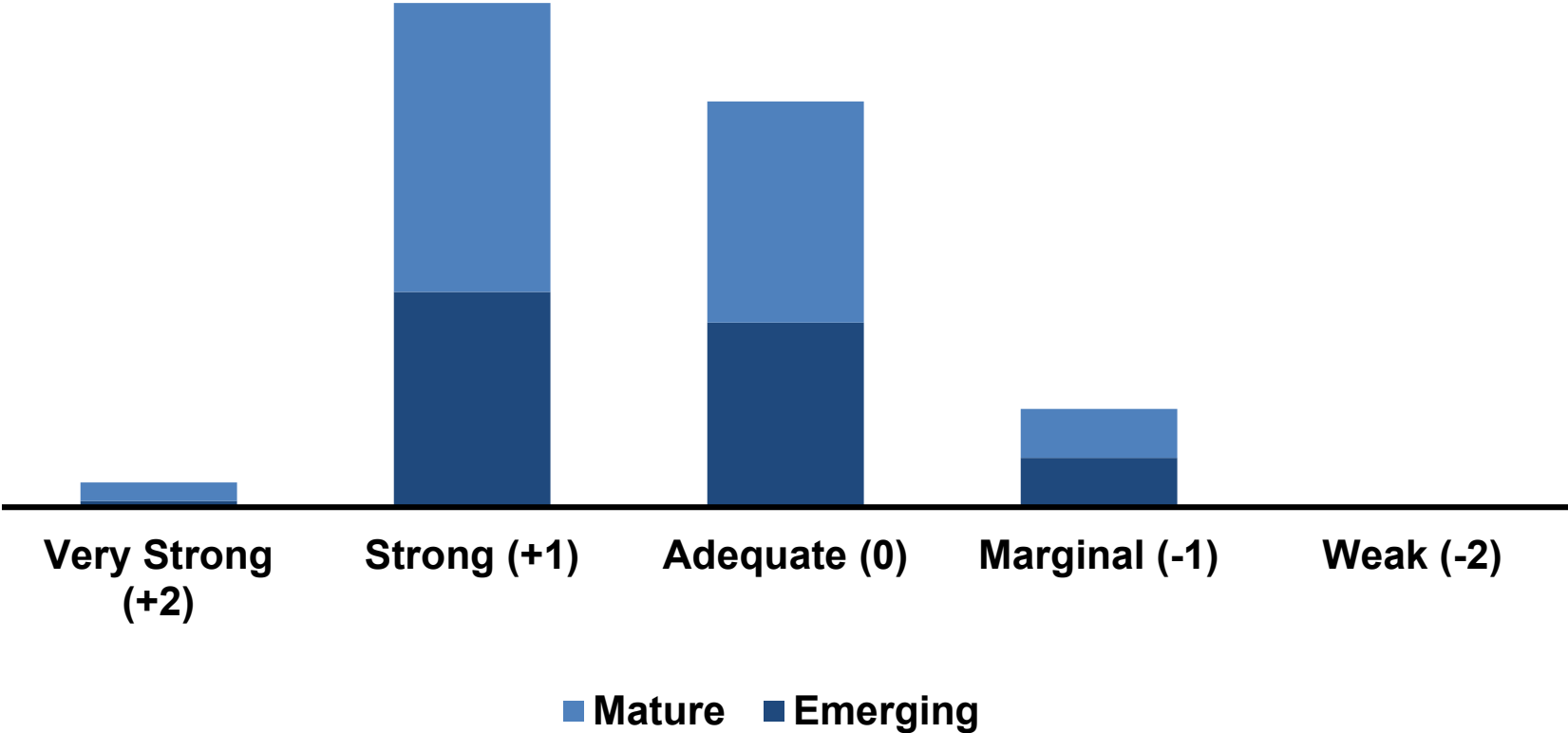
2019	Assessment	Strongest	Very Strong	Strong	Adequate	Weak
BCAR	Strongest	1%	57%	23%	-	-
	Very Strong	-	-	11%	4%	-
	Strong	-	-	1%	1%	-
	Adequate	-	-	-	-	-
	Weak	-	-	-	-	-
	Very Weak	-	-	-	-	1%

