INTERNATIONAL WHITE PAPER

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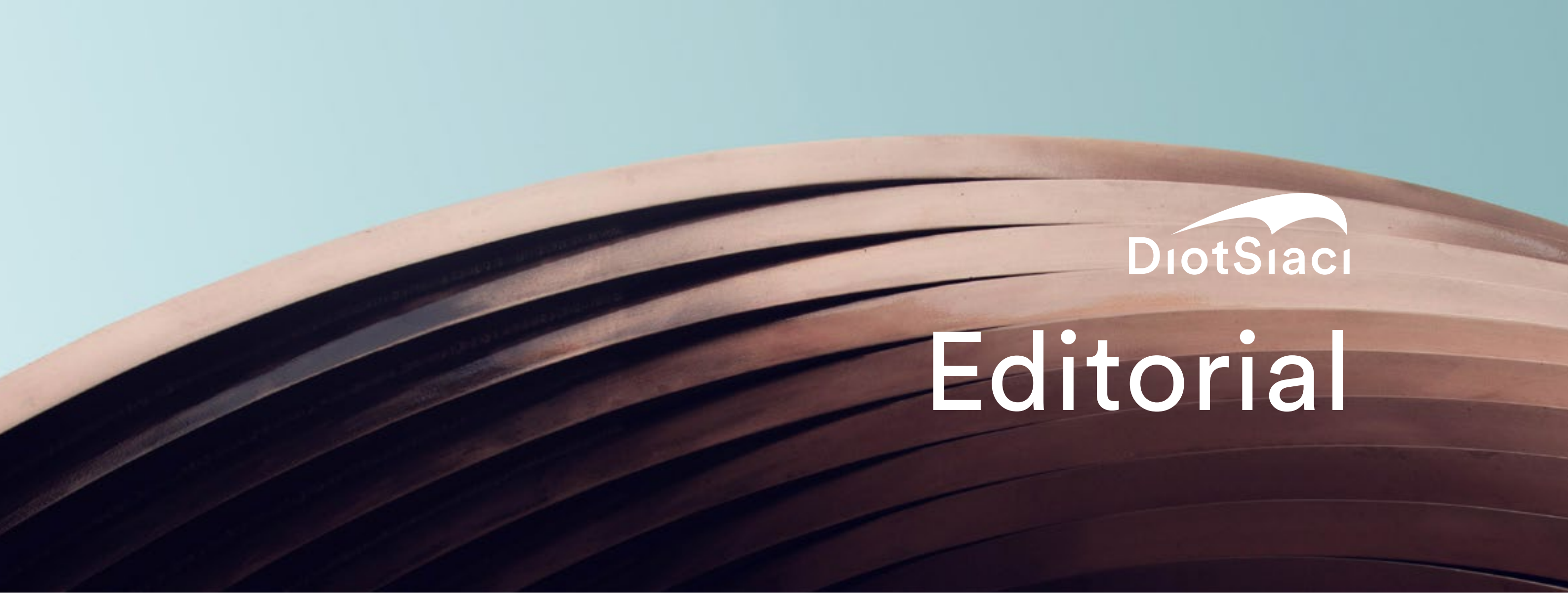


Editorial

> *We are delighted to introduce this international White Paper on the first anniversary of Diot-Siaci, thanks to the teams working across all geographies and expertise.*

Entering 2023, Insurance and Reinsurance markets have just finished the fourth year of a hardening market, which started in 2019/2020. Markets players lengthily describe the rationale of this market downturn with the underlying increase of losses, specifically those arising from natural catastrophes, influenced by Climate change and the need to transition towards a sustainable consumption of energy. Lower interest rates and even negative ones in 2019/2020 were a catalyst and drove a strong deterioration of the necessary balance allowing Risks Carriers to offer a solid third party security for the transfer of Clients' risks.

The insurance industry has globally digested this situation by working on portfolio remediation, by reinstating carriers' profitability, by offering new capacity and access to capital markets through ILS for instance, and has therefore created a window for a new competitive but selective environment.

As a Broker, we have largely contributed to help Clients face this situation by playing our role in the markets, by innovating and structuring new deals in view of optimising risk transfer solutions.

During that period, we have constantly focused our efforts towards the servicing of our Clients, looking at each and every innovation that allows Clients to transform risks into opportunities.

With these objectives and ambitions, the insurance industry has developed:

- Captives, including French-based ones recently benefiting from a more competitive and efficient legal environment;
- Alternative Risk Structures;
- Parametric insurance and reinsurance solutions.

All of these techniques are based on analytical capabilities in which we have steadily invested.

However, the unprecedented geo-political environment, specifically in Continental Eastern Europe with worldwide implications, the return to positive inflation rates, particularly high in the UK, and the slowdown of the Economy create enough perception of instability to drive Risk Carriers once again to increase premiums.

This current trend, and in particular after the four years of hardening market, is our concern. We are focusing our energy and capabilities on building solid arguments, including by using analytics, to demonstrate the true nature of our Clients' risks and negotiating with the market.

These markets trends appear to be different depending on the geographical zones.

Among the objectives of our 2023 Diot-Siaci International White Paper, Clients and Risk Management Professionals will find:

- Our views on markets by geography;
- The broad spread of our global network, Diot-Siaci Global Partners and the principles of how we operate on a global basis;
- A specific focus on risks and solutions that arise in all geographies.

Our 2023 Diot-Siaci White Paper is the result of our teams and partners working across geographies, analysing and structuring our views in a format that will help Clients and Professionals address their business issues in those geographical areas with the help and advisory skills coming from our Diot-Siaci Group both at international and local levels.

One of our strongest Partners, Lockton, will conclude and wrap-up this White Paper demonstrating the strength of our Global approach.

Cédric Charpentier

Group CEO

"We hope that you will appreciate reading this Paper.

Our Teams remain at your disposal, ready to assist you in resolving your business issues.

With our best wishes at the start of this New Year, and with our continuing support and commitment at management level."

Diot-Siaci Global Partners

Diot-Siaci Global Partners: Our expertise in global programme management

+350
Global
programmes

+5000
local policies

Offices and
partners in
170 countries

+30
international
specialists in Paris

40
spoken
languages

The Diot-Siaci Global Partners network consists of owned offices and long-standing partners in 170 countries. Our partners are independent brokers selected amongst the market leaders in their country on the basis of demanding criteria including expertise, market knowledge, resources and quality of service. The values that bring us together are our willingness to work as a team to provide the highest level of service to our customers and a strong common commitment to excellence.

Co-broker agreements and a global service standards charter contractualise our mutual commitments and define :

- the role of our partner brokers in accordance with a precise operating procedure,
- our expectations in order to serve our Client's needs throughout the world with the same high standards,
- more generally, the rules and tools to administer global programmes, i.e. management and reporting.

Our independence and flexibility allow us to offer our Clients the choice to select their own local broker. We know how to work with brokers outside our network if our clients wish so. Brokers outside the Diot-Siaci Global Partners network must, however, adhere to the collaborative management spirit and to the reporting procedures put in place for our Clients.

+30 international specialists

Our International Division created over 25 years ago is a multilingual team of 32 people based in Paris. The average experience in the administration of global programme of the team is 12 years.
Each client has a dedicated coordinator, who is the point of contact, across all lines of insurance, for the deployment and monitoring of the global programmes and stand-alone insurances.

The coordinators are used to working as close as possible to account advisors of each line of business involved in a given master insurance programme. That embeds a strong expertise to our clients.

Moreover, the coordinators offer a real added value to our Clients, because not only do they manage and monitor the global programmes, but they also provide information and advice for all aspects of insurance, including compulsory insurance, non-admitted insurance regulations, insurance tax rates and general insurance regulations and practices in those countries where our clients are present.

+350 global programmes and +5000 local policies

We manage over 350 global programmes from Paris and oversee the placement of more than 5000 local policies. We provide our expertise to all our international Clients, whether they are based in two or three countries or in over 100 countries.

We meet our partners on a regular basis along the year to ensure smooth exchanges and the respect of our mutal commitments. We regularly organise client meetings when our partners come to Paris.

GlobalNet - a dedicated international IT tool

We have created our own global programme management tool, GlobalNet, which allows us to send instructions, monitor progress locally and generate reports. Access to this tool is online and thanks to its validation system, GlobalNet provides real-time visibility on the state of programme deployment, while allowing total confidentiality of data, from the sending of instructions to the payment of premiums.

GlobalNet allows for even greater efficiency in network management, including premium and policy tracking.

