reinsurance week
REINSURANCE MAGAZINE'S WEEKLY NEWS REVIEW
17.03.2017

QUOTE OF THE WEEK:
"That's a fantasy."
Mr Donnet on the threat of takeover.
See video on p3

Peter Hancock reportedly removed to avoid battle with Icahn

New York 16.03.2017
AIG's decision to remove Peter Hancock as its chief executive was to avoid a proxy battle with billionaire activist investor Carl Icahn, the *Wall Street Journal* reported, citing people familiar with the matter.

AIG said last week that Mr Hancock would step down, a decision he made after the insurer's poor financial performance frustrated shareholders and its board of directors.

Mr Hancock agreed to resign after several directors met with him to express concerns about his ability to continue improving AIG's results, while several also feared a potential fight with Icahn, the Journal reported.

Mr Icahn, AIG's fourth-largest investor, cheered Mr Hancock's departure when it was announced: "We fully support the actions taken today by the board of AIG," he had tweeted.

A decision "to stand by (Hancock) would carry the threat if not the reality of a battle with Carl," a person familiar with the matter told the Journal.

When Mr Icahn first began acquiring his stake in 2015, he advocated splitting up AIG into three parts. The insurer instead embarked on a two-year turnaround plan developed by Hancock, which the board is still committed to. >

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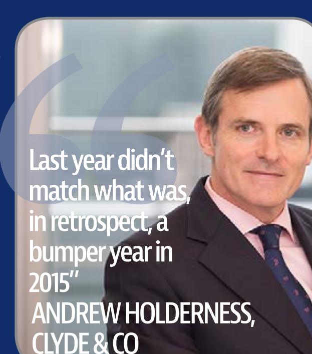
"We fully support the actions taken today by the board of AIG."
CARL ICAHN
(On Twitter)

Insurance M&A at lowest level since 2013

London 17.03.2017
The number of completed mergers and acquisitions (M&A) in the global insurance industry fell to 387 in 2016, 13% down from the 444 transactions recorded in 2015, according to 'Insurers search for growth', global law firm Clyde & Co's latest Insurance Growth Report. The second half saw only 186 transactions, a marked decline from the 201 recorded in the first half of 2016.



"Last year didn't match what was, in retrospect, a bumper year in 2015"
ANDREW HOLDERNESS, CLYDE & CO

Andrew Holderness, Global Head of the Corporate Insurance Group at Clyde & Co, says: "Last year didn't match what was, in retrospect, a bumper year in 2015. Market conditions for insurance businesses have not improved during the last 12 months and if anything have got worse, particularly in the last six months. In this environment it is becoming increasingly difficult to tread water and stay afloat, let alone move ahead of the competition by delivering the growth that shareholders expect." >

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Generali plays down prospects of takeover

Milan 01.03.2017

Generali has played down the prospects of a takeover as it reported its highest ever full-year operating profit and said it would raise dividends and speed up cost cuts.

The insurer emerged as a potential bid target in January when Italy's biggest retail bank Intesa Sanpaolo revealed it was looking at a potential combination.

The plan was later scrapped but the move ramped up pressure on Generali CEO Philippe Donnet to boost value for shareholders, make the group more solid and consolidate a management team that had recently lost its CFO and Chief Investment Officer.

Mr Donnet, appointed CEO a year ago when Mario Greco stepped down to join rival Zurich Insurance Group, said there was no threat of any takeover either from abroad or from Italy.

"That's a fantasy," Mr Donnet told reporters during a conference call on the company's 2016 results.

Generali, Europe's third biggest insurer, has been a focus of takeover speculation over the past few months partly because of management upheavals. But rivals Axa and Zurich Insurance have denied any interest, while Germany's Allianz has played down talk of it making a major acquisition.

The Italian insurer, whose biggest shareholder is investment bank Mediobanca, is seen by Rome as a strategic asset because it is major buyer of government debt.>

Re video: **General CEO: Delivered very strong full-year results**

There are good prospects for the Italy, the third largest euro economy, despite being run by a caretaker government, the chief executive officer of Generali Philippe Donnet told CNBC.

video: cnbc.com

Munich Re expects a challenging 2017

Shares in Munich Re are lower after the company said it would buy back more shares and predicted that earnings this year would dip in the face of falling reinsurance prices and persistently low interest rates.

Having launched a €1bn share buyback last year, Munich Re said on Wednesday that it would buy a further €1bn by its annual shareholder meeting next year.

"We have no problem with buying back shares. If we think that is the best option for our shareholders, we don't go green about the gills, we buy our shares back," said Nicholas von Bomhard, Chief Executive.

