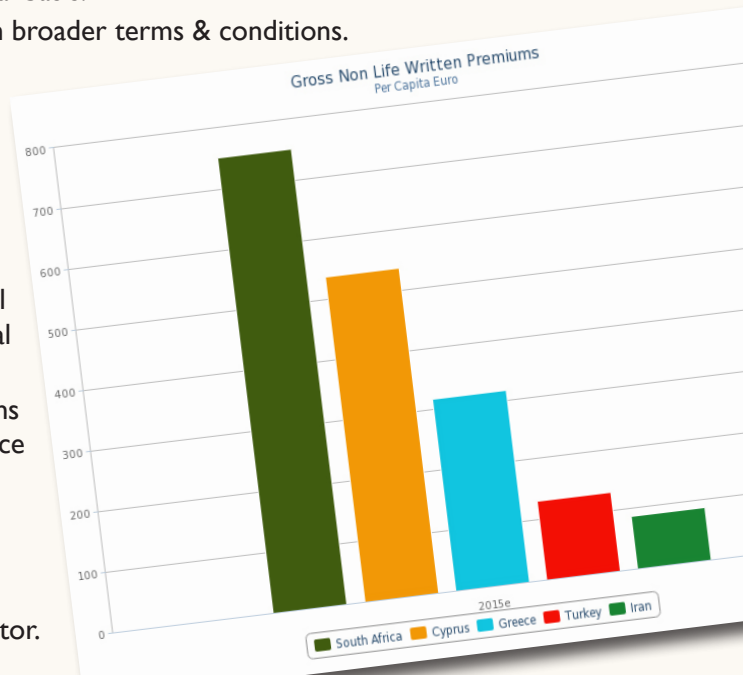


RENEWALS

your expert insight to insurance and reinsurance facts & figures

Reinsurance Renewal Season

- 2016 saw a 50% increase in insured losses from natural catastrophes.
- As at 3rd quarter 2016 reinsurers still showing profits on a global basis.
- Over capacity continues to drive rate reductions combined with broader terms & conditions.
- Globally prices are now at least 30% lower than they were in 2011.
- Non-European reinsurers particularly aggressive.
- Reinsurers that do not offer lead terms becoming marginalised.
- Reinsurer ratings increasingly important to clients, given the impact on solvency and the public disclosure requirements in certain jurisdictions.
- Reinsurance increasing seen as an alternative source of capital with often a lower cost of capital than other alternatives (capital markets, private equity, etc).
- Significant interest in reinsurance capital optimization solutions (both prospective and retrospective covers) as a tool to enhance Solvency ratios especially under Solvency II.
- Reduced M&A activity in 2016 vs 2015:
 - ▶ Sompso > Endurance.
 - ▶ Fairfax > AWAC
- All rating agencies predict lower profitability for reinsurance sector.



Top 25 Global Non-Life Reinsurance Groups

Ranked by gross non-life premium written in 2015 (USD Millions)