> *“On the foundation of what we have built with our Teams and Partners over more than 30 years, we are very excited and committed to make Diot-Siaci Global Partners a strong alternative to competitors with solid elements of differentiation and added value.”*

Jean Rondard
International Executive

Roderic Upton
Director, International Coordination and Network

United Kingdom

Property

General Trends

- Property Nat Cat capacity is going to be challenging in 2023. In addition to Hurricane Ian, the market continues to talk about secondary/non-modelled perils, and their impairment on historical profitability.
- The market trajectory is changing due to the 1/1 reinsurance and retro markets, which are indicating a pullback in capacity and material changes in terms and conditions. Cedants will be both paying more and/or retaining more, which will correlate to retail pricing.
- Insurers are also being pressured on valuations from their reinsurance partners to reflect inflation rates.
- Capacity for risks with poor risk management will be limited/reduced.
- A hit to an insurer's underwriting profitability is likely to make it become more selective in its approach.
- Clients will benefit from risks that have a proven track record for robust risk management.

Outlook

- Be prepared to introduce competition and be ready to challenge long-standing relationships if necessary.
- Work with your broker to build a deep understanding of your risk exposures.
- Consider retaining more risk.
- Consider alternatives such as parametric insurance or raising captives.
- Demonstrate your rigor on validating values as underwriters will be demanding it and work closely with your broker.
- Work with your broker to understand an insurer's pressure points.
- Consider response to potential restrictions in indemnity periods.
- Be agile and open to new programme structures.
- Have a clear renewal strategy that includes a range of plans that respond to unexpected outcomes.
- More than ever, clear and documented communication is necessary.

Liability

General Trends

Following on from 18 months of rate 'correction', there is an incremental return of healthy competition in the market. Clients with strong loss experience and well managed risks are being rewarded as insurers move away from mandated rating increases. Moderate increases are not yet a thing of the past with insurers maintaining an average of +6% rate increases across most sectors. Some more challenging sectors still yield weighty increases with sector wide large losses in Healthcare and US Auto continuing to drive corrective rating measures.

Pressure from the US litigious landscape continues to impact pricing for global programmes, with lowered exposure thresholds for referrals to US colleagues. Clients with significant US Auto exposure are facing an increasing capacity challenge as insurers raise their minimum attachment points to as high as $10m in attempt to protect themselves from ever rising values of US claims.

We are seeing a creeping return of Long-Term Agreements where markets are keen to both retain and win clients. Although flat rate agreements are not commonplace, there is increasing appetite for 5-10% rate accelerator agreements with manageable loss ratio thresholds.

XOL pricing continues through a period of rate correction as insurers push to achieve a minimum of $/£1000 per million across most risks. Markets are willing to be flexible in their approach to achieving sustainable pricing with manageable increases year on year however clients should be aware of these increases when budgeting for their insurances.

Outlook

In order to tackle rate correction and coverage challenges in the market, it is crucial to effectively prepare for renewal. Clients should continue to work closely with their placement brokers to ensure the best possible outcome at renewal.

- Pre-renewal meetings should be utilised to set a consistent understanding of what the market requires from the insured and minimise back and forth during the renewal period. Insurers are requesting additional information including historic claims and exposure information up to 10 years back. Clients with any PFAs or Protect Duty exposure should be aware of the additional information markets will be looking for and the extra time needed to review. All timelines should be realistic for the agreed upon strategy to ensure we are maintaining the optimal outcomes.
- In the wake of the lessening impact of Covid-19, clients feel more comfortable remarketing their risk. To avoid saturation of the market through cyclical remarketing, a selective approach should be used. Using pipeline meetings and expiring submissions to gauge early interest is key in the drive for healthy competition and ensuring the client is paired with a market who can appropriately service their risk.
- The re-emergence of Long-Term Agreements should be utilised, display of extensive risk management and evidence of 'lessons learned' from any losses is effective in securing agreements for clients who are looking to partner with their insurer.
- The market continues to look favourably on those clients who are willing to take on more of their risk. Our style of broking lends itself to analytical modelling or 'Economic Cost of Risk' analysis which should be considered throughout the year to explore alternative retention options prior to renewal.

Directors and Officers Liability

General Trends

- Greater number of insurers willing to quote primary.
- Premiums largely reducing, especially in excess layers.
- Larger line sizes with most insurers returning to £10m as their maximum deployed capacity up from £5m.
- Incumbents agreeing premium reductions to maintain their positions and offer competitive terms for new business.
- The global economic environment will impact some clients more than others, and this is likely to be reflected in the availability of D&O capacity for them.
- The overall renewal outcome for each client will depend mainly on the business' financial strength, the sector and geographical spread.

Outlook

- The London market is almost back to the same capacity levels available for large D&O programmes before 2019, with some exceptions for challenging industry sectors such as travel, retail, hospitality, real estate, and care homes. Additionally, many of the insurers' business plans now contain restrictions for less environment, social and governance (ESG) friendly industry sectors and clients. Lloyd's has seen the launch of the first ESG syndicate (Beazley) specially funded to add capacity to those risks who have achieved the highest ESG accreditations.
- To secure the most favourable outcomes and attract sufficient capacity to complete D&O programmes, policyholders should work with their brokers to identify which areas of risk should be focussed upon – often this will include some or all of the following: financial resilience; diversity and inclusion; ESG and corporate, social responsibility (CSR); cyber network security; sanctions compliance; employment practices; and the inflationary costs environment eroding margins. In preparing well for questioning in these areas, policyholders will attract the maximum number of insurers, driving some competitive tension to maximise premium savings on renewal programmes.

Cyber

General Trends

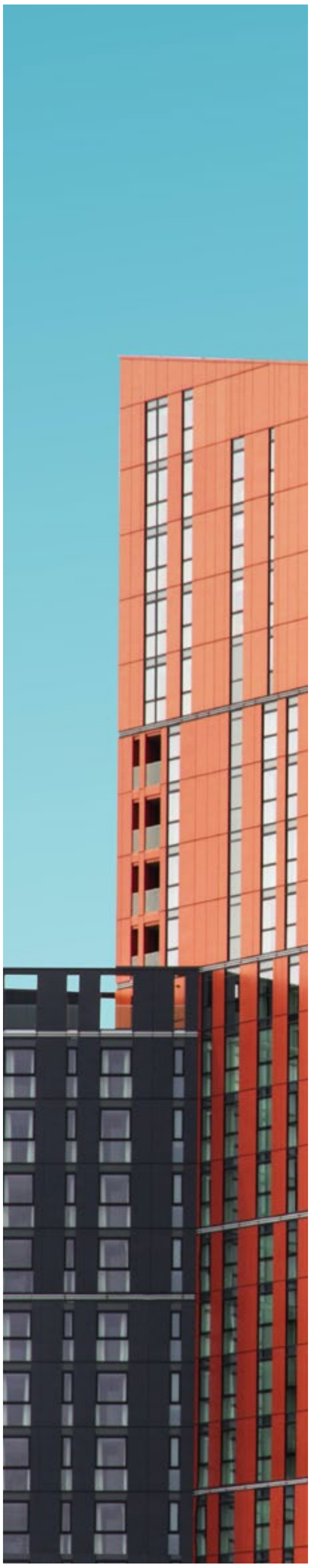
- Over the past 24 months, the cyber market has seen significant changes in premiums, retentions and coverage. This process began in 2019 on the back of a dramatic increase in claims, both in frequency and severity, especially the often most costly ransomware claims.
- To counter the drastic increase in paid claims, premium rates and retentions have been increasing ever since.
- Coverages once bundled in with a Cyber policy (for example crime) have mostly been taken out, with insures taking the view they should be purchased within separate policies.
- The increase in premiums across the market allowed insurers to mostly service their budgets with renewal business, subsequently and additionally only looking to underwrite firms with strong security controls which has caused a quick increase in both market maturity and minimum requirements around cyber security controls.

Coverage limitations and/or changes

- Specialist coverages once included within cyber policies have now mostly been removed, most notably cybercrime and media liability coverages, which are now viewed as better suited to bespoke programmes with a more tailored product although blended programmes do still remain.
- Broader broker wording drafted before the current market cycle is being scrutinised for the breadth of cover afforded, with many insurers looking to restrict coverage.

Outlook

- Looking at the Lockton retail renewal book year over year, Q1 of 2022 saw the highest average premium rate increase of ~180% with retentions increasing ~230% within the same quarter year on year.
- This trend is around one quarter behind wholesale business which saw the highest increases during Q4 of 2021.
- Q3 2022 premium rate and retention increases were ~70% year on year.
- Given the increase in insurer budgets granted by Lloyds and the recent entrance of new markets, we expect competition to increase over the coming and current quarters.
- Anecdotally, although we don't have the final data for Q4, we are seeing this competition already come into play particularly for the primary placements of larger firms with mature controls in place, some of whom have already seen rate decreases.



