

## Capital Remains Robust as Uptick in Natural Catastrophes in H1 2016 Sees Underlying RoE Fall, Says Willis Reinsurance Market Report

September 7, 2016

LONDON, Sept. 07, 2016 (GLOBE NEWSWIRE) -- Despite a more challenging catastrophe environment, shareholders' funds within the Willis Reinsurance Index\* increased to \$338.3 billion at H1 2016, an increase of 2.6% from \$329.7 billion at year-end 2015. These are the findings of the latest [Reinsurance Market Report](#) from Willis Re, the reinsurance business of leading global advisory, broking and solutions company Willis Towers Watson (NASDAQ:WLTW).

Net income for the Index remained robust at \$14.5 billion\*\* and was offset by \$10.6 billion of share buybacks and dividends. The figures suggest that while conditions continue to be difficult, reinsurers remain focused on maintaining their financial stability.

Reinsurers are under continued pressure from market pricing weakness that, when exacerbated by natural catastrophes losses\*\*\*, (H1 2016 increased to US\$31 billion from \$21 billion H1 2015 according to Swiss Re Sigma figures) led to an upswing in the combined ratio for the Index.

The report highlights that ongoing market pressures are manifesting themselves in a diminishing underlying Return on Equity (RoE), the full effect of which continues to be minimised by prior year reserve releases; for the Subset of the Index\*\*\*\*, this underlying RoE reduced from 4.9% in H1 2015 to 4.5% in H1 2016.

Commenting on the report, John Cavanagh, Global CEO of Willis Re, said: "There is no doubt that market conditions remain challenging for reinsurers. As the latest Willis Reinsurance Market Report highlights, the industry's return on equity continues to be flattered by strong support from prior year reserve releases. Despite this, the balance sheet strength of the market remains robust; reinsurers with significant balance sheet scale and breadth, and those which have reserved prudently will be best positioned to maintain profitability."

**Download the full report:** [The Willis Re Reinsurance Market Report](#) is a biannual publication providing in-depth analysis of the size and performance of the reinsurance market. Analysis is based on the Willis Reinsurance Index group of companies in 2016. The index includes 37 companies from across the globe.

\* INDEX relates to those companies listed within Appendix 1 of the report. Merger and acquisition activity has resulted in the exclusion of a number of reinsurers from the INDEX compared to H1 2015. We have also observed some distortions occurring within our industry-wide performance indicators due to the lack of relevant financial disclosure for the groups involved in these deals.

\*\* Net income and capital return figures reflect a change in the composition of the INDEX owing to M&A activity and include reporting from companies previously unavailable at the time of our half year 2015 report.

\*\*\* For the purposes of the report the term catastrophe loss reflects generally large single event claims as reported by the companies themselves. A catastrophe related loss may therefore not appear in our numbers as 'Cat Loss' unless it reaches a value that exceeds the company's own threshold for disclosure.

\*\*\*\* SUBSET is defined as those companies that make the relevant disclosure in relation to cat losses and prior year reserve releases. All constituents of the SUBSET are publicly listed groups that compose 58% of the aggregate capital INDEX.

### CONTACT

#### MEDIA

Annie Roberts: +44 20 3124 7080 | [annie.roberts@willistowerswatson.com](mailto:annie.roberts@willistowerswatson.com)

#### INVESTORS

Aida Sukys: +1 703 258 8033 | [Aida.Sukys@willistowerswatson.com](mailto:Aida.Sukys@willistowerswatson.com)

Willis Towers Watson 

Willis Towers Watson Public Limited Company