

Swiss Re panel anticipates industry-wide challenges for 2002 and beyond

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The next 18 months will present many challenges to the insurance/reinsurance industry. Businesses and consumers will be examining closely their current coverages, taking a long look at value versus cost. That was the determination from Swiss Re executives discussing key industry issues at the annual Swiss Re US Insurance/Reinsurance Industry Forum, held today at the company's offices here.

"There will be changes in the industry's collective approach to doing business and managing risk moving forward," said Jacques Dubois, Chairman, President and CEO of Swiss Re America Holding Corp.

In addition to Dubois, other Swiss Re panelists included Werner Schaad, Chief Risk & Reinsurance Officer, Swiss Re (US); Thomas Streiff, Head, Group Sustainability Management, and Mark Lescault, Chief Underwriting Officer, Swiss Re Americas. The speakers' full presentations can be found at www.swissre.com.

Among the key findings presented today:

- While natural disaster losses declined in 2001 from USD 14 billion to USD 10 billion around the world, property and business interruption losses from man-made disasters dramatically increased from USD 5.9 billion to USD 25 billion.
- The Catastrophe Reinsurance Premium index rose 25 percent during the current 2002 renewal season. Swiss Re predicts this hardening will last several years.
- Despite the more than USD 20 billion of a targeted USD 31 billion raised by insurers and reinsurers since September 11, the influx of capital does not cover the more than USD 100 billion capacity loss taken out of the markets.
- Industry-wide primary company renewal trends for 2002 include: Property, non-catastrophe up 10 percent; Property catastrophe up 5 percent - 20 percent, Liability up 10 percent to 40 percent; Auto up 10 percent - 20 percent, and Workers Compensation up 10 percent to 15 percent.
- Life reinsurance and Admin Re are growing segments of the reinsurance market as businesses and consumers are more closely examining their current and future coverage needs.
- The environment will be a greater concern for the industry as water and air pollution, coupled with antiquated capital, could lead to significant losses.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 200 financial year, gross premium volume amounted to CHF 26.1 billion (USD 15.4 billion) and the net income after tax reached CHF 3 billion (USD 1.8 billion). Swiss Re is rated "AAA" by Standard & Poor's, "Aaa" byh Moody's and "A++" (superior) by A.M. Best

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