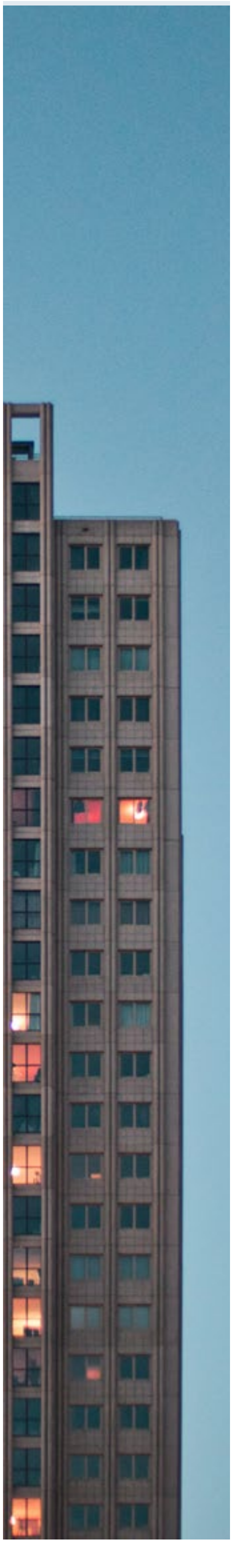
About Lockton

Lockton Companies LLP is one of the largest independent/ privately owned insurance brokers in the UK.

We employ over 1600 associates across our offices in London, Birmingham, Manchester, Bristol, Glasgow, Edinburgh, Aberdeen, Belfast, Newcastle and Brighton. We specialise in providing broking and risk management services to multi-national companies, large corporate and mid-market businesses.

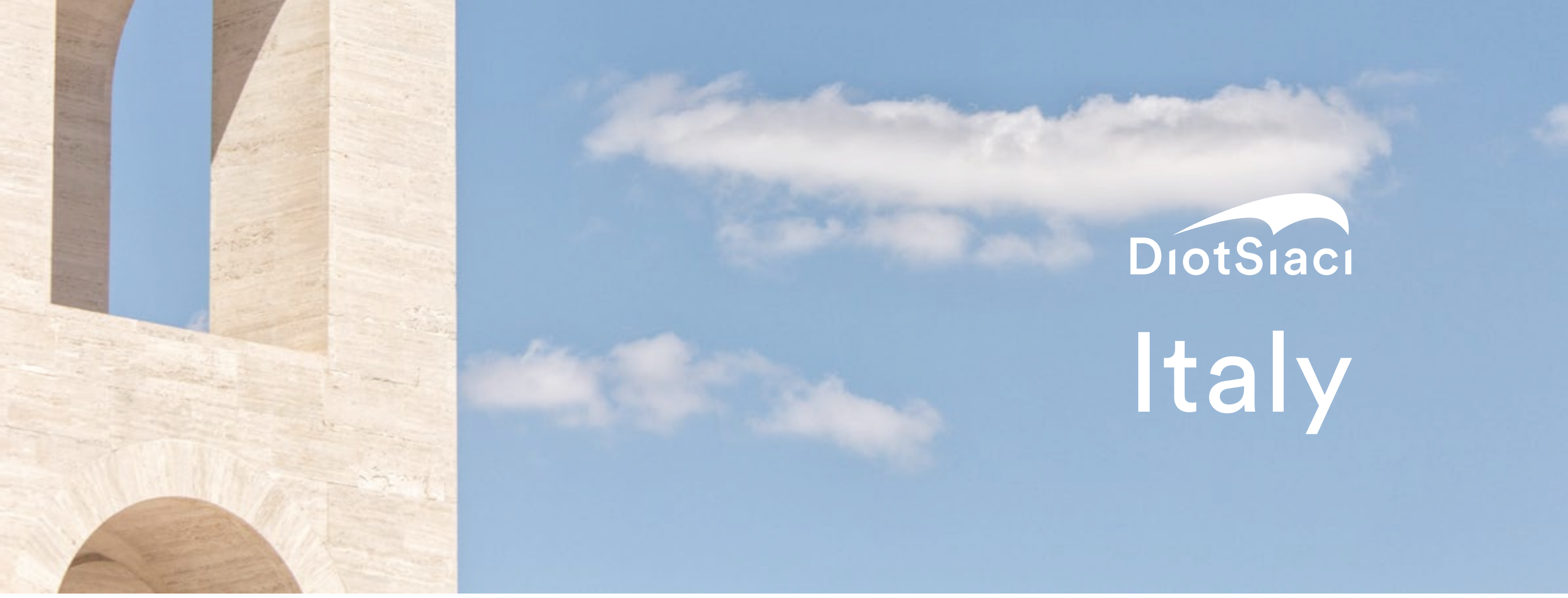
Our services include:

- Property & Casualty
- Professional Indemnity and all Financial Lines
- Real Estate and Construction
- Marine
- Aviation
- Energy
- Political Risks
- Retail client service
- Claims
- Wholesale broking into Lloyds and the London Market
- Reinsurance
- Risk Consulting and Risk Management
- People Solutions and Employee Benefits



Michael Goudime

Partner & Operations, Lockton Global Partnership
Lockton Companies LLP



Italy

Property

General market trends

The hard market situation, which started 2 years ago remains. In general, capacity is being reduced by 25% -30%.

Coverage limitations and/or changes

Pressured by the reinsurance market, Insurers continue the review of policy wordings. If not already provided, at renewals, insurers are generally including the following exclusions:

- Communicable Disease
- Cyber
- Russia, Ukraine and Belarus

In addition, Climate change and its impacts in terms of Nat Cat exposures is a major concern for Property underwriters that are more and more increasing the deductible percentage of insured values applied to this type of cover as well as reducing the applicable limits.

Evolution of the rates

Rates are still increasing (10%-15%, up-to 25% for risks with a poor Loss Ratio). Inflation is also playing a significant role in the increase in premiums.

General Liability

General market trends

The conservative underwriting approach seems to continue, and the hard market phase does not seem to be over. It is almost impossible to obtain premium reductions, even for accounts that have not incurred any losses. The tendency is for premium increases in the range of 10%-15%, a trend justified also by the increase cost of claims management and inflation.

Coverage limitations and/or changes

Insurers are automatically excluding:

- PFAS, opioids, pandemics

Furthermore, the majority of insurers require:

- total exclusion for Russia, Ukraine and Belarus

Evolution of the rates

Premium increases are expected to be less systematic, applied case-by-case and based on the technical risk quality. The pricing trends will continue upwards, by at least 10%, including for the risks with a positive loss ratio.

D&O

General market trends

After three years of portfolio remediation, prices seem to be starting to stabilize. Renewals have been mostly flat or have experienced slight increases (5%- 10%) for the most exposed risks, such as financial institutions.

Coverage limitations and/or changes

- Automatic exclusions of Russia, Ukraine and Belarus
- Total Cyber exclusion

Evolution of the rates

The D&O market continues the transition to a flat market, although the conservative underwriting approach is expected to remain.

Cyber

General market trends

The hard market phase is continuing due to the increase of number of claims, inflation, increasing management costs.

Coverage limitations and/or changes

- The ever increasing number of Cyber-attacks is pushing insurers to reduce capacity and increase deductibles.
- Insurers seem now to be in doubt that even loss prevention measures can help mitigate the constant evolution and sophistication of cyber claims.
- Insurers are more and more reluctant to provide ransomware cover, which is slowing disappearing.

Evolution of the rates

Premium rates remain very high even for good risks forcing companies to consider reductions of the limits they purchase. On the average, rates are again expected to increase at least by 25% in the course of 2023.

Employer's Liability cover in Italy

We would like to highlight the importance of this cover for the Italian companies.

Employer's Liability is not compulsory in our country, but it is highly recommended.

In Italy Professional Accidents and Diseases are insured by a State Institution, called INAIL (Istituto Nazionale Assicurazioni Infortuni sul Lavoro). INAIL, which is mandatory for all employers, settle all the accidents occurred to employees during work, (according to a fixed percentage established by the INAIL scale), irrespective of the liability that the Employer might have.

In case the Employer is considered liable, INAIL can recover against the Employer, claiming back the amount already paid to the employee; this right is exercised on a regular basis.

In addition, employees can sue the Employer directly by virtue of the contract of employment, independently of the action taken by INAIL. This is also a normal practice for the cases where the employee is not satisfied by the amount liquidated by INAIL and for the deductible applicable to 'Biological damages' by INAIL.

Both INAIL and Employees can recover or take direct actions against Employers' at fault for Professional Diseases.

The consequences of the above is that Companies normally, take up Employer's Liability insurance to get protection against INAIL recovery actions and/or actions taken by employees.

International Liability Insurers are not always prepared to provide Employer's Liability insurance within global programmes and, if they do, they seldom provide the extension to Professional Diseases. Even in the few cases in which they are prepared to provide Professional Disease cover, they are normally restrictive in the wording.

To manage these exposures MAG has set up an EL stand-alone scheme dedicated to incoming clients with very broad wording and competitive terms.