			Reinsurance Premiums Written Non-Life Only					Combined Ratios			
2015 Ranking	2014 Ranking	Company	Gross 2015	Net 2015	Gross 2014	Net 2014	Gross % Change	Net % Change	2015	2014	Change
1	2	Swiss Re Ltd.	19,561	19,197	20,288	19,937	-3.6%	-3.7%	87.4	85.4	2.1
2	1	Munich Reinsurance Company	19,319	18,449	20,337	19,632	-5.0%	-6.0%	89.7	92.7	(3.0)
3	3	Lloyd's	12,740	10,237	13,185	10,403	-3.4%	-1.6%	86.7	81.3	5.4
4	5	Hannover Rueckversicherung AG	10,204	8,851	9,607	8,523	6.2%	3.8%	94.7	95.0	(0.3)
5	4	Berkshire Hathaway Inc.	7,049	7,049	9,889	9,889	-28.7%	-28.7%	90.5	92.5	(2.0)
6	6	SCOR S.E.	6,254	5,584	5,999	5,369	4.2%	4.0%	91.1	91.4	(0.3)
7	7	Everest Re Group Ltd.	5,876	5,378	5,749	5,257	2.2%	2.3%	83.4	82.8	0.5
8	9	Korean Reinsurance Company	4,812	3,197	4,837	3,063	-0.5%	4.4%	98.4	99.8	(1.4)
9	8	China Reinsurance (Group) Corporation	4,743	4,652	4,959	4,856	-4.4%	-4.2%	96.0	99.6	(3.6)
10	10	PartnerRe Ltd.	4,277	4,022	4,667	4,500	-8.4%	-10.6%	85.6	86.2	(0.5)
11	11	Transatlantic Holdings, Inc	3,662	3,387	3,600	3,410	1.7%	-0.7%	89.5	89.6	(0.1)
12	12	General Insurance Corporation of India	2,751	2,445	2,403	2,197	14.5%	11.3%	109.7	109.8	(0.1)
13	18	XL Group plc	2,273	2,029	1,785	1,633	27.3%	24.2%	81.0	73.3	7.7
14	14	R+V Versicherung AG	2,136	2,092	2,091	2,057	2.1%	1.7%	98.0	100.3	(2.3)
15	17	The Toa Reinsurance Company, Limited	2,067	1,857	1,979	1,742	4.4%	6.6%	97.5	93.7	3.8
16	13	Axis Capital Holdings Limited	2,021	1,915	2,176	2,127	-7.1%	-10.0%	86.0	81.3	4.7
17	22	RenaissanceRe Holdings Ltd.	2,011	1,416	1,551	1,068	29.7%	32.6%	64.7	50.2	14.5
18	20	MS Amlin plc	1,930	1,588	#N/A	#N/A	#N/A	#N/A	78.2	#N/A	#N/A
19	23	Arch Capital Group Ltd.	1,908	1,504	1,527	1,266	24.9%	18.8%	83.1	73.6	9.5
20	19	MAPFRE RE, Compania de Reaseguros S.A.	1,724	1,508	1,784	1,542	-3.4%	-2.2%	87.9	90.5	(2.5)
21	16	QBE Insurance Group Limited	1,624	1,023	2,035	1,571	-20.2%	-34.9%	83.4	87.8	(4.4)
22	36	Tokio Marine Holdings, Inc.	1,546	1,339	890	716	73.7%	86.9%	92.9	#N/A	#N/A
23	21	Odyssey Re Holdings Corp.	1,496	1,376	1,756	1,616	-14.8%	-14.8%	82.0	79.1	2.9
24	25	MS&AD Insurance Group Holdings, Inc.	1,417	#N/A	1,321	#N/A	7.3%	#N/A	#N/A	#N/A	#N/A
25	24	Caisse Centrale de Reassurance	1,306	1,273	1,488	1,443	-12.2%	-11.8%	63.5	81.3	(17.8)

Sources: AM Best data & research, Sept. 5, 2016; 2014 figures from Sept. 2, 2015 Special Report

Notes: NEP used for Hannover; 2015 and 2014 figures for General Insurance of India, Toa Re are for fiscal year ended Mar. 31

