

## Media Release

### Size versus diversity in reinsurance – Launch of an empirical study of the European market

**Zug, Switzerland, 7 September 2017 – In reinsurance purchasing, diversity is more relevant than size. This, in a nutshell, is the outcome of a survey released today by SIGNAL IDUNA Reinsurance Ltd (SI Re), a Zug based European reinsurer. The study, which has been conducted by Dr. Schanz, Alms & Company, is based on in-depth interviews with senior executives in charge of reinsurance purchasing from 28 European insurance companies and brokers representing roughly € 51 billion in non-life premiums.**

According to the European insurers and brokers interviewed for the survey from May to June 2017, a broadly diversified reinsurance panel, in conjunction with the continuity and longevity of their reinsurer relationships, are the most relevant considerations in pursuit of their risk protection strategies. Size in itself, and a subsequent limitation on a small number of top tier reinsurers, as propagated by some reinsurers in the past and partially echoed by regulators and rating agencies, appears to be insufficient to address the wide and differentiated spectrum of reinsurance needs in the European market place.

Bertrand R. Wollner, Chief Executive Officer of SI Re says: “We are very much encouraged by the report’s findings, which we believe are of significant relevance to the reinsurance market at large. Our objective was to test the validity of the “big is beautiful” hypothesis which, as demonstrated by the survey findings runs counter to our cedants’ needs and the fundamental criteria that drive their reinsurance purchasing and panel selection decisions.”

Dr. Schanz, Alms & Company, an independent specialised (re)insurance consultancy conducted the research and authored the report which can be downloaded at [www.sire.ch](http://www.sire.ch).

According to the executives interviewed, tiering – the differentiation of reinsurers according to size – is in itself not a relevant determinant of reinsurance purchasing decisions. Size only becomes meaningful in combination with high security, large available capacity and continuity. However, insurers view the inclusion of reinsurers of all sizes as equally important. A good mix of reinsurers provides the utmost security and the opportunity to forge long-term relationships.

The insurers and brokers interviewed for this research maintain panels that range from 10 to more than 25 reinsurers. The majority deals with 10 to 15 reinsurers, but for short-tail risks in particular this number can easily exceed 30 reinsurers as in these lines relationships are less personalized and often managed by brokers. Ensuring a maximum degree of security while minimising counter-party risks is the main rationale for the broad diversification of panels.

A small group of highly rated leaders is frequently balanced against a wide range of followers with smaller shares to assure continuity, avoid dependencies, give access to a wide variety of expertise and offer the peace of mind that insurers expect from their panel. In fact, some panels have even increased in size over the past two years, predominantly to compensate for the larger shares that some reinsurers had built up as a result of mergers and acquisitions.

### About SI Re

SIGNAL IDUNA Reinsurance Ltd (SI Re) is a Swiss reinsurer based in Zug, operational since 2004. We primarily serve mutual insurance companies and focus on selected European countries. Sustainability, agility and commitment are the building blocks of our franchise. We are strongly capitalized as evidenced by an «A-» financial strength rating from Fitch.

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