

Issues facing the insurance industry

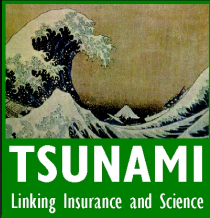
Rates at a low

A changing Market Place

New business processes

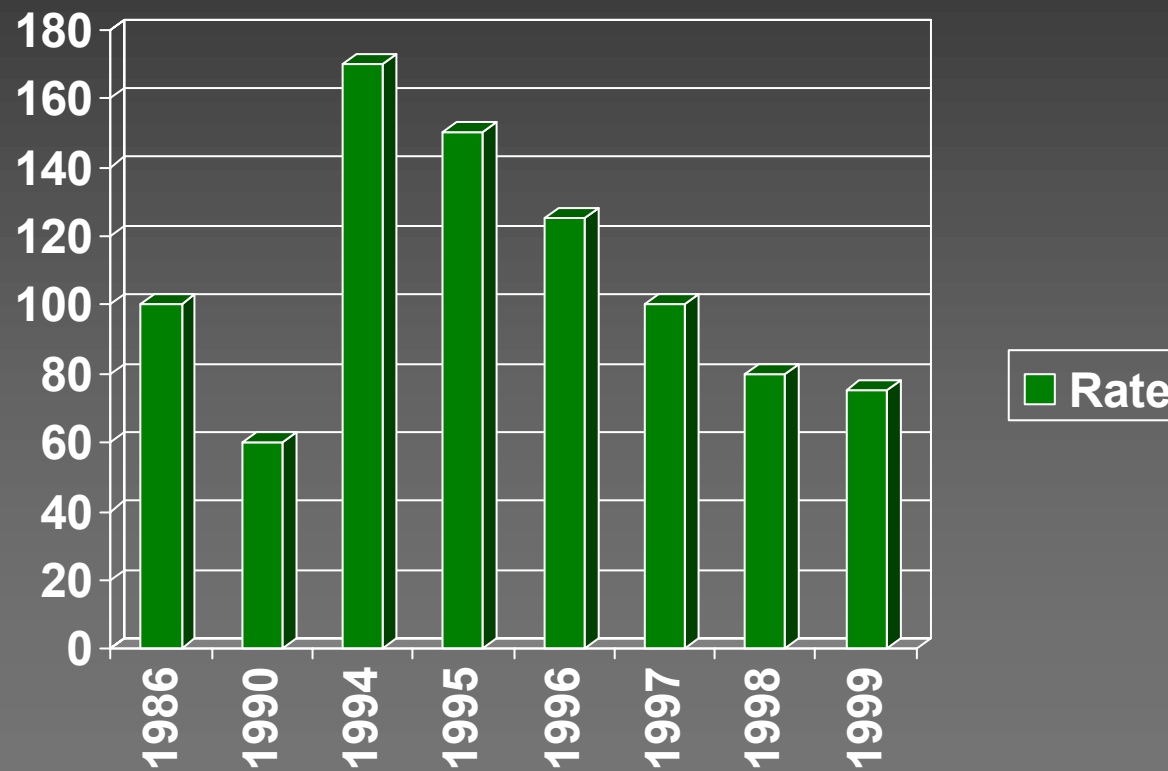
Opportunities

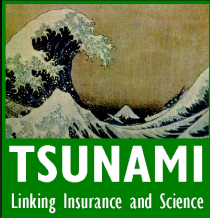
Perpetual Needs



Rates at a low

Graph of Marine rates





A changing Market Place

Globalization

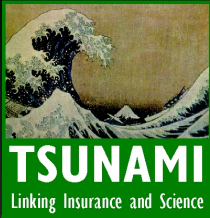
- **Buying critical mass**
- **Buying geographical spread**

Consolidation

- **Buying Market share**
- **Utilising new sources of capital**

Market profile

- **dominated by very large and very small companies**



A changing Market Place

Greater regulation

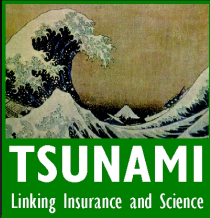
- **Post Lloyd's R and R**
- **Post Pensions miss-selling**

Greater Outsourcing

- **Peripheral activities**

Employment of new skill sets

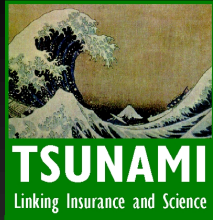
- **Data manipulation**



Business process

Requires more information

- **From customers, competitors and internally**
- **Used for:**
 - Rating,
 - New products,
 - Solvency & regulatory



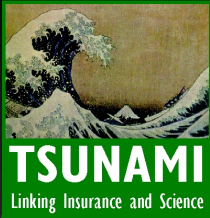
Business process

Risk Assessment

- **Portfolio management**
- **High quality analysis models**
- **New Rating technologies**

Dynamic Financial Analysis

- **Looking at more than just the insured risk**
- **More controlled use of capital**
- **Looking at the balance sheet**
- **Assessing the value of lending capital**



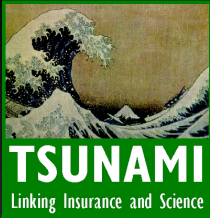
Business process

Reduced dependency on

- **Transactional broking**
- **Waiting for business to turn up**

A move towards becoming strategic

- **Risk consultants**
- **Risk bearers**



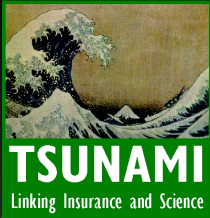
Opportunities

Expansion

- **New Territories opening up**
 - Eastern Europe
 - China
 - Italy (Earthquake cover)

New insurable risk

- **Y2K**
- **Weather Risk management**



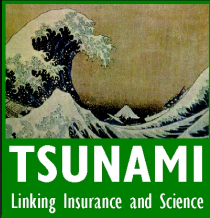
Opportunities

New Products

- **Alternative Risk Transfer**
- **Transformers from financial to insurable risk**

New Client Base

- **Capital Markets**
- **Governments**
- **Environmental Agencies**
- **Banks & Building Societies, Supermarkets etc.**



Perpetual Needs

There is always a requirement to

- **Better understand risk**
- **Increase distribution and access to clients**

Always strive to

- **Become faster**
- **More flexible**
- **Increase sales**
- **Increase profile**
- **Become more efficient**