Enrica Camisasca

International Clients Manager MAG

MAG

BROKER DI ASSICURAZIONE

About MAG

Founded in 1978 under the name of Marine & Aviation SpA, the company was approved in 1983 as Lloyd's of London Correspondent and Cover-holder. In 1993 with the foundation of Marine & Aviation & General Ltd (Lloyd's Broker located in London), Marine & Aviation became the first Italian broker with direct access to the Lloyd's market. In 2012 the company made several acquisitions, including 75% of Uniconsult, a local broker specialized in construction business, UBI Insurance Broker, the captive broker of UBI Bank, Fincom2, specialized in Financial Institutions and Affinity. The following years were all dedicated to acquisitions and consolidation (2013 acquisition of Mondialbroker, market leader in Cash in Transit, 2016 takeover of Risk Solutions Insurance Broker, specialized in Corporate, Middle Market and Affinity, 2018 J&V with Goggi Sterling, insurance broker, specialized in goldsmiths and jewelers), with the aim of completing the Company's range of services and specialties. After years of expansion and international partnerships, in 2020 the Group reaffirmed its Italian identity and independence creating "MAG".

2021 MAG expanded its business by acquiring 75% of Gruppo Centrale SpA and further strengthened its presence in the region. It opened offices in San Marino, Livorno, Catania and Bari.

Today MAG is a group which counts 350 employees, has a turnover of approximately €35 m, manages insurance premiums in excess of €350m and has 22 offices in two countries (Italy and UK). MAG provides advisory services through three main Divisions (Individuals, Corporate and Special risks) and to deliver the best in class service, has created a number of specialties (Bond, Cash in Transit, Credit, Engineering, Financial Lines, Fine Arts, Marine, Motor, Welfare and Yachts).

MAG London was the first Italian Lloyd's Broker. With 25 years of direct presence in London, the company can boast strong and reliable relationships with underwriters. The company has more than 40 professionals who placed insurance premiums in excess of €40 m in 2021. MAG London has a valuable competitive position in specific specialties such as Cash in Transit, Fine Arts, Contingency, Classic Car, Professional Indemnity, Cargo, Marine & Hull, Sport & Entertainment and Jewelers' Block

Germany

General trends

The current economic and geopolitical environment (supply bottlenecks, effects of the war in Ukraine, energy crisis involving spiraling prices) is having an impact on all lines of insurance.

Not only the lasting pandemic, but also the political changes with respect to the war in Ukraine have put the supply chains under severe pressure. Ports have been closed or have reached their capacity limits and are facing tremendous difficulties in getting back to their usual operating rhythm. This is not only the case in Asia, but also here in Europe and, in recent weeks, increasingly also in Germany. This results in raw material bottlenecks, production downtimes or blocked transport movements of unprecedented levels.

The war in Ukraine causes far-reaching financial consequences for all sides. Insurers from (seen from a Russian perspective) “unfriendly countries” can no longer offer local policies in Russia, so that companies wishing to continue their operations in Russia can only purchase local insurance cover from local Russian insurers. Consequently, it is to be expected that this will also lead to higher premiums. The first insurers have announced their intention to introduce an exclusion for any losses in Russia and Belarus, while other market participants do not yet consider this to be necessary. It remains to be seen whether the market will find a common stance.

Social developments, such as the clear trend towards greater sustainability, summarized under the abbreviation “ESG” (Environmental, Social, Governance), are also gaining in importance in the insurance industry. Companies that do not meet such criteria will in future tend to have more difficulty in purchasing the insurance coverage they need.

Property Damage and Business Interruption Insurance

Market Situation

The non-life insurance market has hardened considerably over the past 5 years. The outlook for the upcoming market renewal phase shows: emerging opportunities allowing well-positioned and prepared companies to exploit them to their advantage.

The torrential rains accompanied by devastating floodings in July 2021 not only cost more than 180 lives, but also caused the largest losses known to date. The insurance industry quantifies the cost at more than 8 billion euros. It is hardly possible to gauge when the visible damage will be entirely remedied.

Another factor was the unchanged high number of claims running in the millions (worldwide) arising from fires or explosions, which had a negative impact on the business results of the insurance companies.

The consequences of the COVID 19 pandemic remain unchanged in some sectors of the economy; the war in Ukraine is causing untold personal suffering, while also causing major global disturbances of an economic nature in the form of supply disruptions, the effects of sanctions, increases in energy prices, etc. This is accompanied by a rise in inflation the likes of which we have not witnessed since the 1970s.

Rises in construction costs or capital goods expenditure have a 1:1 impact on property insurance premiums. Assuming no changes over the next year, the increase in the relevant factor (German Federal Statistical Office) will be close to 20 percent for buildings and almost 10 percent for contents. It remains to be seen whether insurers will “offset” their premium requirements against the expected additional premium income from such price increases.

As limits of indemnity increase, insurers calculate larger maximum losses. If a liability limit has been agreed, this should be reviewed and adjusted upwards where necessary. Both will lead to more capacity requirements, which insurers will respond to by reducing their underwriting shares.

In the context of supply bottlenecks, particular attention should be paid to the agreed liability periods. We therefore recommend that all businesses conduct an intensive analysis of the supply chain situation. Our experts will be pleased to assist you with this.

Current Impacts/Coverage limitations and/or changes

Along with the economic effects of the **war in Ukraine** described above, insurers are reacting - in line with the regulations on sanctions - by excluding risks in Russia and Belarus. For the coming renewals of international insurance programmes, those risks that are located there will only be insurable via the Russian market, without the option of an additional DIC or DIL cover or financial interest clause from the German master policy. For objects located in Ukraine, insurers have signaled their intention to provide suitable solutions on a case-by-case basis.

The changing circumstances also affect the **reinsurance market**. The premiums for underwriting portfolios with a focus on natural hazards in Germany are raised significantly. Primary insurers will pass on this upward pricing trend in the form of higher premiums.

General market trends

Primary insurers will likewise once again take a critical look at the capacities they have provided, especially **for flooding**. It is likely that only lower limits will be offered for individual locations in the future. In some arias carrier will no longer provide flood insurance. Currently, the coverage or provision of **capacity for heavy rain** seems to be moving into the focus of some insurers. The willingness to underwrite correspondingly high limits is decreasing.

In individual cases, it will certainly be possible to close this gap with suitable layer solutions, albeit at significantly higher premiums.

Insurers will withdraw from individual sectors on account of a reorientation in terms of sustainability. In general we see that carriers are reducing their capacity (each risk) and in some cases even more dramatically.

Additionally we notice a clear change (but already for 2 years) in leadership quotas of international programmes, which is becoming more and more evident at more and more carriers. Whereas previously we could assume «stable» leadership quotas of 30% or more for the leading carrier, today you have to be happy that one carrier retains a 20% share in the leadership. It makes the consortium larger overall, and the findings for additional carrier on the panel more difficult. As a result, the consortium as a whole becomes larger, the search for participants becomes more difficult, and the issue of leadership commission still has a higher priority among potential leadership insurers and is therefore demanded much more aggressively/intensively.

We see more and more vertical placements as well. Consequently, a higher workflow on premium allocation and other after work is needed.

Outlook Businesses with a more favorable claims experience in industrial sectors that are considered as being non-critical will be able to continue their contracts at unchanged conditions. There will also be options to extend the duration of the insurance contract over several years to lock in these conditions in the medium term.

Liability Insurance

Market Situation

Following a significant hardening of the market in recent years, hopes were high at the beginning of the year that the overall situation in the industrial liability insurance sector might calm down somewhat. Since then, however, circumstances have changed again.

General market trends

We see still a hard market with slight flattening tendency. Intended capacity reductions already mostly implemented.

Despite an apparently only modest increase in reinsurance premiums in the liability line with effect from January 1, 2022, policy renewals 21/22 were difficult for the most part. This was in particular the case for loss-affected risks along with businesses that are active in sectors, which insurers deem to be critical, and for large corporations that operate on an international scale. In some cases, insurers demanded significant increases in premiums and deductibles along with reductions in capacity, especially in the area of motor vehicle recalls.

The trend in the USA remains an important factor for the global development of premiums. For many German companies, this development is also of great importance, either on account of local U.S. subsidiaries or U.S. exports. In the USA, premium rates have increased for the past 18 consecutive quarters.

Increased raw material prices, higher energy costs, and the like, which are passed on to customers in the form of higher prices, are boosting the sales of many companies without having any positive impact on their EBIT. Since many liability contracts are on a revenue-based footing, this will also lead to rising premiums, which in turn will be to the expense of profitability. In this respect, it should be examined whether it is possible to change the basis for premium calculation.

As has been reported in the past, new legal developments are still pending or have already been implemented. Unfortunately, experience shows that new regulations tend to tighten liability for businesses and only rarely relieve it.

Current Impacts/Coverage limitations and/or changes

On January 1, 2023, the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) will come into force. It will initially apply to companies with 3,000 or more employees, and from January 1, 2024, it will apply to companies with 1,000 or more employees. Besides the additional effort required to conduct a risk analysis along with any risk management measures that may be necessary in this respect, the civil and criminal liability of a business will also increase.