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NICHOLAS VON BOMHARD, MUNICH RE

Presiding over his last set of results before handing over to Joachim Wenning next month, Mr von Bomhard acknowledged that 2017 would be a "challenging" year, and said that weak reinsurance markets and low interest rates would between them knock between €200m and €300m off the group's earnings.

"We won't desperately either use our reserves to fill the gap or take on extra risk. We will shrink, keep our powder dry, and then come back," he said. "Our investors know this, and appreciate it."

As a result, Munich Re will aim for a net profit of between €2bn and €2.4bn in 2017, assuming the incidence of big natural and man-made disasters remains within normal bounds, and that there are no severe moves in currency or capital markets.>


The name that the biggest names depend upon.
Total Assets: US $ 12 billion
Net Worth: US $ 5.7 billion
(including US $ 3.5 billion on fair value change account)
Global Ranking (2016):
14th among Global Reinsurers (A M Best)
18th among Global Reinsurers (S & P)
Ratings:
Financial Strength: A- (Excellent) A M Best Company
Claims Paying Ability: "AAA(In)" by CARE
आपत्काले रक्षिष्यामि
GIC Re
General Insurance Corporation of India
Global Reinsurance Solutions
Website: www.gicofindia.in
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IRDAI Registration No.: 112
CIN No.: U67200MH1972GOI016133

Travelers moves in on UK tech business

New York 15.03.2017
Simply Business, an online insurance platform for SMEs, is being sold to US giant The Travelers Companies for $490m.

The transaction, a statement said, is expected to close in the third quarter of this year.

Founded in 2005, Simply Business was acquired by private equity firm Aquiline Capital Partners in a £120m deal last year.

Jason Stockwood, Chief Executive Officer of Simply Business, said in a statement: "This is a tremendous opportunity for our company and employees, as well as a strong validation of our business model.

"I am excited about Simply Business benefiting from Travelers' extensive knowledge of the US market as we develop our approach there, as well as the resources it has to support potential expansion into additional markets. Our shared values and commitment to innovation make this transaction a perfect fit," he added.

The company claims to serve more than 425,000 microbusiness customers and has offices in London, Northampton and Boston.

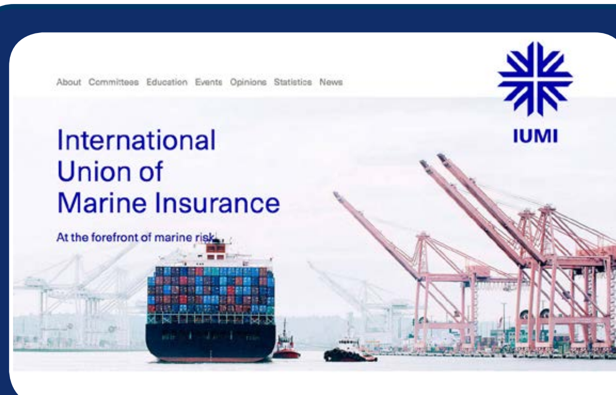
Alan Schnitzer, Chief Executive Officer of Travelers, also commented on the news: "Simply Business is a profitable and growing technology company with impressive strategic digital capabilities, leading digital commerce talent and proven small business insurance expertise.

"With technology and innovation driving customer preferences and expectations, advancing our digital agenda to best serve our customers and the marketplace is a key strategic priority. As an important part of that agenda, we also look forward to working with our agent and broker partners as we seek to deploy Simply Business' capabilities with them to make the small commercial insurance transaction easier, faster and more efficient," the CEO added. >

"This is a tremendous opportunity for our company and employees, as well as a strong validation of our business model."
JASON STOCKWOOD, SIMPLY BUSINESS

Arnoldussen to leave Munich Re

Ludger Arnoldussen is leaving Munich Re after more than 10 years to seek new challenges. By mutual agreement, he will resign his position on the Board at Munich Re with effect from the end of 26 April 2017. Mr Arnoldussen's successor will be Hermann Pohlchristoph who has been with the Company since 2002 and is presently the CFO of the reinsurance field of business. Mr Pohlchristoph is taking on responsibility for the "Germany, Asia Pacific and Africa Division" as well as the central divisions "Central Procurement" and "Services."



IUMI rebrands and launches new website

Hendrike Kühl, Policy Director at IUMI said on the rebrand:
"We are excited to announce that our new and refreshed website is now up and running! IUMI has been successfully rebranded with modern colours, a new logo and a refreshed corporate identity. The updated site includes a completely new design, straightforward navigation, and is fully responsive to mobile devices and desktops. We have also improved the structure of the content which aims for an enjoyable and insightful visit to **www.iumi.com**." >

Luxembourg set to welcome Lloyd's?

