

# Navigating a Changing Insurance Market

## A European perspective

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The European insurance market is at the beginning of its most consistent shift in a number of years. The impact of this transitional phase varies country to country, and by line of business, but change is coming, and for some buyers it will already be making its presence felt.

What is the impact on insurance buyers across Europe and how can your organisation navigate the changing market?

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## Aon anticipates further challenges for insurance buyers in Europe

- Unprecedented loss levels, evolving buyer demands, changing exposures, reinsurance pressures and increased operational costs are pushing insurers to reassess their business models
- A nuanced landscape shows that in certain countries, sectors and lines of insurance, buyers are experiencing rate increases, capacity shortages, tightening terms & conditions and a more critical attitude from insurers towards risk selection - a shift towards a firming market
- Across Europe directors and officers, professional indemnity, property & business interruption and motor fleet are the most

- impacted business lines, with a more focused shift towards a firming market for several countries including Belgium, The Netherlands, Spain, Germany and the UK
- While firming market conditions seek to address underlying industry profitability challenges, buyers need to focus on improving the marketability of their risk profile to compete in a more selective market

**LONDON, 4 June 2019** – A new report, “[Navigating a Changing Insurance Market](#),” released today by [Aon plc](#), the leading global professional services firm providing a broad range of risk, retirement and health solutions, has found that the commercial European insurance market is at the cusp of a more consistent shift towards firming market conditions, that will have a strong impact on buyers.

Aon’s report finds that this shift is being driven by insurers’ response to high-levels of man-made and catastrophe losses, increased operational costs and evolving buyer demands and risk exposures. In 2017 and 2018 alone, global natural catastrophe losses reached record-levels of US\$247 billion. This unprecedented rise in catastrophe claims has been coupled with increased uncertainty surrounding future losses, as buyers place greater importance on evolving exposures such as reputational risk, intellectual property, cyber and non-damage business interruption, where there is limited historical data and less-mature risk models.

For commercial insurance buyers, in certain areas of the market, this shift in market conditions is likely to mean increases in rates, capacity constraints, tightening terms and conditions and a more critical attitude from insurers towards risk selection and risk management practices.

The extent to which buyers are experiencing these effects varies from country to country across Europe and by line of insurance. The report has found that there are more challenges where buyers are not providing enough underwriting information or allowing sufficient time for their renewal process. Conversely, if a business has a good loss record, supporting data, proactive risk management programmes and a thought through strategy, there are still deals to be done in the market.

Aon's **Hugo Wegbrans**, Chief Broking Officer EMEA said: "Commercial insurance market conditions have been very favourable for buyers in the past decade, underpinned by a prolonged soft market period. This, along with continuing loss activity, has led to a consistent change in insurers' attitudes with a renewed focus on profitability. How we respond to the changing market as an industry is critical. The market is firming, and buyers need to rethink their approach, ensuring there is an increased exchange of information between parties throughout the year to avoid surprises at the time of renewal."

**Richard Waterer**, Managing Director EMEA, in Aon's Risk Consulting practice, added: "As the market becomes more selective, buyers need to be proactive around the renewal process and improve the marketability of their risk profile. Businesses need to focus on developing stronger risk management programmes, identifying areas where claims can be managed and reduced, and increasing collaboration between the insurance buying function and their broader enterprise risk management team. Through working with their broker to ensure that insurer relationships are strong and risk data is robust, as well as considering alternative risk financing, such as the use of captives, businesses will be better prepared to navigate the impact of a changing market"

#### **Additional findings from Aon's insurance market heat map:**

- Property and business interruption, D&O and professional indemnity show the most significant signs of firming across Europe.
- The Netherlands, Belgium and Spain report a firming market across multiple lines of business, in particular motor fleet, professional indemnity and property & business interruption.
- The market remains competitive for some countries across selective lines of business, including the Nordic countries, Switzerland and Portugal.

## Notes to editors

This report focuses on what to anticipate from a changing market and why this should be a priority for organisations. It includes steps that organisations can proactively take to manage the expectations of their business stakeholders and deliver an optimal outcome. [Download the full report and view our insurance market heat map.](#)

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Verksamheten etablerades 1992 och idag har Aon Sweden drygt 220 anställda i Stockholm, Göteborg och Malmö. Aon är certifierade enligt ISO 14001, den globalt erkända standarden för miljöledningssystem. Besök oss på [www.aon.com/sweden/](http://www.aon.com/sweden/) för mer information.

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