Over the surveillance period, there has been a slight deterioration in the balance sheet strength assessment

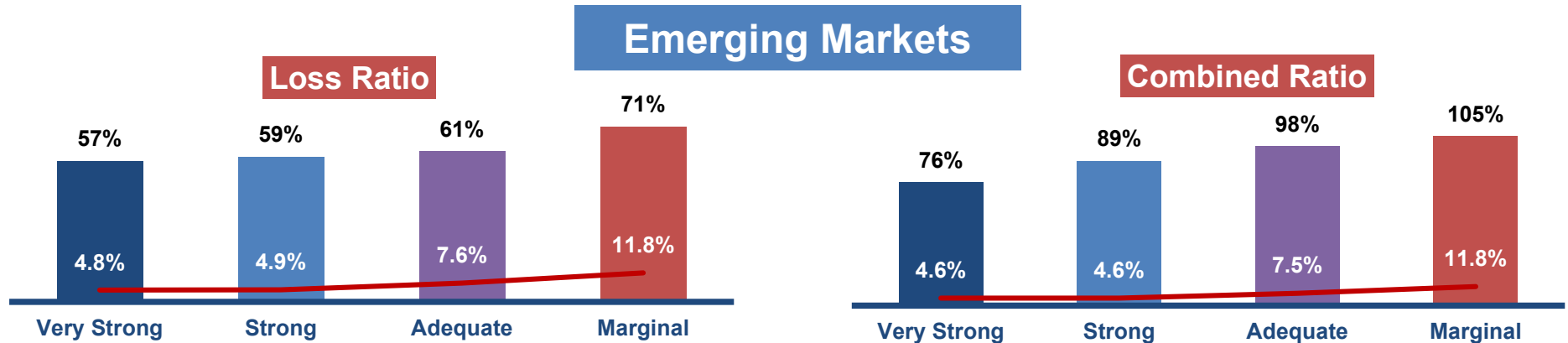
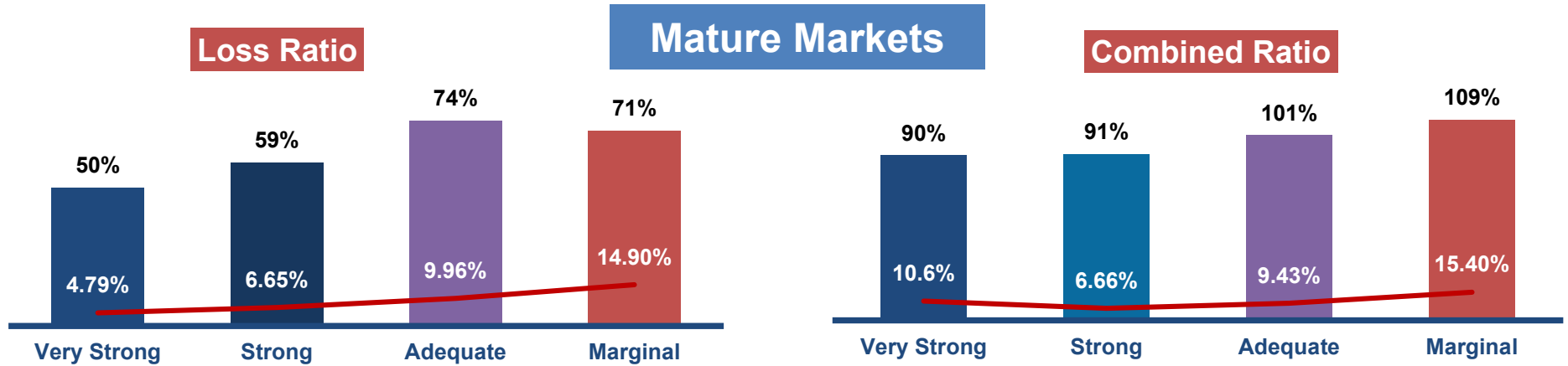
The BCAR is not the sole determinant of balance sheet strength



Operating Performance: Distribution of Assessments (2019)