Ratio reported on a gross basis for R+V Versicherung AG

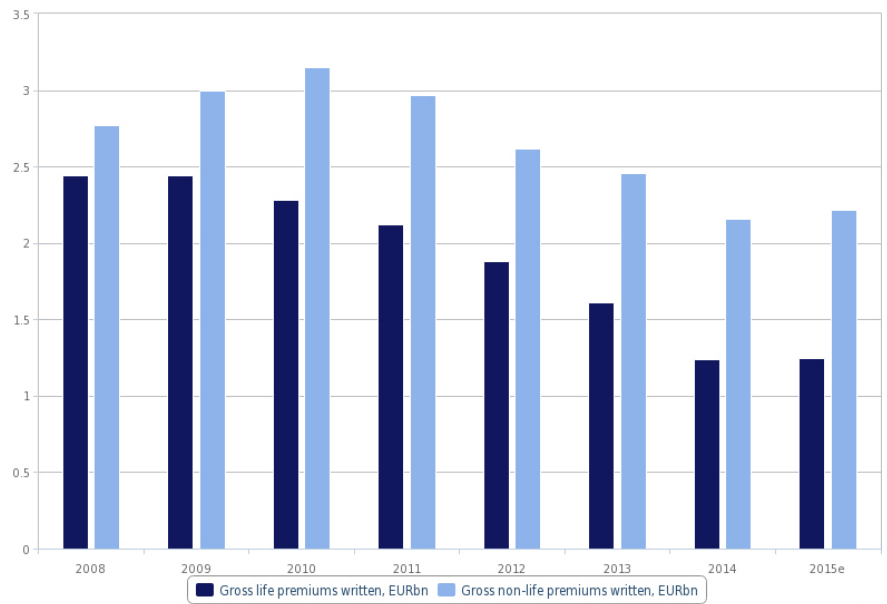
Greece

The non-life market returned to growth after 4 consecutive years of contraction. The 3rd Qr 2016 vs 3rd Qr 2015 premiums showed that MTPL decreased by 10.8%, whilst other classes increased by 10.7%. Resulting in an overall market increase of 1.3%. This excludes “freedom of services” companies.

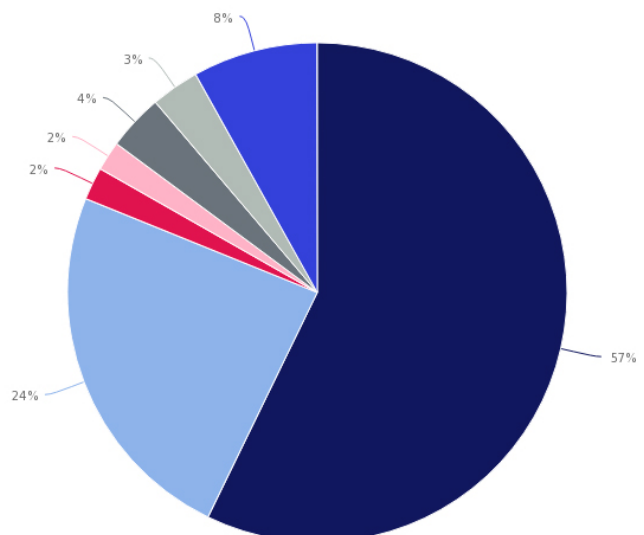


- ✓ Greek business still very profitable for reinsurers.
- ✓ Some resistance to further rate reductions from the major global reinsurers, such as Munich Re, Swiss Re, SCOR and Hannover Re, saw them either coming off of programmes or participating at preferred terms.
- ✓ Non-European reinsurers very competitive, increasing market share and increasing leading reinsurer position.
- ✓ Less multi year and private placement activity.
- ✓ Most programmes considerably oversubscribed.
- ✓ Reinsurers with lower ratings and not offering leading reinsurer capabilities are increasingly marginalised.
- ✓ **Proportional treaties:**
Minor improvements in terms and commission levels. Reinsurer panels more stable compared to non-proportional.
- ✓ **Property cat xl:**
Rate reductions of between 5% to 25%, smaller programmes enjoying greater reductions in pricing.
- ✓ **Property per risk xl:**
Rate reductions of between 10% to 15%.
- ✓ **Motor & casualty xl:**
Movement to “swing rate” basis instead of “flat rate” continued for 2017.
Rate reductions of between 5% to 15%, not withstanding increase in obligatory MTPL limits. Substantial oversubscription.