Moreover, there is a similar initiative at EU level; on February 23, 2022, the EU Commission presented a draft for an EU supply chain law. The draft is much more extensive than the German LkSG. The EU draft, for example, requires companies covered by this law (with 500 or more employees) to audit their suppliers along the entire global supply chain. The law also includes civil liability for companies, so that compensation for damages would be directly enforceable by European courts. As it is expected that this EU directive will have to be transposed into national law (probably from 2025), costs are likely to increase further.

Outlook/Evolution of premiums

A positive trend observed is the slight flattening of price increases and a stabilization of capacities. This indicates that the measures taken by insurers in the liability segment in recent years have been successful from their perspective and have meanwhile improved the earnings position.

Cyber Insurance

Market Situation

The last renewal phase in cyber insurance alone left deep scars on all clients. Many businesses had to accept tremendous premium increases of up to several 100 percent, along with increases in deductibles and reductions in the capacities offered on the market. The rigorous approach of some insurers was a signal, but unfortunately, this hard market phase is not yet over. We also have to wrap up warmly for the upcoming renewal negotiations and prepare ourselves for a market that remains restrictive. The claims situation and the number of ransomware attacks remains high across industries and around the world.

Whether you already have cyber insurance in place or are interested in obtaining one as a new client: the structure of the corporate cybersecurity set-up is a key factor in insurers' assessments and in obtaining acceptable quotations. It seems to become common practice for insurers to include conditions and requirements subject to certain time limits in their quotations concerning the optimization of cybersecurity. If certain minimum requirements are not fully implemented, some insurers may not submit a quotation to the client.

For corporate customers, who faced tremendous premium increases at the last renewal, the focus is on choosing the right deductibles. Deductibles ranging from one million euros to five million euros and higher are no longer an exception.

Corporate customers with their own captives in other lines of insurance are exploring the options and considering transferring these risks.

Current Impacts/Coverage limitations and/or changes

Trend: Reduction in capacity per risk down to 5-10 Mio EUR.

As in all other lines of insurance, territorial exclusions for Russia, Belarus and Ukraine are included in cyber covers as a result of the war in Ukraine, and sanctions and compliance audits are intensified by insurers.

Some insurers are also tightening exclusions on cyberwarfare and cyberterrorism ass well as Silent Cyber limitations and accumulation clauses.

The newly introduced secondary cover clauses in the various lines of insurance are also tricky. Especially in D&O insurance, fidelity insurance and now in cyber insurance as well, insurers seek to subordinate the respective contract to other contracts in the event of a claim. If a dispute arises as to which contract is to provide indemnification first, this may become extremely problematic in the event of a claim.

Outlook/Evolution of rates

In fact, the overall underwriting for cyber risk coverage is becoming more complex and poses new challenges for clients.

Premium and deductibles still increasing. Layer solution more and more expensive as well

In this respect, we recommend commencing renewal negotiations and conducting a market survey at an early stage. Cyber risk dialogs are also increasingly being requested. Businesses should be prepared for this. In many cases, this causes delays in the process leading up the conclusion of a cyber-insurance policy.

In the future as well, cyber losses are likely to increase dramatically. For this reason, insurers will continue to raise their premium rates along with an increase in the policyholders' deductibles.

Martin Schmidt

International Network Manager
Ecclesia Group / deas Deutsche Assekuranzmakler GmbH

About Ecclesia

"100% focused on the needs of customers. Digital portals, ecosystems and specialized knowledge across the board - added value for the future", says Jochen Körner, one of the chief executives of the Ecclesia Group.

The shareholders of Ecclesia Holding have given the company the mandate to protect customers' assets from damage in the best possible way. All parts of our group are therefore guided in their actions exclusively by the criteria of customer benefit and competitiveness, in order to provide the best possible services and achieve the highest possible market share.

For us, profit is not an end in itself, but the yardstick for measuring how successfully we represent the interests of our customers vis-à-vis the insurance companies. This is precisely why we have recorded not only rising sales revenues but also a steady increase in profitability since the company was founded.

Our clear goal is to further expand our qualitative and quantitative market leadership in Germany.

Today, more than 2,000 employees work for the group and more than €300m turnover has been achieved.

In Europe, the Ecclesia Group is represented by its own companies. This includes the Netherlands, Belgium, Austria, Spain, Italy and Turkey, with various specialist brokers for diverse areas such as logistics, credit, employee benefits, M&A and retail reinsurance broking.

The industrial broker of the group, deas, bundles the competence for industrial insurances. Within the framework of permanent mandates, our company offers insurance and risk consulting as a representative of its customers' interests and takes over the purchase of tailor made insurance contracts with the best possible conditions and prices.

Central Eastern Europe (CEE)

General market description

Austrian Financial Supervisor FMA has recently characterized the development of the insurance market as follows:"the insurance year 2022 reflects the massive economic implications of the war in Ukraine, such as rise of the inflation rate, volatile capital markets, smaller economic growth leading to fears of a coming phase of recession and last not least the turn in the development of interest rates. Thus, the assets of Austrian insurers have decreased by 9% down to approx. 125 billion EUR. On the other hand, the overall premium volume has increased by 7%." Two thirds of Austrian insurers show a solvency ratio (SCR) of more than 200%.

Until premium figures for 2022 for the whole market are known, we rely on those of 2021. That year the overall premium volume was 18.6 billion EUR, which means a per capita premium of 2,022 EUR or an insurance penetration of 4.5%. Non-Life/non-Health insurance amounted to 10.2 billion EUR, resulting in an insurance penetration of 3.1%, which is comparable to France and other European industrial nations.

The premium volume of all lines of industrial insurance can be estimated to be 1 billion EUR.

One of the peculiarities of the Austrian market is that it is dominated by three big insurers whose market shares range between 13.5 and 21 percent, among those the two genuinely Austrian market leaders Uniqa and Vienna Insurance Group (VIG). All other approx. 50 market participants remain in the one-digit sector, most of them below 1% market share. There are several strong regional insurers belonging to the Austrian Länder, but they are mostly acting locally and concentrate on private business.

Another historical peculiarity is the overall strength of international insurance groups of up to 40% market share, ranging from local public companies like Generali, Allianz Zurich down to subsidiaries and branch offices of insurance groups like AXA XL, Chubb or AIG. The latter are specially interesting as they bring innovation to the market, since they are active in all lines of industrial insurance not excluding Cyber or D&O, which domestic insurers in most cases try to avoid.

In all, capacities offered are similar to the other European markets, as business is written both in domestic books and in the books of parent companies abroad.

For market figures in detail see the annual report of the Austrian Insurance Association: www.vvo.at (in German).

Major topics on insurance

Last renewal in industrial insurance was not always easy, especially in Property and Cyber insurance, where insurers reacted to a relatively low premium level inherited from the soft market that lasted for more than ten years and to the growing loss potential resulting from a steadily growing digitization. Discussions between insurers, brokers and clients were overshadowed by the new **territorial exclusion** for Russia, Belarus and Ukraine, with which insurers completed their exclusion instruments already made up by traditional war exclusion clauses and the newer sanction clauses. In the end, arrangements could be made to include Ukraine at least in Financial Interest Clauses, but Russia and Belarus remained excluded. We can only hope that territorial exclusion will not become a normal tool, applied later also on other states on which Western insurers and reinsurers turn their back.

An insurance scenario brought along by growing inflation is **underinsurance**. The insurance market and brokers are concentrating on telling their clients to adjust sums insured wherever necessary, both in Non-Life insurance and in Life insurance with the perspective of future pensions.

Nat Cat exposure due to meteorological phenomena remains a worrying issue. As a mostly Alpine country with several big rivers, the threat of severe thunderstorms, flood, inundation, heavy snowfall and winter storms is present and claim figures are rising almost every year. Newest world climatic data indicate that the risk and the consequences of drought will become an issue in Central Europe as well.

New risks such as Cyber, but also the more traditional D&O liability, are more and more insured in Austria, leading to a growth of insured claims, where the exposure of Cyber is also seen in connection with the pandemic and the high percentage of home office work.

Austria is participating in and encouraging the European Union's Green Deal strategy that will lead to a further spread of alternative energy sources (windfarms and solar energy) as well as to a high degree of industrial innovation. It remains to be seen how the producing and transporting industry will be affected both by own investments of insurance companies and by "ecological" underwriting decisions.

Situation of underwriting in industrial insurance – outlook after 2023 renewal

In addition to the general statement made above, the different lines of business show the following tendencies:

Property insurance incl. BI:insurance of industrial risks will remain under the influence of hard market underwriting decisions, with steady premium increase. Especially large risks and international programmes will be difficult to place. On the other hand, insurance of SME risks remains highly competitive, there is no increase of rates to be seen. Apart from territorial inclusions and strong sanction clauses coverage remains unchanged according to the Named perils system instead of All Risks.

In **General Liability**, the overall premium situation is stable, there is no reduction in coverage offered and capacities are sufficiently available. To obtain appropriate cover for Product recall may be a bit more complicated.