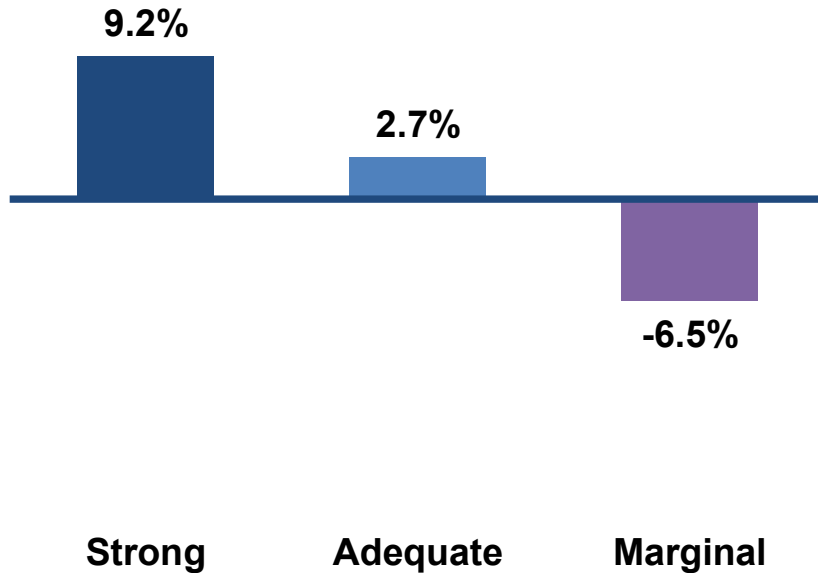


Operating Performance (Five Year Average) (2014-2018)

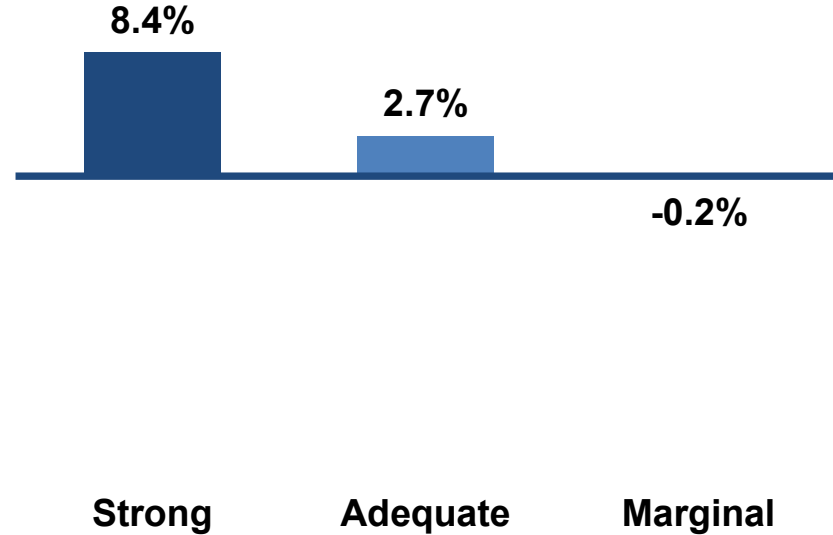


Operating Performance (Five Year Average) (2014-2018)