Greece
Gross Written Premiums



Greece
Non Life Gross Written Premiums By Class 2015



Motor vehicle insurance, EURmn Property insurance, EURmn Transport insurance, EURmn
 Personal accident insurance, EURmn General liability insurance, EURmn Credit/financial guarantee insurance, EURmn
 Other insurance, EURmn

Source: National Sources/BMI

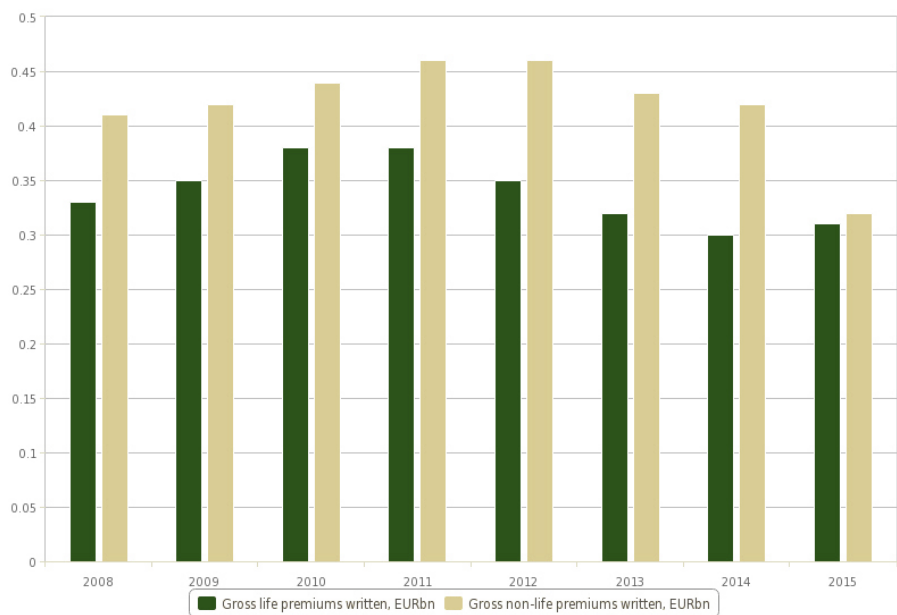


Cyprus

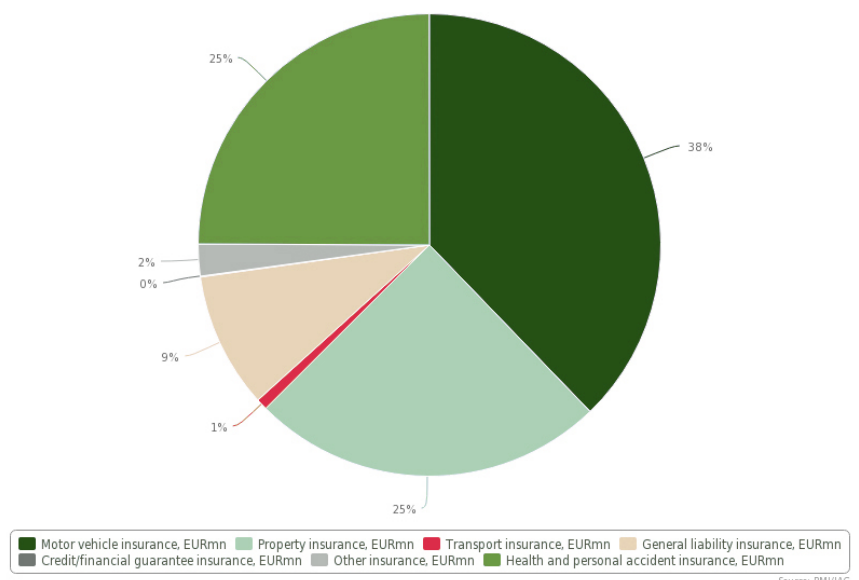
Original premiums showed an increase with non-life volume +2.4% in 2016, compared to +0.1% in 2015. Both as at the 3rd quarter.

