

News Release

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Life and Personal Accident Reinsurance Renewals Sustain Further Rate Reductions, According to Guy Carpenter

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Life and personal accident reinsurance rates continued to resist upward pressure at the April 1, 2009 renewal, consistent with the downward trend witnessed at the January 1, 2009 renewal, according to a briefing published today by Guy Carpenter & Company, LLC, the leading global risk and reinsurance specialist.

The briefing, *April Renewals Follow January Precedent, Despite Industry Capital Conditions*, available for download at www.GCCapitalIdeas.com, states that average rate on line (ROL) declined 3.8 percent, excepting programs with large rate changes for reasons not directly related to market conditions. In some cases, rates were down by as much as 10 percent.

PRICING AND CAPACITY

- With personal accident competing with other lines of business for limited capital – a situation exacerbated by currency exchange movement – upward movement in pricing would be expected.
- Despite these significant changes in the market, there continues to be ample capacity across the life and personal accident sector for the risks being written.

RELATIONSHIPS AND RETURNS

- In the current market environment, relationships are critically important. Incumbent reinsurers are increasingly motivated to improve terms to retain their positions wherever feasible.
- In addition, the life and personal accident lines of business remain profitable for reinsurers, with a relatively moderate claims history and good diversification of risk.

QUOTE

David Rains, Head of Guy Carpenter's Life & Annuity, Accident, and Health Specialty Practice

“Despite the broader capital pressures on reinsurers, a number of converging factors should continue to keep prices low for life catastrophe cover. It is possible, of course, that financial market developments could catch up with capacity or affect carrier investment assets to the point where price increases become inevitable. On the other hand, if financial market conditions stabilize – and insured losses remain limited – cedents could be in an advantageous position over the longer term.”

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TAGS/KEYWORDS

Guy Carpenter, reinsurance, renewal, capacity, pricing, rates, life, accident, health

LINKS/URLs

April Renewals Follow January Precedent, Despite Industry Capital Conditions:

<http://www.gccapitalideas.com/2009/04/15/april-renewals-follow-january-precedent-despite-industry-capital-conditions/>

Charts Available for Download: <http://www.gccapitalideas.com/category/chart-room>

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