Mature Markets – Five Year Average Real Return on Equity

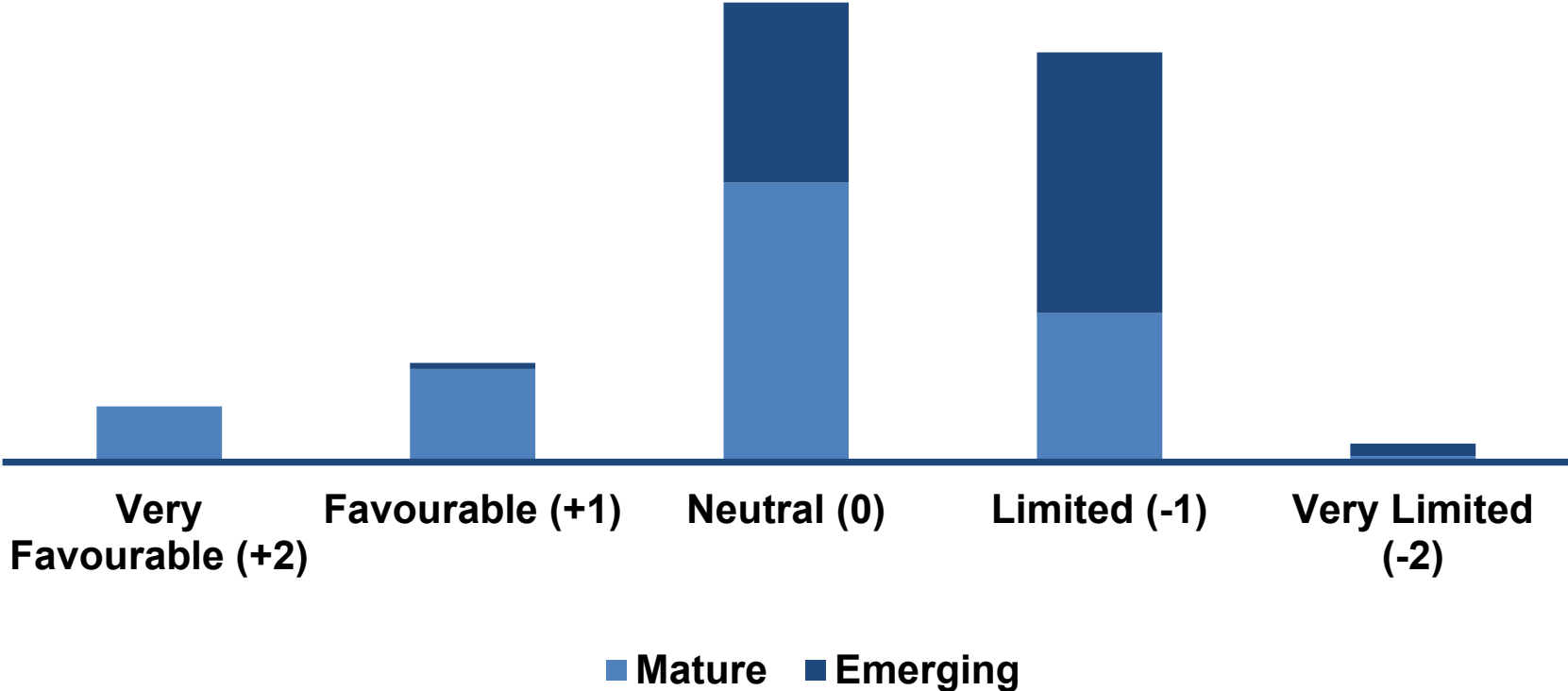


Emerging Markets – Five Year Average Real Return on Equity



* For mature markets, data on "Marginal" is skewed due to a small sample size
** Return On Equity adjusted for five-year average inflation

Business Profile: Distribution of Assessments (2019)