- ✓ Cyprus continues to be extremely profitable for reinsurers.
- ✓ Non-life claims ratio 2016 (9 months earned premiums): Incurred losses. Gross = 53.5%, Net = 62.8%.
- ✓ Some market consolidation expected in 2017.
- ✓ Some resistance to further rate reductions from the major global reinsurers, such as Munich Re, Swiss Re, SCOR and Hannover Re, saw them either coming off of programmes or participating at preferred terms.
- ✓ Non-European reinsurers especially competitive, increasing market share and increasing leading reinsurer position.
- ✓ Most programmes considerably oversubscribed.
- ✓ Reinsurers with lower ratings and not offering leading reinsurer capabilities are increasingly marginalised.
- ✓ **Proportional treaties:**
Minor improvements in terms and commission levels. Reinsurer panels more stable compared to non-proportional.
- ✓ **Property cat xl:**
Decreases of between 5% to 15%, smaller programmes enjoying greater reductions in pricing.
- ✓ **Property per risk xl:**
Not purchased in Cyprus.
- ✓ **Motor & casualty xl:**
Some movement to “flat rate” basis instead of “swing rate”. Rate reductions of between 10% to 15%.
- ✓ Substantial oversubscription of all programmes.

Cyprus
Gross Written Premiums



Cyprus
Non Life Gross Written Premiums By Class 2015



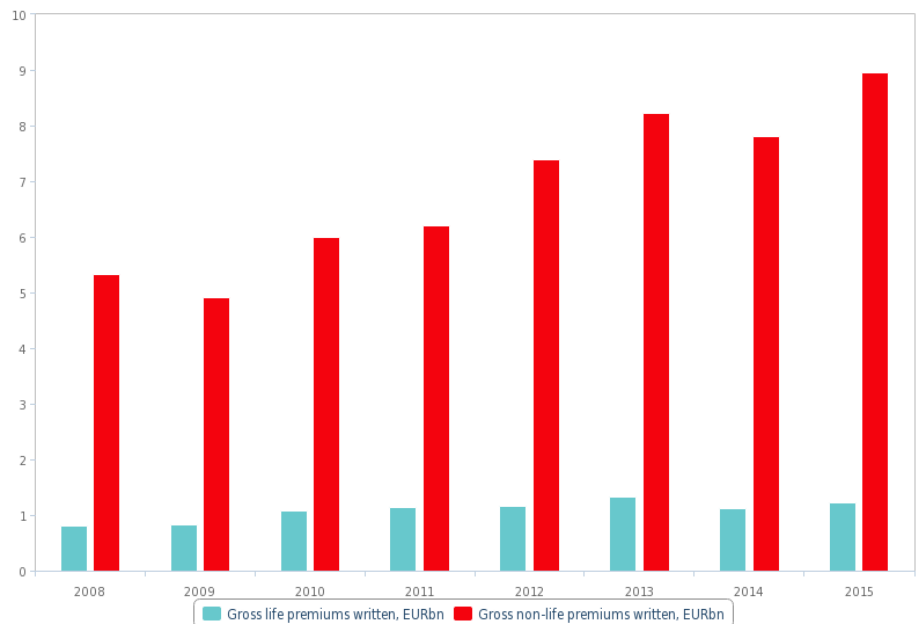


Turkey

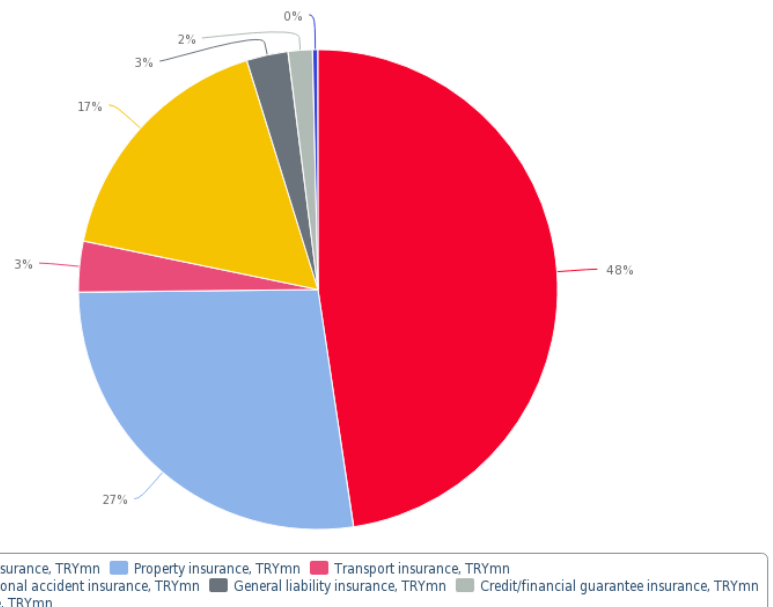
The key talking points for this renewal were the potential impact and nature of the 2016 Nusaybin terrorism event, during which more than 6,000 homes were destroyed over a 6-month period, and potential motor quota share treaties.

- ✓ Despite the anticipated effect of the losses from Nusaybin, prices of most Cat XLs renewed with reductions between 5% to 15% risk adjusted.