It seems that the hard market in **D&O** experienced in the last two to three years is already a thing of the past, but premiums now stay at the high level achieved during insurers' last efforts to improve the results of their portfolios. Special wordings and clauses are thought over twice until they are accepted by insurers. In all, this line of business can be considered as stable at this moment.

The insurance landscape in **Cyber** is thoroughly changing: there is less capacity available, premium rates are increased up to 50%, higher deductibles are asked for. Insurers take a much closer look on the risks they are asked to insure, they want to see more and better security measures, very often the underwriting is based on a broad risk dialogue with the insured. Therefore, it may take up to six months until an offer will be submitted by the insurer.

The main topic of the year will remain the **ESG** strategy of the EU and its implementation in the underwriting of insurers. GrECo and MAI will also focus on this topic both in measures concerning the own business operation as well as in insurance consultancy. There will also be an ESG check of insurers as an additional element of our recommendations to clients. A new focus will be put on all questions regarding energy production and distribution, especially the increase of energy pricing.

Central Eastern Europe (CEE)

In 2022, the GrECo Group completed the purchase of MAI Insurance Brokers and could thus intensify its activities in CEE countries and in the Baltics and extend operations to two more countries outside the EU – Albania and Georgia. We are now working with increased strength in all Eastern EU markets and in neighboring countries that have a certain EU perspective, like the two mentioned plus Serbia and Turkey. A special area where service can be provided through our own operation is Ukraine. Despite the atrocities of the war in that country our GrECo and MAI offices in Kyiv are working and try to arrange local cover as far as it is possible on their domestic market. Also due to the war, Russia and Belarus have been cut off from the Western international insurance markets by regulations put into force by both the European Union and the Russian Federation. GrECo and MAI decided to leave Russia, but since it is very important for us to support our clients and those of our business partners worldwide, we opted for continuity and sold our companies to the local management headed by Andrey Panov, who will run the company on the local market as Russian company Nobilis Brokers. In this update of our report, we want to give broad information on news from the market in **Russia**, as there have been many changes during 2022 and many developments may still come.

We are starting our CEE report with the **Czech Republic** as a good example of market developments to be observed in those countries that adopted Western standards immediately after the fall of the Iron Curtain and have become members of the European Union in 2004. The Czech Republic is known for its industrial tradition which could be renewed and modernized with international groups starting to work there and with original Czech know-how and products aiming at exportation and international expansion.

Finally, we shall take a brief look at **Turkey**, an insurance market fighting with high inflation and currency depreciation, being under constant threat of major earthquakes.

Czech Republic

In 2021, the Czech Non-life insurance market experienced a 10.1% growth and reached a GWP volume of EUR 5.14 billion. This development was made possible by a strong increase of Motor and Property insurance. The country was hit by extreme weather events (tornadoes) in Summer of that year, which had an impact especially on Property insurance, thus influencing insurers' underwriting behavior described in the following.

The Czech insurance market is generally led by the Central European insurers (Generali, Vienna Insurance Group, Allianz, UNIQA), which means that in **Property insurance** cover is restricted to the "Named perils" model. Premiums and deductibles still remain rather low compared to Western European standards, although insurers announced their wish for premium increases during 2023. Coverage is being standardized for both industrial insurances and SME risks. A major concern is currently the high inflation rate (16,20% - Nov. 2022 vs. Nov. 2021) that leads to the necessity of increasing sums insured for both PD and BI. Standard exclusions make a sensible difference to All Risks insurances elsewhere, especially considering exclusions such as properties within a 20-years-flood-zone, damages caused by expectable climatic events (like rain/snow), damages to empty buildings or interruption of utilities supply, where solutions have to be found individually.

General Liability insurance shows a similar picture to Property, where low premiums and low deductibles are concerned. Sums insured for corporate risks are still very low, they are in most cases below EUR 2 million. It is expected that they will increase above all under the influence of high inflation as described above, but if premium rates are likely to be increased in 2023, this may lead to bargaining premium rates with sums insured and coverage offered.

A specialty of the Czech insurance market is **Employees´ Liability insurance.** Employees are liable by the Labor Code up to 4,5x of their monthly salary for the physical damages caused to the Employer. Because the Property Insurance usually doesn´t apply on the damages to the machinery/equipment/stock/motor vehicles caused by the employees, the employers use to require a loss indemnification from the employee damaging the item. And this separate insurance line protects the employee with a typical 10% deductible. Another typical Czech coverage extension is the **liability for recourse of health insurance companies** for medical treatment costs. When an employee or a third party suffers a bodily injury, their health insurance company will pay the costs of the medical treatment, but immediately requires the compensation of the costs from the employer and/or a company liability for the bodily injury. This extension insures these costs, usually with a quite low deductible (40€-400€).

In **D&O**, the Czech insurance market is dominated by the Anglo-Saxon insurers (Chubb, Colonnade, Star) followed by the CEE insurance groups and smaller local insurers (Direct, Maxima). The sums insured are usually below 2 million EUR with a zero deductible. As modernization proceeds, this coverage becomes a standard protection for industrial companies and is often arranged also by SME. Premium rates are very competitive, and the last years have seen a tendency of premium decrease. In the last renewals, underwriters' wishes to increase premiums have been very moderate.

The Czech insurance market in **Cyber insurance** is led by Anglo-Saxon insurers (Chubb, Colonnade) followed by the CEE insurance groups and smaller local insurers (CSOB Insurance, Maxima). Coverage is usually bought by the larger industrial companies, not by SME. Insurers still try to keep the premium rates on the low level to attract more customers for this line. But as they depend on the international insurance markets usually pushing for a higher premium, a premium increase of about 5 % can be expected. Quality of the risk is key, there will be no cover for a company failing to protect its data by efficient protection devices.

GrECo International s.r.o. was established in the Czech Republic in 1992 and employs about 60 experts in Prague and two other offices. An integral part of the professional services is claims handling. The company also employs risk surveyors and experts for insurance segments like logistics & marine, M/A risks, construction and real estate, sport and entertainment, aviation risks, financial lines and financial institutions. The contact person is Jiří Kulas, CEO, e-mail: j.kulas@greco.services.

Russia

The Russian insurance market consists of 223 market players (146 Insurers, 58 licensed insurance brokers and 19 other insurance related companies – based on official report, provided by the Central Bank dd. 01/04/22), but their number is decreasing (e.g. minus 7 within one year).

After the restrictive measures taken by the state in connection with Covid-19 in 2020/2021, the insurance industry was recovering, but the outbreak of hostilities in Ukraine had huge consequences on the local market during last year.

- The market is cut off from international reinsurance – so capacities offered shrink to the net capacities of insurers plus capacity of Russian National Reinsurance Company (RNRC) that has been strengthened in its role by a capital increase by Russian National Bank.
- All Russian insurance companies have to offer RNRC 50% line in all outward reinsurance business (the compulsory ceding RNRC by Russian insurers was increased from 10% to 50% of reinsurance order, in accordance with Law FZ 46 dd.08/03/22).
- The financial security of Russian insurers (satisfactory in the past) will worsen substantially, rated international reinsurance is not going to be available for some time to come.
- There are currently four Russian insurers being under EU and/or US sanctions: SOGAZ, Rosgosstrakh, SberInsurance (non SDN list) and Sovkombank Insurance. Sanctions do, of course, not apply for purely Russian business, for instance if the Russian subsidiary of an international group buys insurance on the Russian market.
- Russian insurance companies continue business using their own increased capacity (co-insurance schemes for bigger risks) and increased reinsurance by RNRC.
- For the time being, the financial data of Russian companies are not to be disclosed due to an order by the Central Bank of Russia.
- The main local Insurers at the local market are: Sogaz, Ingosstrakh, Sberbank, AlfaStrakhovanie, VSK.
- During the first six months of the insurance legislation in 2022 main international insurers were to stop their business activity (they decided to put a ban on quotes and policy issuance for new business and even renewals), but none of them has declared its exit.

The situation with Western insurers that have been working in Russia is as follows:

- Zurich Russia sold the business to new Russian owners and was rebranded – the new name is Turicum";
- AIG Russia sold the business to new Russian owners; it was rebranded at the end of 2022 – the new name is "Gardia";
- Chubb Russia has not announced further decisions regarding the Russian entities; right now they cannot issue new or renew expiring policies;
- Allianz Group sold a majority stake in its Russian operation to InterHolding LLC, the owner of Russian P&C insurer Zetta Insurance. Allianz Russia holds a minority stake of 49.9% in the combined company;
- HDI Russia still continues operating business activity with no change during 2022.

Coverage in a global insurance programme with local fronting policies is now unavailable for risks located in Russia due to the territorial exclusion (see above) and the impossibility to integrate Russian policies for lack of international reinsurance. Thus the only option is local stand-alone insurance with purely Russian Insurers.