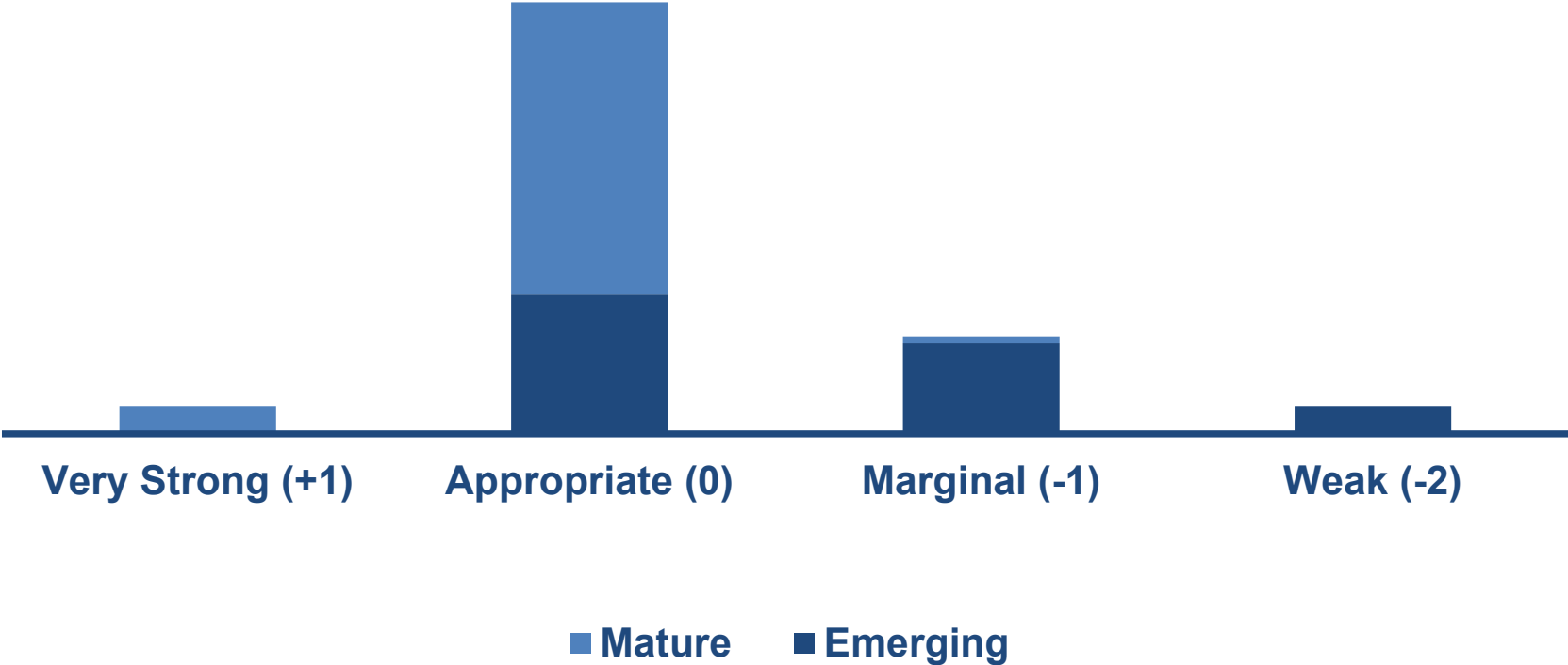


Business Profile: General Characteristics

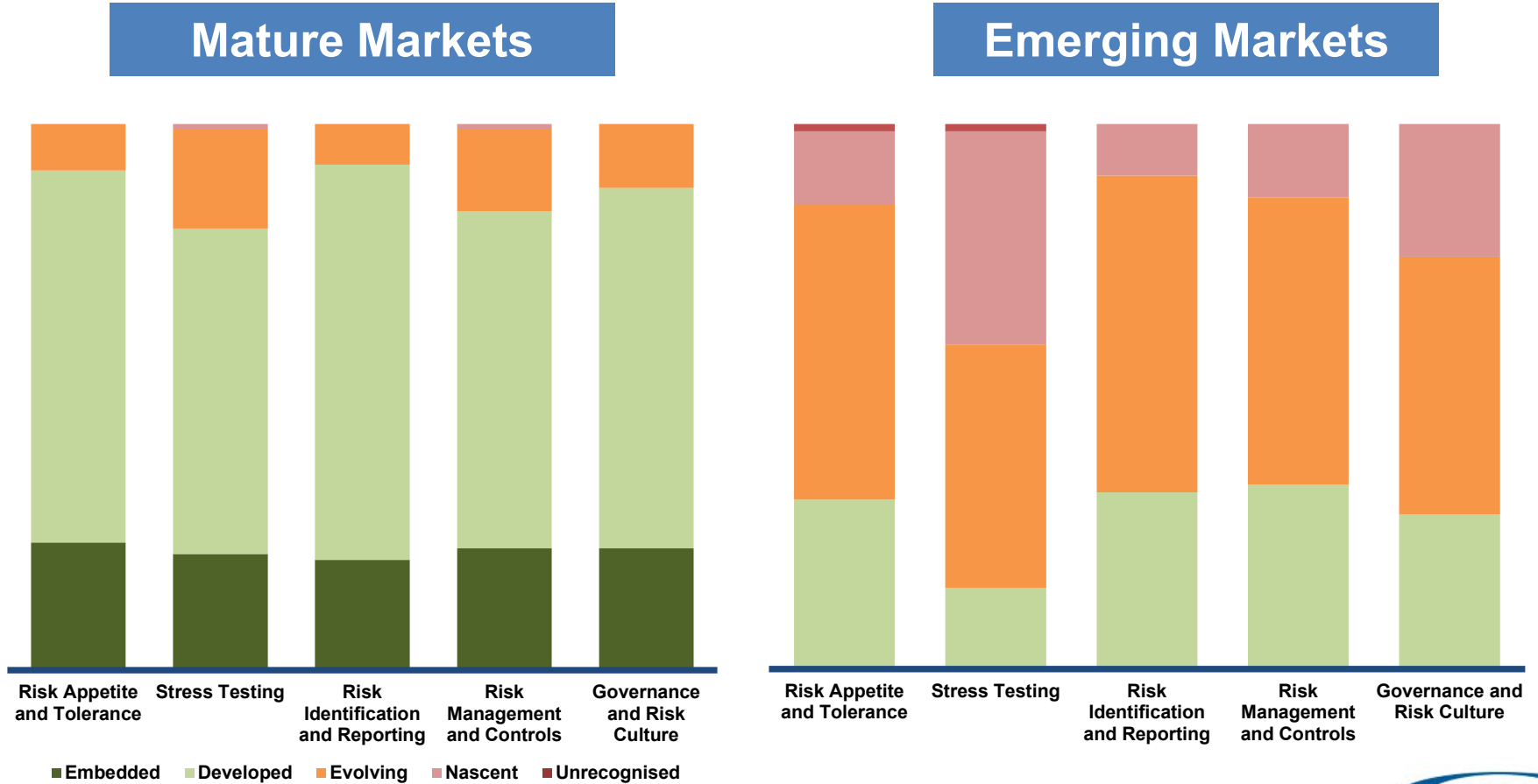
Very Favourable	Favourable	Neutral	Limited
<p>Superior global franchise</p> <p>Excellent product & geographical diversification</p> <p>Excellent access to business through multiple distribution channels</p> <p>Market leaders across key segments</p> <p>Pricing sophistication</p> <p>Core markets/products performing well</p> <p>Significant innovation</p>	<p>Leading position in a single market or niche segment</p> <p>Good product & geographical diversification</p> <p>Strong access to markets through key distribution channels</p> <p>Extensive inhouse expertise</p> <p>Good data and pricing sophistication</p> <p>Core lines performing well</p>	<p>Strong market profile in a small market</p> <p>Limited size on global scale</p> <p>Narrow profile on net basis</p> <p>Some dependence on third parties</p> <p>High degree of competition</p> <p>Moderate economic/political/regulatory risk</p>	<p>SME and monoline insurers</p> <p>Limited product & geographical diversification</p> <p>Very limited profile on global scale</p> <p>Narrow profile on net basis</p> <p>High dependence on third parties</p> <p>High degree of competition</p> <p>High economic/political/regulatory risk</p> <p>Limited innovation</p>
<p>Munich Re, Hannover Re, Allianz, Generali</p>	<p>Covea, Atradius, Lloyd's, QBE</p>	<p>ENI, GIG, Unipol Group, Oman Ins</p>	<p>Fortegra, Noor Takaful, EA Re</p>



Enterprise Risk Management: Distribution of Assessments (2019)



ERM: Risk Framework Evaluation (2019)



