Today

- Insurers results
- Global market conditions
- Local market update
- Reinsurance
- The edge of the cliff
- Client strategies
Insurer Results

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
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<tr>
<td></td>
<td>118%</td>
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<td>99%</td>
<td>108%</td>
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<tr>
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<td>129%</td>
<td>130%</td>
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</tbody>
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Global Insurance Composite Pricing Change

*Note: All references to pricing and pricing movements in this report should be considered averages, unless otherwise noted.*
US Composite Insurance Pricing Change – By Major Coverage Line
Pacific Composite Insurance Pricing Change
Pacific Composite Insurance Pricing Change – By Major Coverage Line

- Pacific Property
  - Q2 15: -15.0%
  - Q3 15: -5.0%
  - Q4 15: -5.0%
  - Q1 16: 6.0%
  - Q2 16: 7.5%
  - Q3 16: 7.9%
  - Q4 16: 9.9%
  - Q1 17: 12.5%
  - Q2 17: 12.5%
  - Q3 17: 12.5%
  - Q4 17: 14.9%
  - Q1 18: 14.9%
  - Q2 18: 17.6%

- Pacific Casualty
  - Q2 15: -6.9%
  - Q3 15: -3.2%
  - Q4 15: -3.2%
  - Q1 16: -9.0%
  - Q2 16: 0.4%
  - Q3 16: 2.7%
  - Q4 16: 2.7%
  - Q1 17: 4.8%
  - Q2 17: 6.4%
  - Q3 17: 5.7%
  - Q4 17: 5.7%
  - Q1 18: 5.7%
  - Q2 18: 5.7%
  - Q3 18: 5.7%
  - Q4 18: 5.7%
  - Q1 19: 5.7%

- Pacific FinPro
  - Q2 15: -6.2%
  - Q3 15: -3.3%
  - Q4 15: -3.3%
  - Q1 16: 1.7%
  - Q2 16: 6.7%
  - Q3 16: 6.7%
  - Q4 16: 12.5%
  - Q1 17: 15.8%
  - Q2 17: 15.0%
  - Q3 17: 23.3%
  - Q4 17: 23.3%
  - Q1 18: 25.8%
  - Q2 18: 25.8%
  - Q3 18: 27.5%
Insurance Market Update
Market Drivers and Sentiment

Market Drivers:
- Reinsurance capacity and pricing
- Competition in the market
- Local vs international markets
- Insurers’ results

Rate increases imperative. Head office pressure to improve margins
Reduced line size to manage accumulated risks
Prepared to walk away from good business if remediation hotspots aren’t met
No need to compete, no pressure to grow new business

Market Sentiment Globally
**Reinsurance**

- Q1 reduction in capacity redressed
- ILS returning due to lower bond yields but fragile
- 1H Global CAT losses $15bn against 10 year average of $31bn
- Surplus means absent major CAT losses in 2H reinsurance rates flat
Client Strategies

- Elevate the conversation
- Need time in the market
- Be strategic
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