Dublin 16.03.2017

Dublin is set to lose out to Luxembourg or Berlin in its bid to secure the new European HQ of insurer Lloyd's of London, according to sources close to the matter when speaking to the Irish Independent newspaper.

The Government has fought an intense battle to tempt Lloyd's to grow its operations in Ireland, having last week lost out on its bid to convince global insurance giant AIG to relocate its European regional headquarters to Dublin.

AIG has instead selected Luxembourg. The company said it chose Luxembourg to ensure the "continued smooth operation of its business across the European Economic Area [EEA] and Switzerland" once the UK leaves the EU.

Taoiseach Enda Kenny met Inga Beale at the World Economic Forum at Davos, Switzerland in January. Lloyd's then sent a delegation to Dublin. The Lloyd's delegation met IDA chief executive Martin Shanahan and separately met the Taoiseach at Government buildings on January 26. Lloyd's also met with officials from the Central Bank, including Sylvia Cronin, director of insurance, on the same day.">

As well as the possibility of Lloyd's selecting Luxembourg for its European HQ, AIG has already chosen Luxembourg to ensure the "continued smooth operation of its business across the European Economic Area once the UK leaves the EU.

Which way for pricing and will we find the floor?

Everyone wants to know which way reinsurance pricing will go at the next major renewals, in June and July 2017.

With January having shown that price declines have slowed further, the hopes were for stability at the mid-year renewal. However experience in the catastrophe bond market shows that pricing continues to decline there, so the question is will the traditional market fight back?

ILS investors have shown that they are comfortable to further discount certain higher layers of risk, with almost every cat bond issue since the third-quarter of 2016 achieving very attractive pricing for the sponsor.

> "Will we see a steeper decline at mid-year renewals than we saw in January as a result? It's entirely possible now."

It suggests that the same ILS investors may be willing and able to support the same pricing levels on a collateralized basis in the traditional reinsurance renewals, which could further pressure the traditional market.

Will we see a steeper decline at mid-year renewals than we saw in January as a result? It's entirely possible now, as the trajectory of ILS pricing suggests there is further room for rates to fall.

How competitive will the traditional market be, when margins are already thin? With not much fat in the business, it will be interesting to see whether ILS can stake a claim to a larger proportion of the U.S. catastrophe reinsurance market in the coming months. >

FOR FURTHER INFO CONTACT
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@artemisbm

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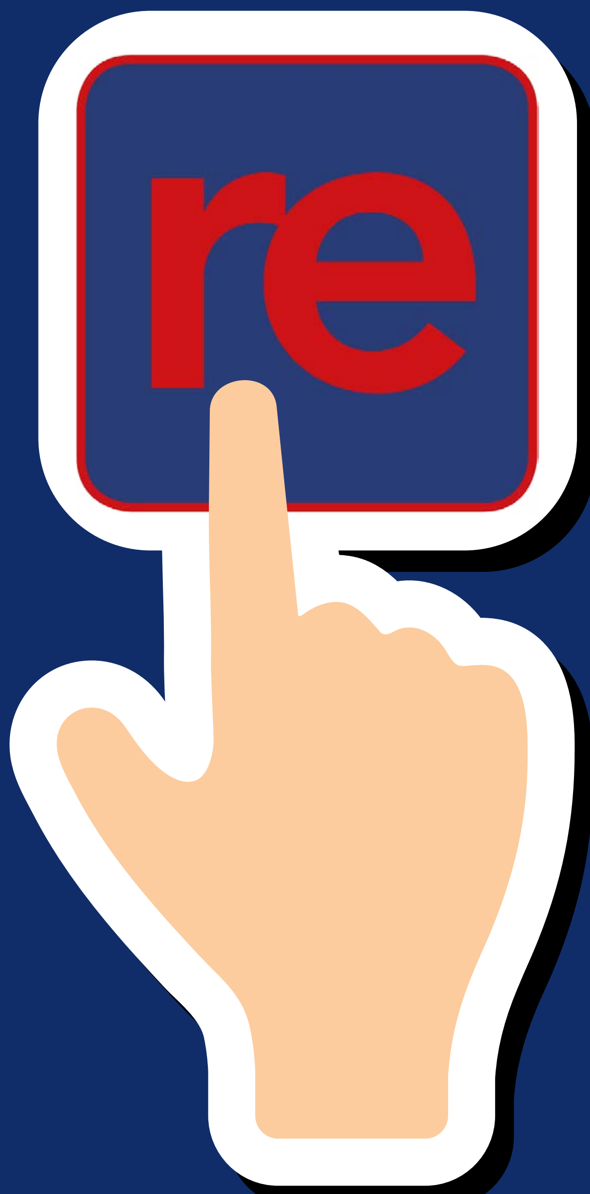

Coming soon for
2017