



# QUEBEC RISK & INSURANCE MANAGEMENT ASSOCIATION

## **Insurance Market Update – Trends and Outlook 2023**

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# Is hard market over?



# Canadian Market in Context

- 1% of Global Market
- 25% is Ontario Auto
- Dominated by Personal Lines
  - Intact
  - Desjardins
  - Lloyds
  - Aviva
  - Co-operators
  - Wawonesa



5 of 105=  
**50%**  
of Market



# General Observations:

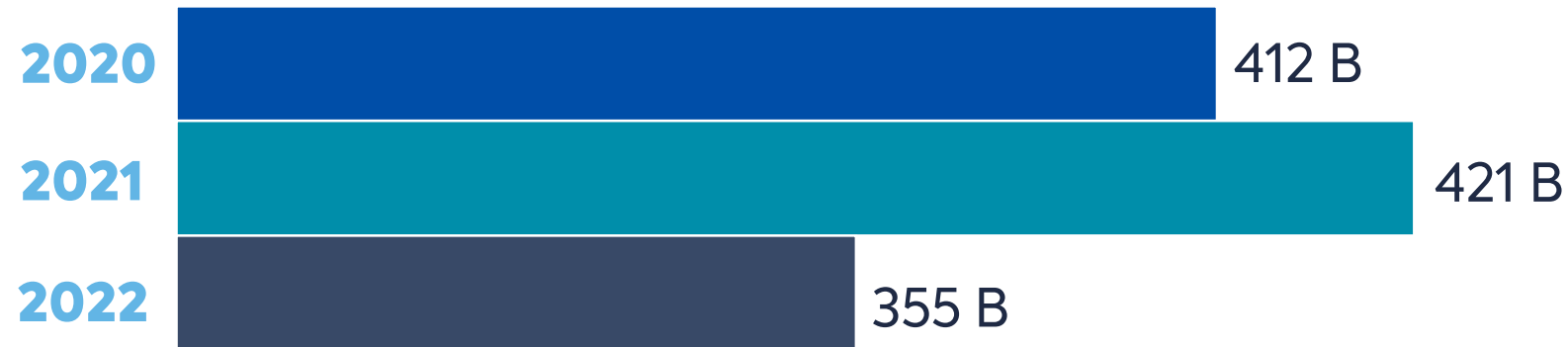
## Good news is:

- More predictable
- More “as is” renewals
- Consecutive years of increases have improved insurer profits/ROEs
- Longer run Investment returns
- Better trained industry

## But...

- Inflation
- Recession?
- Supply chain – Geopolitical
- ESG influence on unlocking capacity
- Cost of Capital
- Most factors that caused hard market remain – social inflation, climate change, Nuclear Verdicts in US....
- Interest rate impact on Bond Values
- Reinsurance Treaty 1/1/23-Property

