GUY CARPENTER

1166 Avenue of the Americas
New York, NY 10036
917 937 3000

# News Release

Contact:
**Kate Dillon**
Prosek Partners
1.203.254.1300 X 115
k.dillon@prosek.com

## US Property/Casualty Insurers Facing Increasingly Complex Operating Environment: Guy Carpenter Report

**New York, October 23, 2016** – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and wholly owned subsidiary of Marsh & McLennan Companies (NYSE:MMC), today released a study which found that, in a challenging operating environment, only 40 of the top 100 US property/casualty (P&C) insurers reported an underwriting profit over the last five accident years.

In the 2016 edition of its annual insurance risk benchmarks report, *Balancing Risk and Growth in a Changing Market*: *Annual Statistical Review*, Guy Carpenter found that for US P&C insurers, the greatest opportunity for profitable underwriting came in general liability lines, special property and products liability. By contrast, most carriers reported underwriting losses in personal and commercial auto in 2015, continuing the trend of adverse loss costs in auto lines.

"US insurers are facing an increasingly complex set of issues and significant disruption that requires them to innovate across their business to achieve profitable growth," said Tim Gardner, CEO of Guy Carpenter's US Operations. "With low investment returns and a lack of significant prior years reserve release in 2015, many insurers are looking to raise their premium to surplus leverage through either growth and/or capital return as a way of improving the return to stakeholders."

The report, which is produced annually through Guy Carpenter's ongoing Insurance Risk Benchmarks research project, focuses on risk and performance of US P&C insurers. This year's release found that in 2015, the US P&C market departed from a six year period of robust surplus growth and modest loss reserve increases; US industry surplus remained flat last year while loss reserves grew at 3%, the fastest rate of growth since 2008 and an inflection point of adverse reserve development in the future calendar years.

The report also demonstrated that in 2014 and 2015, the gap in loss ratio performance between the best and worst underwriters widened. Historically, this has indicated a future further softening in market conditions as the gap between the best and worst market performers has tended to narrow as rates rise but widen as the market softens.

"It is important that insurers understand all the dynamics of the industry so that they can make the right strategic decisions for their organizations," added Mr. Gardner. "Guy Carpenter's Risk Benchmarks Research, the foundation for our BenchmaRQ® capital modeling service, enables us to assist insurers in decision making regarding risk and reward trade-off in pricing, reserving and catastrophe risks as they seek profitable growth."

**US Property/Casualty Insurers Facing Increasingly Complex Operating Environment: Guy Carpenter Report**
October 23, 2016

**TAGS/KEYWORDS**
Property/Casualty, P&C, Tim Gardner, Risk, Analytics, Insurance, ORSA, Own Risk and Solvency Assessment, Annual Statistical Review, ASR, Guy Carpenter, Insurance Risk Benchmarks, Strategic Advisory

## About Guy Carpenter

Guy Carpenter & Company, LLC is a leading global risk and reinsurance specialist. Since 1922, the company has delivered integrated reinsurance and capital market solutions to clients across the globe. As a most trusted and valuable reinsurance broker and strategic advisor, Guy Carpenter leverages its intellectual capital to anticipate and solve for a range of business challenges and opportunities on behalf of its clients. With over 2,300 professionals in more than 60 offices around the world, Guy Carpenter delivers a powerful combination of broking expertise, strategic advisory services and industry-leading analytics to help clients achieve profitable growth. For more information on Guy Carpenter's complete line-of-business expertise and range of business units, including GC Specialties, GC Analytics®, GC Fac®, Global Strategic Advisory, GC Securities*, Client Services and GC Micro Risk Solutions®, please visit www.guycarp.com and follow Guy Carpenter on LinkedIn and Twitter @GuyCarpenter.

Guy Carpenter is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy, and people. With annual revenue of $13 billion and 60,000 colleagues worldwide, Marsh & McLennan Companies provides analysis, advice, and transactional capabilities to clients in more than 130 countries through: Marsh, a leader in insurance broking and risk management; Mercer, a leader in talent, health, retirement, and investment consulting; and Oliver Wyman, a leader in management consulting. Marsh & McLennan is committed to being a responsible corporate citizen and making a positive impact in the communities in which it operates. Visit www.mmc.com for more information and follow us on LinkedIn and Twitter @MMC_Global.



###