The following tendencies can be observed on the market:

- In general, Russian insurers are ready to place traditional lines (PDBI, TPL/ PL/ EL. PI, cargo and D&O), however it is still a hard market for the line Fidelity/Crime (difficult and expensive to place);
- Insurance tenders are subject to preliminary providing very detailed underwriting information (filled in insurance questionnaire on each insurance line);
- Tenders take longer and usually the insurance offer is valid during 30 days only;
- The main T&C with the local insurers may differ from former policies that were part of global programmes (lower limits, different wording); the prices for such policies are likely to be higher;
- Increased interest for "terrorism" and "war" cover in all lines (but mainly in property and cargo); but most local insurers, on the contrary, extend exclusions of territory coverage (due to war risk);
- Due to very poor loss statistics within the last years on the local insurance market in respect of warehouses (stock insurance) and 2 total losses, well-noted at the local market (Wildberries warehouse and OBI store), lots of local carriers are either not interested in providing the coverage or need at least very detailed info on the location (or may be a survey carried out by their engineers) for even giving a quote;
- Despite the current situation, there is an increase of motor insurance (values of the car/ spare parts were increased, change of "basis rate" for CMTPL policies) as well as cargo and property insurance (for legal entities).

Telephone and internet communication with Russia is working despite the current political situation. For more detailed information on insurance in Russia and for support for insuring or placing risks Nobilis Brokers can be contacted directly by e-mail: A.Panov@nobilisbrokers.ru .

Turkey

The Turkish Non-Life insurance market showed a premium at yearend 2022 of 195 bn TRY (10 bn EUR), produced by several domestic and international companies. 70% of this premium was generated by the 10 biggest insurers, among them local companies and the Turkish subsidiaries of Turkiye Sigorta, Anadolu, Allianz, HDI, Ak, AXA and others. Results were affected by several Nat Cat events, and like the rest of the nation, the insurance sector has to cope with the relatively high inflation and depreciation of the Turkish currency. These are also the reasons for an ongoing consolidation of the market, like the merger of three Non-Life and three Life insurers into one company which has become the market leader: Turkiye Sigorta. Costumers are encouraged to buy private and pension insurance to ensure better living standards, therefore the Health insurance market is also quite important with a premium volume of 24 bn TRY (2 bn EUR). The structure is similar to that of Non-Life.

Underwriting is generally stable, without major limits of capacity or premium increase. An exception is of course Nat Cat, as Turkey belongs to one of the most dangerous earthquake zones, and meteorologically induced Nat Cat events, like storms, inundations or wildfire after long periods of drought, are to be seen regularly. Broad PDBI coverage is well in demand, whereas liability covers including financial lines remain well below international standards and insurers limit their capacities there. It may be expected that the oncoming renewals will not be as smooth as in the past, as insurers come more and more under pressure from their reinsurers who want to apply their new tougher strategies and look also for compensations for premium loss due to currency depreciation.

With the earthquake tariff price changes, in 2023 a lot of local insurance companies will increase Property insurance rates.

Andreas Krebs

Head of Carrier Relations
& Insurance Mediation
GrECo International Holding AG

About GrECo

The GrECo Group offers its clients individual solutions in risk and insurance management. The Group operates 61 subsidiaries in 17 countries with more than 1,200 employees from its headquarters in Vienna and is globally represented in over 200 countries via GrECo nova.

In 1989, we were one of the first insurance brokers and consultants to expand into Central and Eastern Europe. Today´s far-reaching network, our pioneering work in the region as well as the trust placed in us has made us the leading insurance brokers and consultants in the CESEE region. In 2021 GrECo acquired 100% of MAI CEE Ltd., a major risk, insurance and employee benefits consultant in CEE. This represents the largest acquisition in the corporate history. For decades, we have also been pursuing strategic partnerships with leading international insurance brokers. The main driver for this step has always been and still is to support our clients in new markets, in order to offer them a consistently high quality in the area of risk and insurance management. The partnership with Diot-Siaci was among the first and is still today one of the most successful.

Valued Cooperation with Diot-Siaci for decades. GrECo is working with partners around the world who share the values of a client-first culture, flexibility and prime quality in service delivery and who are providing stability and continuity. This can only be achieved by having individuals throughout the organization with a people-first attitude, this way attracting and keeping best talent with an entrepreneurial mindset. Also, it is very important for us to know our partners personally and to nurture those relations regularly. Diot-Siaci clearly has it all. Our groups have long-standing relations on all levels – from client servicing teams up to top management. We regularly meet each other at major international events and even organize joint trainings for our servicing teams in Paris or Vienna to underpin the importance of personal interaction and the positive effects on cooperation. Clearly our clients benefit from this.

We manage risk and are a trusted, loyal partner in all matters, offering progressive and tailored solutions.

GrECo, matter of trust.

Switzerland

Property

General market trends

Since 2020, global crises seem to have succeeded each other virtually seamlessly. The corona pandemic, the resulting disruptions to supply chains, the lockdown of important economic areas such as China, supply bottlenecks, shortages of skilled workers or the Ukraine war. Prices for energy and raw materials have risen enormously, heating up inflation extremely. This has a direct impact on the insurance industry. Increases in the cost of claims, longer replacement periods. Insurers are increasing underwriting reserves.

Defensive insurance industry

Companies need to be aware, especially when it comes to major risks such as cyber-attacks, energy shortages, earthquakes and damage related to climate change, that the insurability of these events is either virtually impossible or tending to become less so. When insurers reduce coverage capacities, enormously increase conditions regarding insurability, expect significantly higher deductibles from customers or massively increase premiums - this means nothing other than those major risks must be borne by the companies themselves. Professional risk management is thus becoming a central discipline. Staying resilient in uncertain times is the goal.

Coverage limitations and/or changes

In the wake of these economic uncertainties, insurers are becoming more cautious with their underwriting policies. The days of the soft market are over. All insurers are underwriting property risks much more cautiously. It is not uncommon for companies in the chemical/pharmaceutical, plastics, wood, recycling industries to be on the red list. Or, depending on the quality of the risk, no longer get bids in tenders. Insurance capacities are being reduced. We are seeing an increase in co-insurance so that large risks can be spread over several shoulders. Primary insurers are also managing their risks and want to control their exposures better.

Evolution of the rates

After many years of boom times and a saturated insurance market, we now find ourselves in an unstable economic environment with prospects for the future that are difficult to predict. The actual core business of an insurer is to deal with events of the future. This is also reflected in insurers' premiums. Risk analysis is becoming more demanding, especially due to climate change (increased occurrence of environmental catastrophes). A technical premium now definitely takes precedence over the market premium again. If we used to speak of a soft market, we are now in a hard market. Premium rates are on the rise again. In certain market segments even above average. Inflation is reinforcing all this. We are currently seeing rate adjustments with many insurers. They seem to be seizing the opportunity to bring their portfolios back into line.

Liability

General market trends

Insurers are aware of and specifying their general risk appetite in a steady and more restrictive manner. It has become more of a problem to place certain risks in all, and/or specific activities of insureds whose general business would still be within the risk appetite of carriers.

Coverage limitations and/or changes

In the years since the pandemic, and besides certain effects resulting from the pandemic, the insurance industry has been affected by lower investment returns and natural disasters. Due to these effects, the insurance industry sees itself forced to improve its operational results. The hardening market specifically in liability insurance therefore continues.

In particular the corporate customers and large-scale enterprises that are confronted with a still tough insurance market situation. Higher premiums, loss of certain covers, decrease of capacities and sub limits for specific covers, and in some few cases even loss of access to insurance and covers for their business is just an array of examples as to how the situation in the market is challenging corporations, clients and insurance brokers all together.

Evolution of the rates

In the liability insurance market, we are still faced with premiums at a very high scale, if not still rising. Specifically for complex risks like automotive suppliers, pharma, medical service providers/hospitals, and any type of enterprise with an exposition in the US, the hardening market continues in a distinctive and prominent way. Capacities are generally decreasing, as well as sub limits for certain covers. On the other hand, exclusions are being expanded, and particularly the list of chemicals and specific substance risks which so affect a wide variety of consumer product producing companies. Premiums and deductibles for such risks are on the rise. In addition, there is also a significant increase in the information required by insurers to qualify the risks.

D&O

General market trends

Most of D&O insurers justified premium increases and capacity reductions due to the negative economic impact of Coronavirus, the D&O landscape has mostly stabilized with some exceptions, such as purely local small risks.

Coverage limitations and/or changes

Risk selection is stronger: new clients or clients in difficult situations (start-ups or companies with weak financials) may have difficulty obtaining coverage. Insurers are more inclined to reject risks than before the pandemic.

Insurers in Switzerland can themselves usually grant a maximum sum insured of CHF 15 million. For higher sums insured, solutions must be sought by means of co-insurance or layers.

The cover provided in Switzerland is generally considered comprehensive, apart from the possible application of certain exclusions for distressed companies or specific sectors.

