BADEN-BADEN REINSURANCE SYMPOSIUM EXAMINES (RE)INSURANCE MARKET OPPORTUNITIES GENERATED BY INDUSTRY 4.0

London, October 21, 2019 – Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and a business of Marsh & McLennan Companies (NYSE: MMC), hosted the Reinsurance Symposium in Baden-Baden on 20 October. The eleventh year that Guy Carpenter has hosted the event, the Symposium posed the question: “Is the (re)insurance sector ready for Industry 4.0?”

The subject was addressed by a panel of senior industry figures who considered the extent to which the (re)insurance industry was keeping pace with the rapidly evolving needs of its clients at a time when businesses were becoming more efficient and more interconnected than ever, and whether the sector was fully embracing the technology revolution.

Commencing the discussion, James Nash, CEO, International, Guy Carpenter highlighted how technologies are already “transforming radically” the characteristics of risks assumed by the (re)insurance industry, while in tandem generating huge market opportunities.

“The quantity and quality of data associated with Industry 4.0 should enable more precise underwriting,” he said. “This brings huge opportunities to grow and innovate, as well as enhance risk understanding and increase efficiencies. To exploit these opportunities fully, we need to offer comprehensive solutions that mitigate these new risks and create effective underwriting and distribution systems. Industry 4.0 puts societies and economies on the cusp of one of the most significant periods of change, and we must work with capital providers to help understand how risks are likely to evolve so they have confidence in deploying their capital at acceptable risk parameters. Guy Carpenter looks forward to supporting clients and markets through this process.”

Addressing the topic in the context of the industry’s supply chain, Ian Branagan, Senior Vice President and Group Chief Risk Officer, RenaissanceRe Holdings Ltd, considered the huge potential that technology offered to greatly enhance efficiency.

“The supply chain in our industry continues to be impeded by legacy inefficiencies, costs, duplication and poor integration,” he told delegates. “There is great potential for positive change if we look at the supply chain in a holistic manner and as an integrated system; harnessing technology to support simplification, less duplication, automation, cost-efficiency, and more streamlined distribution networks. At RenaissanceRe, we believe our industry has an opportunity to enhance our collective value proposition to society by working together and leveraging digitalization, data and underwriting expertise to meet the constantly evolving risk landscape and nature of consumer demand.”

For Karen White, CEO, RMS, the industry’s harnessing of technology-driven innovation was central to its ability to adapt to meet the demands of the evolving risk life cycle and to enhance its overall value to customers.
“We’re at a pivotal moment,” she said. “The dynamics of the risk market and our industry demand that we change and adapt while at the same time, technology has evolved so that it can be harnessed in new ways to drive change effectively. Fundamentally, tech-driven innovation is a key pillar to better manage the evolving risk life cycle and deliver greater value to customers, as we are hit with the impact of extreme weather, climate change, man-made disasters, a shift in value from tangible to intangible assets, emerging risks such as cyber, along with liability and litigation trends, to name a few. These kinds of market disruptions create new opportunities and open the door to new business models. The other side of that coin is that industry disruptions are often ruthlessly unkind to incumbents who don’t embrace change.”

Jon Hancock, Director of Performance Management, Lloyd’s, considered both the challenge and opportunity that Industry 4.0 generated for the sector, and outlined how Lloyd’s was addressing the need to move the marketplace forward.

“Can we as an industry say that we have adopted technology and Industry 3.0 in the same way that many other industries have? I don’t think that we can,” he said, adding that “the scale of the challenge ahead of us is enormous. However, we have a massive opportunity to leapfrog the third industrial revolution and get ahead of the game by fully embracing the fourth industrial revolution.”

“At Lloyd’s,” he continued, “we are working to address this by setting out our Future at Lloyd’s program which provides a blueprint to make Lloyd’s the most advanced insurance marketplace in the world. Every marketplace and everyone in our industry should have a similar plan in place.”

In the final presentation, Laurent Rousseau, Deputy CEO, SCOR Global P&C, considered those aspects of the industry that would remain unchanged during this period of rapid transformation.

“What is not going to change for reinsurers,” he said, “is the need for greater sophistication and depth. When I see companies focusing purely on the transactional aspect of our business, in my view they are losing sight of what really makes a difference which is the ability to deliver our own in-depth view of risk. What is also not going to change is that clients will continue to demand better prices and faster delivery. We should approach what we do in a client-centric way and focus our value proposition fully on the needs of our clients.”

TAGS/KEYWORDS
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About Guy Carpenter
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Guy Carpenter & Company, LLC is a leading global risk and reinsurance specialist with more than 3,100 professionals in over 60 offices around the world. Guy Carpenter delivers a powerful combination of broking expertise, trusted strategic advisory services and industry-leading analytics to help clients adapt to emerging opportunities and achieve profitable growth. Guy Carpenter is a business of Marsh & McLennan Companies (NYSE: MMC), the world’s leading professional services firm in the areas of risk, strategy and people. The company’s 76,000 colleagues advise clients in over 130 countries. With annualized revenue approaching $17 billion, Marsh & McLennan helps
clients navigate an increasingly dynamic and complex environment through four market-leading companies including Marsh, Mercer and Oliver Wyman. For more information, visit www.guycarp.com and follow Guy Carpenter on LinkedIn and Twitter @GuyCarpenter.