

## **27° Congreso Internacional de Actuarios y Expo**

The Property & Casualty Insurance Industry

-Forces of Change at the start of the 21<sup>st</sup> Century-

- 9/11 did not create the hard market, but consolidated an existing upward trend in pricing and terms which had been necessary and evident for some time.
- Insurers and Re-Insurers will have to re-convince investors of their potential for long-term profitability. We must know and understand the risks we accept. Underwriting discipline and adequate management of exposures will be essential. Importance of actuaries will further increase.
- We might witness a radical transformation within the traditional value chain of our industry. New competitors are appearing from other financial sectors. Insurers have various options to adapt and react to these new challenges. Success will be defined by the ability to position the organization in the areas of value chain where existing skills are unsurpassed.
- Efficient cost-management will be –apart from a long overdue “back to basics” in underwriting – a key to survival of our industry. There will have to be an increasing focus on reduction of acquisition costs, automation and standardization of products and processes.
- Refinement in capital management is necessary. As our industry is very “capital intensive”, especially if one wishes to be rated as “AAA” security, we foresee that this cost will have to be reflected in the products we sell.
- The quality and motivation of employees will ever more define competitive advantage. Also, we see a move from the traditional pyramid structures to set-ups more suitable to increasing need for highly specialized employees.

Nikolaus von Bomhard

Muhich Re