- ✓ Retention levels were mostly unchanged and clients generally renewed with similar limits as adverse development of the Turkish Lira / Euro which mitigated growing EQ aggregates.
- ✓ Risk / Cat Programmes which were exposed to the Nusaybin event, generally renewed with a small rise, however, some were also subjected to a loss AP should the loss materialise.
- ✓ Proportional Treaties were renewed with increases to event limits, resulting in less pressure on the cat programmes from event limit overspill.
- ✓ For both proportional and non-proportional treaties, there were changes to the hours clauses and event definitions relating to terrorism - a move by the market to prevent a repeat of the Nusaybin event.
- ✓ Capacity remained abundant across all lines of business and no shortfalls were experienced.
- ✓ Motor: New general conditions for MTPL now in force and it is anticipated that this segment will now become profitable during 2017.
- ✓ IH2016 is showing a premium growth rate of 125% (local currency) vs car sales increase of 1% year on year.
- ✓ Average MTPL premium of 2015 was EUR 110, whereas for IH2016 it increased to EUR 240, compared to European average of EUR 230.
- ✓ New labelling regime introduced for spare parts to allow certified or equivalent spare parts to be tracked - likely to reduce costs by 17%.
- ✓ The Treasury plans to balance insurers mandatory share i.e. it will not be possible for an insurer to have a market share in MTPL below its overall market share.
- ✓ A number of companies are in talks with reinsurers about possible motor quota share treaties to assist with solvency.

Turkey
Gross Written Premiums



Turkey
Non Life Gross Written Premiums By Class 2015



South Africa

Reinsurance business continues to be profitable for reinsurers and an over-supply of reinsurance capacity continues to push down rates.