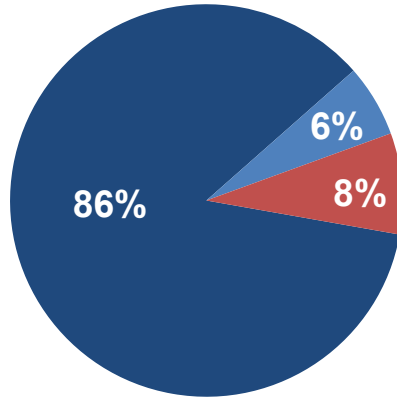
ERM: General Characteristics

Very Strong	Appropriate	Marginal	Weak
<ul style="list-style-type: none"> Formalised risk appetite/tolerances Defined risk reporting roles/responsibilities Regular stress/scenario testing Superior risk control/ monitoring procedures Horizon scanning Sophisticated inhouse modelling & tools Fully embedded risk framework Strong governance & risk culture 	<ul style="list-style-type: none"> Defined risk appetite/tolerances Periodic stress/scenario testing Robust risk control/monitoring procedures Advanced inhouse modelling & tools Risk framework partially utilised for strategic decision making Developing governance & risk culture 	<ul style="list-style-type: none"> Basic risk appetite/tolerances Evolving risk control/monitoring procedures No evidence of stress/scenario testing Some third-party reliance Little alignment between risk framework & business strategy Emerging governance & risk culture Moderate economic/ political/regulatory risk 	<ul style="list-style-type: none"> Indistinct risk appetite/tolerances History of ERM failures/regulatory breaches Extensive third-party reliance No alignment between risk framework & business strategy Underdeveloped governance & risk culture High economic/ political/regulatory risk
<p>Munich Re, Hannover Re, SCOR, Allianz</p>	<p>Covea, Atradius, Lloyd's, QBE</p>	<p>Arab Orient, Noor Takaful, EA Re</p>	<p>Kenya Re, Ghana Re, Nomad Ins</p>



Final Remarks

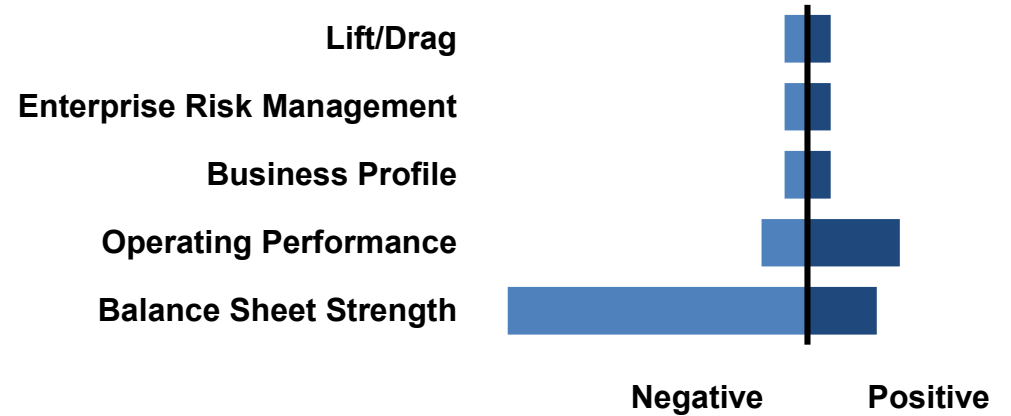
Rating Outlook by Rating Unit



■ Stable ■ Positive ■ Negative

- Balance sheet – ability to absorb shocks
- Sustainability of financial metrics
- Performance relative to peers
- Effectiveness of ERM

Rating Outlook by Building Block



- Changes to market conditions
- Geopolitical landscape
- Organisational restructuring
- Country Risk

Q&A

Innovation Update

Dr. Angela Yeo

Senior Director – Analytics & Head of Operations



Nächste Schritte

- AM Best hat den Kriterien Prozess zu 'Scoring and Assessing Innovation' abgeschlossen
- Innovation Kriterien treten Anfang März in Effekt
- AM Best wird dazu noch eine öffentliche Ankündigung machen
- Innovation wird Teil des interaktiven Rating Prozess' sein
- Innovation wird unter dem Baustein 'Business Profile' analysiert
- Die Ergebnisse werden mit den Unternehmen besprochen und erläutert, nicht aber öffentlich kommuniziert.

Q&A

2020 Insurance Market Briefing – Europe & Methodology Review Seminar



**Wednesday 11 November 2020:
2020 Insurance Market Briefing –
Europe**

08:30 – 13:00 GMT, followed by lunch
Methodology Review Seminar
14:00 – 16:00 GMT

etc. venues St Paul's, London
200 Aldersgate, London, EC1A 4HD

**There is no cost to attend the Briefing or Seminar, but
registration is required as space is limited.**