

Swiss Re



Property Re/Insurance in the Polish Market

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Otmar Erich, Senior Underwriter Facultative Property, Swiss Re

SWISS RE
150
YEARS

Property Re/Insurance in the Polish Market – current situation and outlook

from the Swiss Re Perspective (out of Munich)

Property Re/Insurance in the Polish Market –
current situation and outlook

from the Swiss Re Perspective (out of Munich)

**means fire cover, and excludes engineering stand alone
and other types of property damage products!**

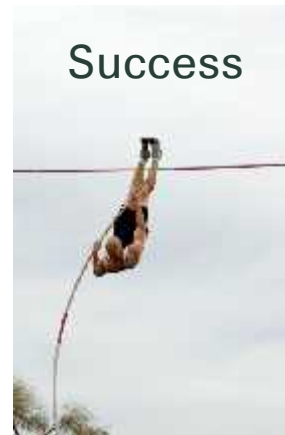
Property Re/Insurance in the Polish Market

Agenda

- Property Insurance - current situation and outlook
- Property Reinsurance - current situation and outlook
- Property Reinsurance - some issues
- Property Re/Insurance - topics + trends
- Property Reinsurance - Swiss Re's position

Property Insurance – Current Situation and Outlook

Property Insurance



It turned to be a again

in the years 2011 and 2012!

due to

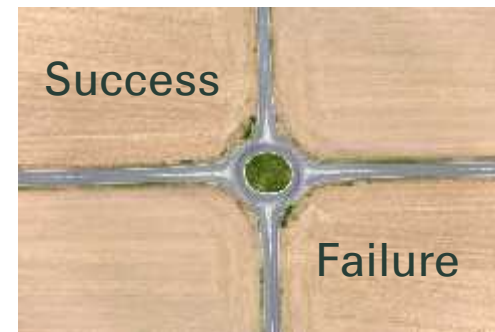
- additional business opportunities (investments)
- re-underwriting activities
- higher attention on risk management
- increase in premium rates, deductibles
- some amendments in scope of cover
- decreased loss burden

Property Insurance

Will there be a change in direction
starting from the year 2013?

due to

- re/gaining of market share (increased no. of competitors)
- economic development (lack of organic growth)
- deterioration of premium rates
- scope of cover to remain / or become more challenging
- new risks / technologies underestimated?
- unexpected accumulation of Nat Cat and Man Made losses



Property Insurance

Areas to pay additional attention to!



- wording concepts (tender terms + broker clauses)
- application of full value principle (NRV)
- BI insurance (+ extensions) – boon or bane?
- apartment buildings – water leakage
- photovoltaic – theft, short circuit
- wind power – foundations, second hand machines (MB)
- cost structure – internal, external

Property Reinsurance – Current Situation and Outlook

Property Reinsurance



A Success!!!

Property Reinsurance

But why is it a



so far?

- sufficient reinsurance capacities available
(obligatory treaties + facultative)
- less restrictive reinsurance treaty wordings
(especially obligatory treaties)
- favourable reinsurance prices
(obligatory treaties + facultative)
- ratings of RI is not always first priority
(huge number of potential reinsurers)

Property Reinsurance

What are the threats to this



- reinforced competition on original terms
(premium rates + conditions)
- increased loss burden for reinsurers
(vs net results → change to sellers market)
- lack of balancing opportunities with other LoB's
(obligatory treaties)
- regulatory amendments
(solvency, co-insurance, procurement law)

Property Reinsurance – Some Issues

Property Reinsurance

Difficulties on portfolio solutions

- multi line treaties (short & long term)
- unbalanced surplus treaties (retention vs capacity)
- competition on pricings
(service provider / lead RI vs pure capacity provider)
- Nat Cat modelling, future Hot Spots
(level of information, severity and frequency)
- special risks / peak exposures / new technologies
(endangering portfolio results, need for detailed underwriting)



Property Reinsurance

Complicacies on single risk underwriting

- limited number of risks
(treaty capacity, co-insurance, local fac reinsurance)
- high fluctuation within facultative portfolio
- individualised, extensive wording concepts
(tender terms; partly inconsistent stipulations)
- basis of evaluation of sums insured and indemnity
(book value, actual cash value, market value, NRV)
- competition on pricing, price for capacity
(service provider / lead RI vs pure capacity provider)



Property Reinsurance

Some general remarks

- a reinsurer has a certain displacement to a local market
- a reinsurer can not be understood as market regulator (legally, general set up)

The local market is you!

- a reinsurer serves and provides individual cedents
- underwriting is depending on many aspects (hard and soft)
- information is key in order to meet the needs (cedent + RI)

Property Re/Insurance – Topic & Trends

Property Re/Insurance

Attention!

- change in risk = from national to multinational enterprise
- complexity of risks = from single/standard IP to conglomerates
- new risks = green energy, cyber, unexpected Nat Cat
- most feared business risks = business interruption (supply chain, IT), followed by Nat Cat and fire/explosion (acc. to Allianz Risk Pulse)
- peak risks are easier to identify, but there are plenty of hidden risks
- catastrophic losses always perform unexpected
- what is / should be the role (responsibility) of the broker?

Property Re/Insurance

Conclusion

- Risk Management means identifying, analysing, evaluating of risks
- Risk Management, technical and operational, is absolute key for all parties involved!
- There is a borderline between entrepreneurs responsibility and insurability
- Re/Insurance Industry has to be reasonably innovative
- There is the need for alignment of interest amongst policy holder, insurer and reinsurer

Property Re/Insurance

The situation in other CEE insurance markets

- Russia – very competitive on price; small limits for big risks;
- CIS – partly very high EQ exposure; new focus on rating of RI;
- Romania/Bulgaria – EQ exposure is significant; internat. ins. groups;
- ex Yugoslavia – still many local companies; privatization potential;
- Baltics – small market; very low premium rates;
- others – a bit of everything;

- *partly too many market participants*
- *still overall loss situation is acceptable*
- *BI insurance underrepresented*
- *economic development is crucial*

Property Reinsurance – Swiss Re's Position

Property Reinsurance

Swiss Re's current focus



- extend risk management organisation
- improve underwriting capabilities on Nat Cat sector
(separate UW authorities for man made and Nat Cat)
- develop the right underwriting approach for new risks / technologies
- simplify processes (where reasonable)
- continue cost management (where needed)
- go for another 150 years



Property Reinsurance

Swiss Re's offerings

- Experience of 
- Reinsurance Solution & Innovation
- Capacity & Financial Security
- Holistic Client Approach & Continuity
- Leadership & High Class Service for Key Clients

make your choice!



Contact Details

Otmar Erich

Swiss Re Europe S.A., Niederlassung Deutschland

Dieselstrasse 11, 85774 Unterföhring bei München, Germany

direct line +49 89 3844 1358

mobile +49 170 791 1039

e-mail Otmar_Erich@swissre.com

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