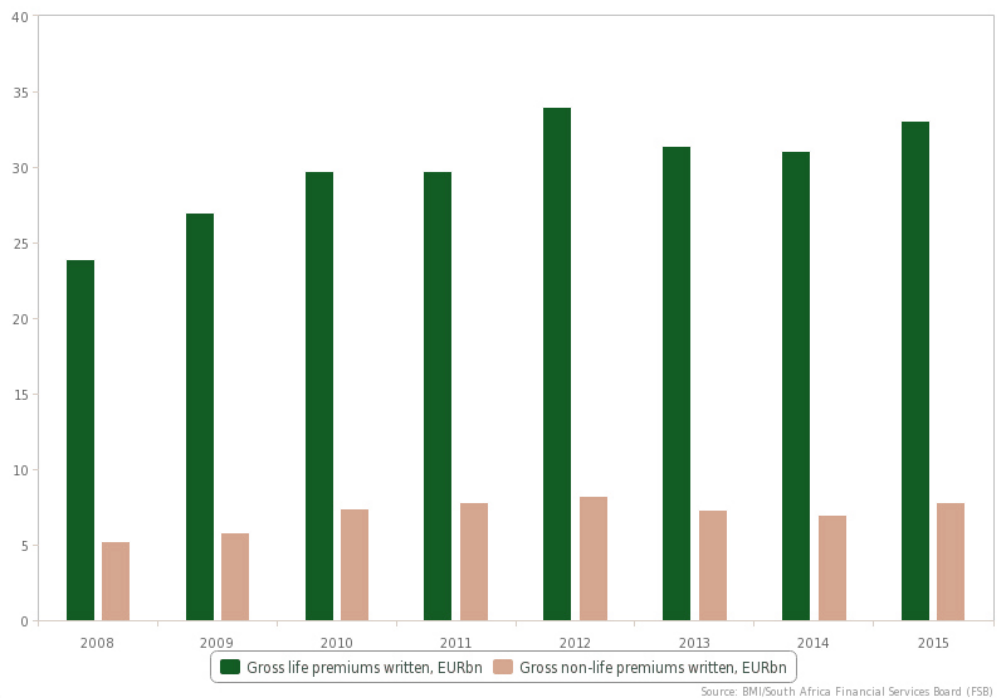


✓ In Africa in particular the continued utilization of several brokers on placements reduces the ability of the cedant to maximize this over-supply choosing to reward those brokers who support the cedant's growth instead. The changes in legislation in certain countries/ regions reduce the available open market participations and may see a reduction in reciprocal participations across the continent. It is clear that brokers need to show added value in their offerings in order to grow.

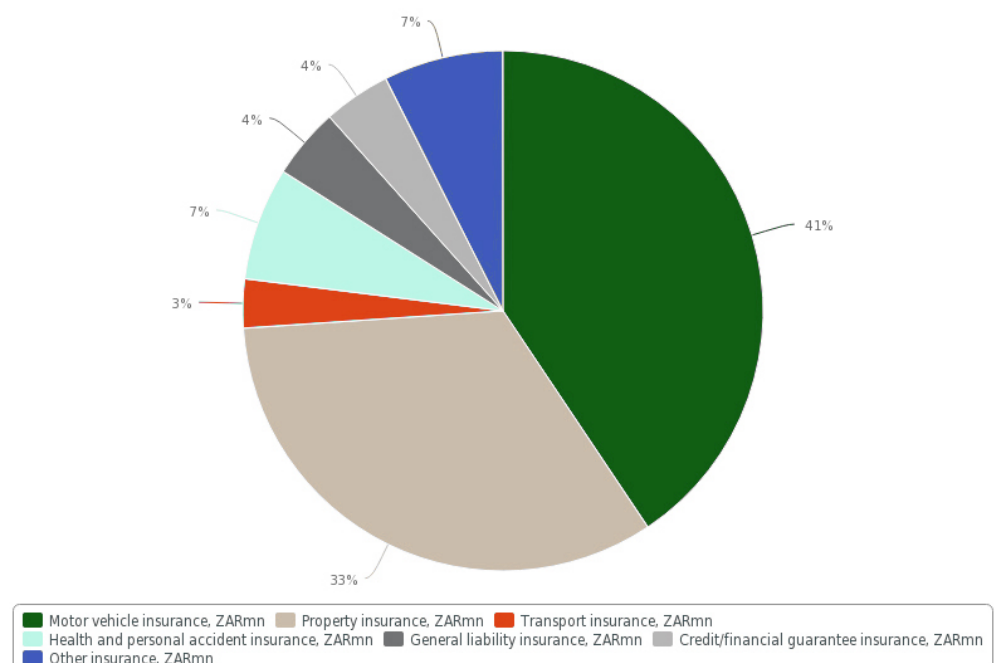
✓ South African Fire Surplus business continues to be the problem child and reinsurers are using margins from other elements within cedant portfolios to maintain terms. This is unsustainable in the long term and real growth in underlying fire rates is necessary and warranted.

✓ 2016 was a benign year for Catastrophe losses and rates continue to fall although SAM considerations are now driving the level of vertical catastrophe purchased to increased levels.