## Reinsurance is topic of the day..... Biggest Reinsurance Squeeze Since 2008

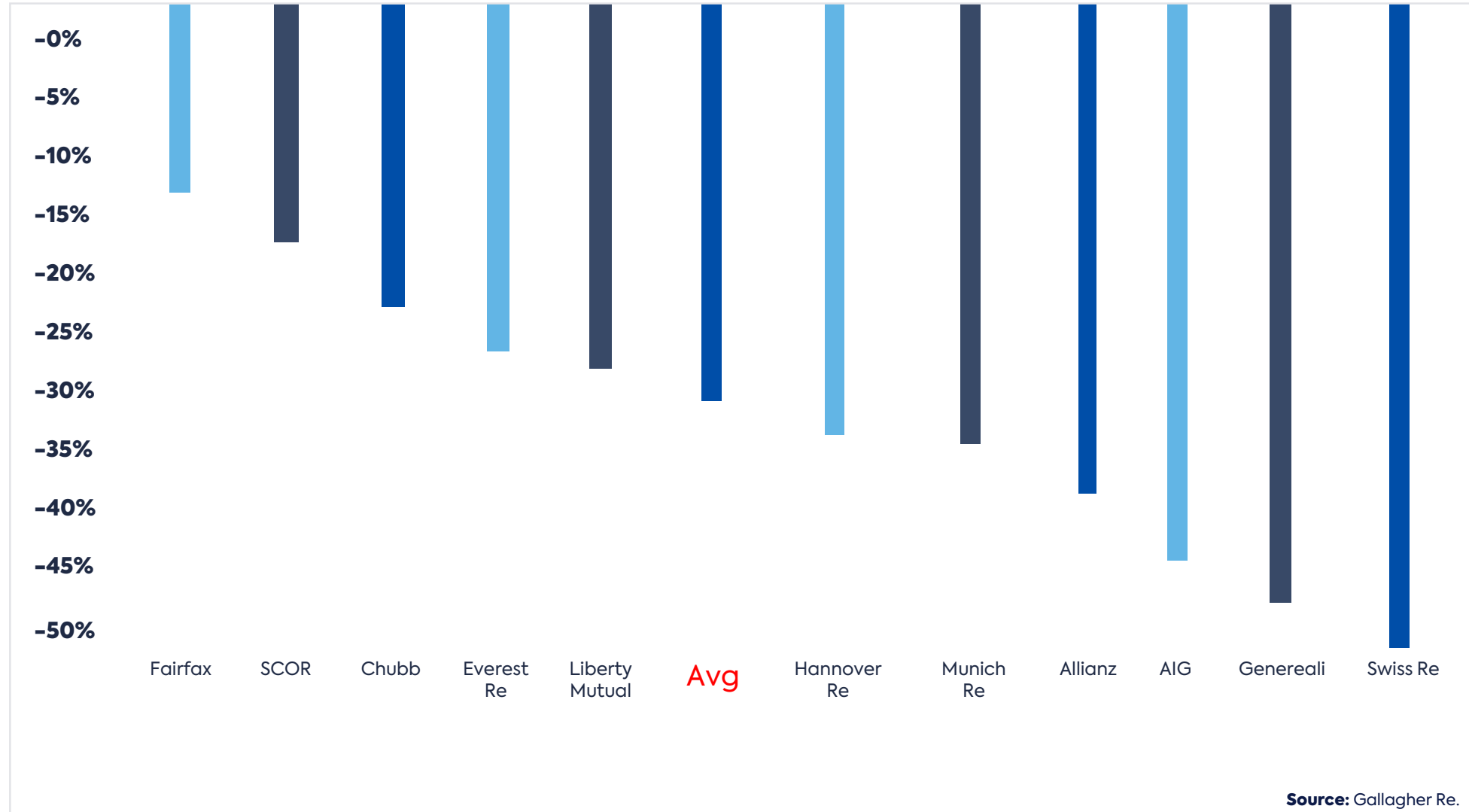


**Jan 1, 2023**    ↑    45% - Global Property  
                          ↑    Retentions

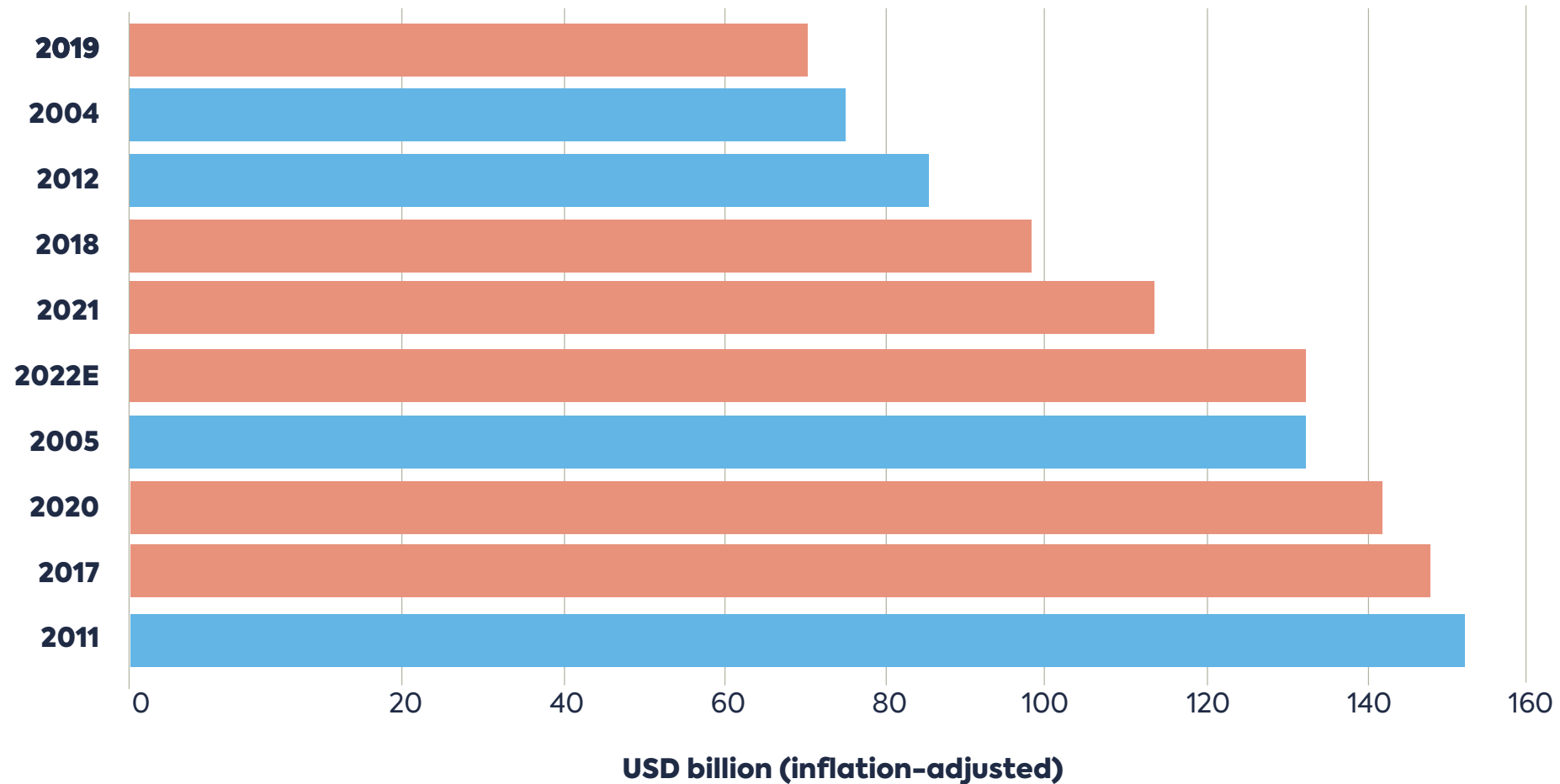
Source: Howden



# Shareholders' equity falls driven by reduced asset values at start of Q3 2022



# Top 10 Largest Loss Years



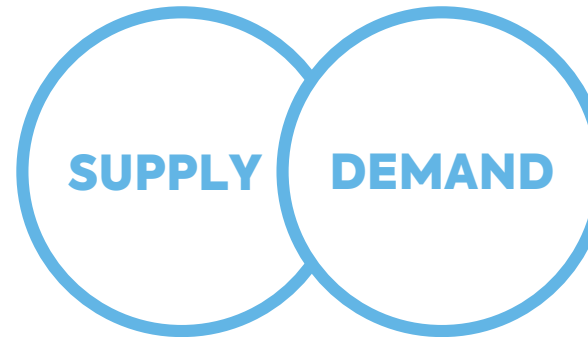
Source: NOVA, SwissRE, III

# Property Reinsurance Market

## Supply and Demand Dynamics

### Decreases in Supply

- Climate change and model accuracy concerns 
- Mark-to-market bond losses and equity valuations 
- Appreciation of USD vs. major foreign currencies 
- Lack of new reinsurance capital/entrants 
- Significant property treaty market exits 
- Significant trapped collateral in ILS market 



### Increases in Demand

-  Inflation and global chain constraints
-  Mark-to-market bond losses and equity valuations
-  Anticipated +\$20B of new top-up placements
-  S&P capital adequacy model change


**Source:** Gallagher Re.



# 2023 Renewal Expectations



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	COVERS	BASE RATE - 2023
<b>Best</b>	D&O Liability Surety US Workers Comp	-10% to Flat
<b>Good</b>	Primary Umbrella Excess Auto	Flat
<b>Good or Bad</b>	Cyber	Flat to 25%
<b>Cause for Concern 1H – 2023</b>	Property (especially Nat Cat & strike, riots, civil commotion)	



## Don't forget about:

- Parametric Options
- Structured Programs

# Broker Industry Outlook

More sophisticated  
& better equipped  
in Analytics

Better negotiators  
after hard market

Strong options for all size  
sectors, industries, any  
where in the world

Role of  
Private Equity?

Generally strong  
financial performance

Employee Value  
Proposition is key

Role of Artificial  
Intelligence such  
as ChatGPT





# THANK YOU!

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