

Industry Leaders Expect Commercial Lines To Grow At Greater Pace Than Personal Lines; Cyber To Lead The Way, I.I.I. Survey Finds

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NEW YORK, January 24, 2017 ? Leaders of the property/casualty insurance industry expect to see a considerable increase in the commercial lines of insurance for 2017, with cyber a potentially huge untapped market, according to an Industry Leader Trends survey, conducted by the Insurance Information Institute (I.I.I.) at its 21st annual *Property/Casualty Insurance Joint Industry Forum*, held here.

Fifty-five percent of respondents noted that commercial lines will grow more in 2017 than personal lines. Moreover, 88 percent said that cyber would grow faster than the rest of the property/casualty (P/C) industry.

?This is not surprising given businesses within personal data-driven industries such as health care, finance and banking, retail, and communications view cyber risk as a real threat,? said Dr. Steven Weisbart, senior vice president and chief economist with the I.I.I. ?Growth in the cyber insurance market will also be driven by increasing demand for business interruption coverage.?

With several proposals to change the Dodd-Frank financial regulations, which was enacted in 2010, leaders were asked which proposals they would support. Forty-five percent said they would most likely support reform or elimination of regulations involving Systemically Important Financial Institutions (SIFIs). Other choices were to reform or eliminate the Federal Insurance Office (FIO); the Financial Stability Oversight Council (FSOC); or the Consumer Financial Protection Bureau (CFPB).

Respondents were also asked which state-based regulatory/policy trends they were most concerned about. Thirty percent said increased restrictions on underwriting; 23 percent said solvency regulation; 23 percent said multiple/duplicative data calls; and 10 percent said workers compensation opt-out legislation.

When asked what issues would be the most important to property/casualty insurers in 2017, 43 percent were focused on attracting the next generation of talent and skills to the P/C industry. Twenty-three percent said technology was of concern, particularly showcasing the benefits of the digital era for insurance consumers. Another 23 percent said the regulation of insurance companies increasing the costs and the complexity of doing business.

Leaders were also asked what they thought will be the key cause of M&A activity in 2017. Fifty percent said the need to achieve economies of scale.

“Size can bring economies of scale when certain costs, such as regulatory costs, are increasing,” said Weisbart. “Companies are also concerned about the need to diversity across product lines,” he said, noting 27 percent of leaders raised that issue. “Lack of diversification could result in highly volatile earnings and decreasing profitability for insurers.”

The ***Property/Casualty Insurance Joint Industry Forum*** was created to provide leaders from the widest spectrum of the industry with an opportunity to meet with each other in discussion of topics of general interest. Participants included nearly 200 representatives from property/casualty insurance and reinsurance companies and organizations.

The sponsoring organizations of the Forum represent a broad range of insurance interests and audiences. They include the Insurance Information Institute, AAIS, ACORD, American Insurance Association, the Association of Bermuda Insurers and Reinsurers, The Geneva Association, Insurance Institute for Business & Home Safety, Insurance Institute for Highway Safety/Highway Loss Data Institute, International Insurance Society, National Association of Mutual Insurance Companies, National Council on Compensation Insurance, National Insurance Crime Bureau, Property Casualty Insurers Association of America, Property & Liability Resource Bureau, Reinsurance Association of America, The Institutes and Verisk Analytics.

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