South Africa
Gross Written Premiums



South Africa
Non Life Gross Written Premiums By Class 2015





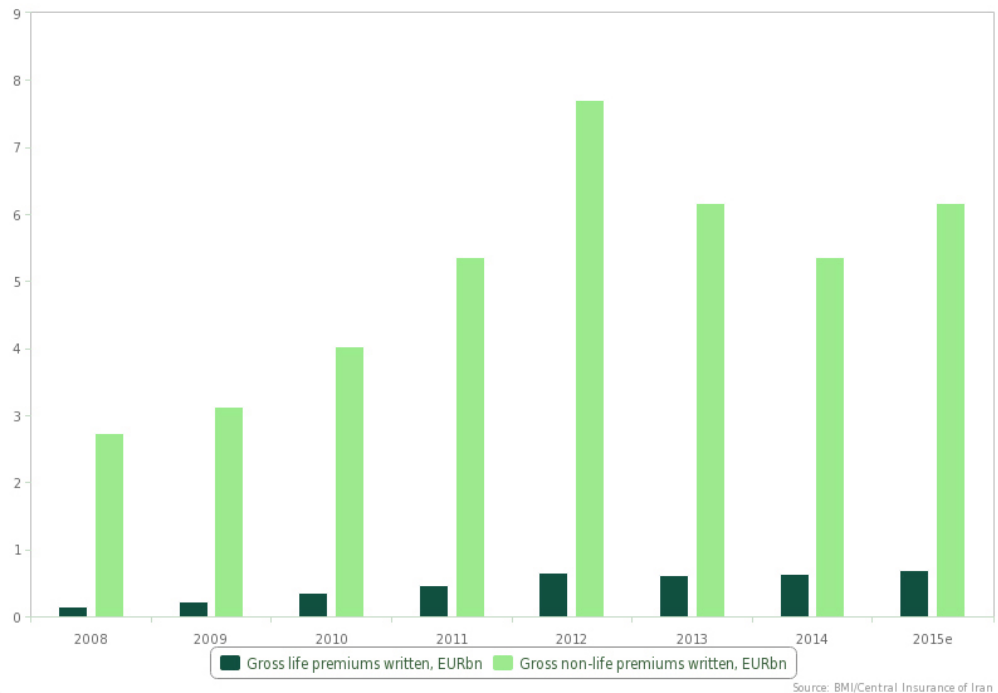
Iran

2016 was a watershed year for Iran given that following the agreement of the P5+1, most of the sanctions were lifted on 16 January 2016 in exchange for a limitation to Iran's nuclear ambitions for at least 10 years.

The lifting of the sanctions meant that there was a surge of interest from International reinsurers and several were able to enter the market. Despite there being upwards of 28 private insurance companies in Iran (plus the State insurer of Bimeh Iran), the Iranian market again enjoyed a significant growth in overall premium production throughout 2016, generating upwards of USD 7 billion of income.

- ✓ Following the lifting of sanctions, the Iranian Market Risk & Catastrophe XL Programme was opened up to International reinsurers on 23 September 2016. This was subsequently followed by a number of energy & aviation facultative risks which are expected to grow in frequency in relation to future reinsurer appetite.
- ✓ Iran continues to be extremely profitable across all lines of business, save for MTPL / MOD and Health which tends to perform far less favorably.
- ✓ Growth rates across the Iranian market over the last 5 years has averaged in excess of 30% per annum.
- ✓ Market Loss Ratio's across all classes of business have averaged circa 80% but for classes such as Fire it is less than 45%
- ✓ MTPL & MOD losses account for close to 50% of all losses (attributable to an upward trend in court awards for blood money (Dieh) as well as increased accident rates) adverse development of Turkish lira/Euro reducing the need for covering increasing aggregates.
- ✓ Share of Private Insurance Company business is growing and currently stands at 59%.

Iran
Gross Written Premiums



Iran
Non Life Gross Written Premiums By Class 2015

