

# News Release

Contacts:

**Missy DeAngelis**

Guy Carpenter

1.917.937.3118

[missy.deangelis@guycarp.com](mailto:missy.deangelis@guycarp.com)

## **New Products Revealed as Biggest Growth Opportunity for (Re)Insurers in 2016, According to Annual Guy Carpenter Survey**

*Cyber and Climate Change Identified as Top Emerging Risks for Year Ahead*

**New York, November 5, 2015** – New products represent the biggest growth opportunity for (re)insurers in the year ahead, according to a survey released today by Guy Carpenter & Company, LLC, a leading global risk and reinsurance specialist and wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC). The fourth annual survey polled insurance and reinsurance executives at the 2015 Property Casualty Insurers Association of America (PCIAA) Annual Meeting, held in Hollywood, Florida. Designed to identify what (re)insurance professionals believe to be the leading opportunities and threats to growth, this year's survey examines which areas are most in need of innovation as well as the emerging risks respondents believe will impact their plans for growth in 2016.

Nearly half (48%) of respondents believe new products present the most significant opportunity to expand their business in 2016, up from 40 percent in 2014. This is followed by new geographic markets (24%), mergers and acquisitions (14%), talent acquisition (9%) and new distribution channels (5%). Cyber once again claimed the top spot as the most threatening emerging risk, jumping to 65 percent from 40 percent in 2014. Meanwhile, one-in-four professionals ranked climate change as the most threatening emerging risk, followed by terrorism (10%).

"This year's survey reinforces that there is a significant opportunity to evolve the way in which insurers use technology to assess risk, identify new growth opportunities, enhance the customer experience, and transform massive amounts of data into actionable business strategy," said Tim Gardner, CEO of US Operations for Guy Carpenter. "At Guy Carpenter, innovation and advancements in technology are among our top priorities. We continue to invest in our industry-leading analytics and new product development in order to arm our clients with market-leading solutions and intelligence to navigate a new global risk landscape."

With concerns surrounding cyber, in particular, continuing to intensify, the industry is responding with a call for continued innovation to address this risk. Nearly half (49%) of survey respondents noted cyber security as an area most in need of innovation, followed by big data management (27%), predictive analytics (14%), and catastrophe modeling (10%).

Looking at potential challenges facing the industry in the year ahead, undisciplined / unprofitable underwriting once again ranked as the leading threat to plans for growth, with 33 percent of respondents indicating so. Concerns around catastrophe / non-catastrophe losses rose slightly year

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over year, with 24 percent of respondents citing this as the biggest threat to plans for growth (vs. 19% in 2014). Nineteen percent of respondents are concerned about operational inefficiencies, while 14 percent are most worried about global economic uncertainty, followed by regulatory and rating agency changes (10%).

“Cyber risk, climate change and terrorism continue to pose a serious threat not only to the insurance industry, but also to governments, businesses and communities around the world,” said Mr. Gardner “We as an industry have the opportunity to address these emerging risks head-on, with innovative solutions and new product development that can transform these potential challenges into growth opportunities. At Guy Carpenter, we continue to invest in the future by helping our clients see ahead of the curve in order to gain a sustained competitive advantage.”

### About the Survey

The survey of 110 insurance and reinsurance professionals was conducted by Guy Carpenter at the 2015 PCIAA Annual meeting held in Hollywood, Florida on October 25 – 28, 2015. The 2014 survey polled 111 professionals.

### TAGS/KEYWORDS

Guy Carpenter, Tim Gardner, PCIAA, cyber, climate change, terrorism, underwriting, modeling, analytics, M&A, big data

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