Large international risks are still expensive, capacity is low, but terms are still interesting.

Evolution of the rates

Insurers can now impose premium increases of around 3% - 9% due to economic inflation and/or internal rate adjustments

Some insurers require a minimum premium of CHF 15,000 - CHF 25,000 for new international programmes, which is disadvantageous for smaller groups of companies, leaving them with only a small choice of other insurers (without a minimum premium).

Financial institutions still see high premium rates and lower capacity, along with tighter terms and conditions than other corporate sectors (especially due to increased claims frequency).

Small and medium risks, on the other hand, continue to benefit from attractive premiums, sufficient capacity, and broad coverages. For example, it is quite possible for healthy SMEs to obtain CHF 5 million in coverage, and the premium per insured million then usually ranges between CHF 1,000 - 1,400.

Overall, premium rates are expected to remain attractive for small and medium domestic risks, while other risks may continue to face premium increases (slower than during the Coronavirus pandemic), lower capacity and possible risk-specific coverage restrictions.

Cyber

General market trends

There are very small signs that the market is easing. For example, we have received better offers from some insurers at the end of 2022 than at the beginning of same year, and some insurers informed that they have now reached a tariff, where the claims are in line with the premium level.

However, if we look at the latest market analyses, the picture is unfortunately quite different; the CEO of one of the largest European insurance companies warns in an interview of a far more incalculable risk. It could even be that cyber-attacks will at some point no longer be insurable, as the disruptions caused by cyber-attacks continue to increase.

Recent attacks that crippled hospitals, shut down pipelines and targeted government agencies, as well as new blackmail methods such as triple extortion, are fomenting apprehension about this growing risk among insurance industry executives.

What can be said with certainty is that, for now, it is still possible to purchase good cyber insurance coverage at affordable premiums for excellent rated risks.

However, it is still a relatively new line of business, and many insurers have yet to find a balance; they undertake rapid adjustments to their strategy, especially when they are facing severe claims. For example, the triple extortion against an Australian health insurer, has had a direct impact on the risk appetite of insurers covering enterprises with lots of health-related data.

It is becoming increasingly important for customers to have an excellent cyber protection to have access to the insurance market. For customers with poor cyber protection, it is becoming increasingly difficult to obtain cyber coverage. This also means that every single customer must understand that cyber is one of the biggest business risks and must be treated accordingly.

Coverage limitations and/or changes

There is a tendency that only capacity up to CHF 10m is offered by the insurers in our business segment. In case of non-optimal risks, the insurers might offer a limit of only CHF 5m.

The insurers that offered cyber insurance continue to offer it. No insurer in Switzerland has left the market, but there have been very few new providers, offering excess capacity only.

There are still many national insurers that do not indemnify the extortion risk. This is however an important part of the coverage; if data cannot be recovered after a cyber-attack, the coverage for extortion is a necessity. International insurers still compensate extortion in case other measures to recover data fail. Additionally, there are more and more insurers that - for the biggest cyber risk ransomware - offer coverage with a substantial deductible only.

Other insurers try to reduce large cyber-attack entry gates (such as outdated software / «legacy») and cumulative risks (such as widespread events) through the introduction of lower sub limits and additional deductibles. Extensions of coverage are not generally provided.

Evolution of the rates

Premiums have risen by 70% over the past year, without substantial changes in the risk. Renewals without premium increases do not happen. Usually the premium increases at renewal by 20-30%. Tacit renewals only occur in the small customer segment.

qualibroker

About Qualibroker

Founded in the year 2000, the Qualibroker Group, part of Diot-Siaci Group, counts over 235 employees and 9 locations in Switzerland and Liechtenstein. We serve more than 7'000 corporate clients. We belong to the top 3 insurance brokers in Switzerland.

Daniel Oberhänsli

Member of the Executive Board
Partner Qualibroker

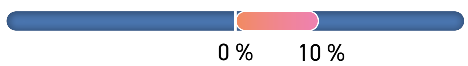
United States of America

Property

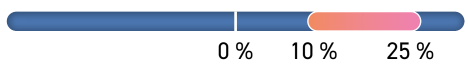
- Property rate increases moderated in 2021 and through the first quarter of 2022. Rate increases ticked up slightly in the second and third quarters of 2022, but are poised to accelerate post-Hurricane Ian.
- Loss costs are increasing for a number of reasons, including rising property valuations; the effects of inflation on energy, labor and material costs; supply chain disruptions; and accumulating losses from secondary perils, such as wildfire and flooding.
  - Hurricane Ian is expected to drive primary loss costs up even more due to higher treaty attachment levels.
  - It is uncertain how the new RMS 23 model, expected to be released in the spring, will affect market conditions.
- Insurance buyers are seeing starkly different outcomes based on their loss profiles.
  - Insureds with heavy catastrophe exposure, tougher occupancies, poor loss histories, flat value submissions and poor risk prevention efforts are seen as bad risks for insurers, which are increasingly experiencing a flight to quality.
- Rampant inflation is contributing to a strong emphasis on valuations by insurers.
  - Each insurer has its own valuation tools and views on the effects of inflation.
- Insurance buyers should expect greater scrutiny and more difficult renewal discussions going forward.
  - Buyers should be prepared for insurers to push for higher rates, higher deductibles, smaller sublimits and changes to policy wording.

Expected range for rate changes next quarter

Non-cat

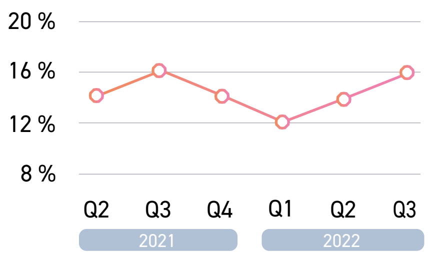


Cat



Lockton benchmarking

Average quarterly change



Source : Lockton

Liability

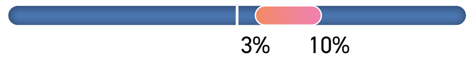
- Liability insurers have benefitted from restructured books, exposure growth, and improving yields on new and rollover investments.
  - Pricing increases have moderated and competition has returned.
- Despite this, liability lines remain under pressure, with underwriters concerned about achieving and sustaining profitability.
  - Reserve adequacy and expected future claims payouts remain in focus given inflationary trends. Medical inflation remains a concern for all liability insurers.
  - Supply chain disruptions and inflation are impacting vehicle repair and replacement costs.
  - Anecdotal evidence suggests that loss severity is returning to pre-pandemic levels as courts continue to clear backlogs from COVID-19-related closures in 2020 and 2021.
- There are some early signs that standard insurers are picking up market share from E&S insurers. This varies by industry and product mix.
- Renewals are being disrupted and delayed due to a talent shortage and lack of underwriting continuity.
  - Less experienced underwriters may require additional time, extending the renewal process.
- Auto insurers are monitoring the impacts of supply chain disruption and inflation on vehicle repair and replacement costs.
- Umbrella and excess insurers that previously "right sized" attachment points and capacity are largely maintaining programme structures at renewal.
- According to Lockton's 2022 Q3 benchmarking:
  - Q3 was the sixth consecutive quarter that showed projected growth in client revenue. The median revenue forecast increased 14%, which included "real" as well as "nominal" changes.
  - The median price per million increase for lead umbrellas was 10%. This, however, was driven in large part by inflationary increases in exposures.
- On a pure, exposure-adjusted basis, rate changes ranged from -5% to +5%, depending on the size and complexity of the risk.
- Excess layer relativities held, with price changes closely tracking the lead.
  - 6% of Lockton clients elected to increase liability limits at renewal.
  - New entrants added to available market capacity, creating increased competition.
  - Less than one in 10 lead umbrella policies changed carriers at renewal.

Expected range for rate changes next quarter

General liability

Auto liability

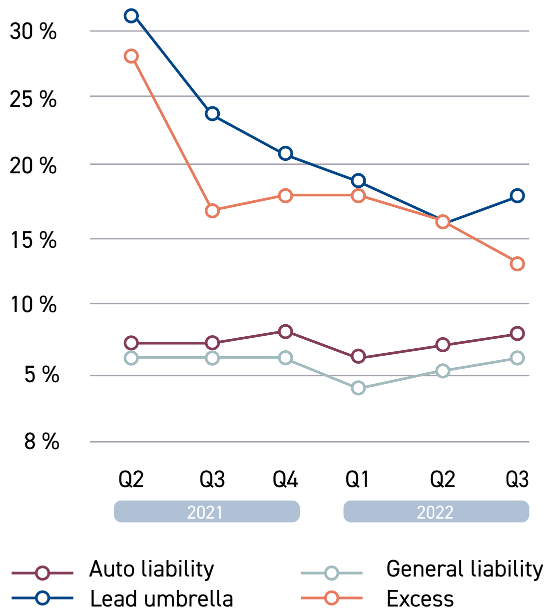
Lead umbrella



Excess

Lockton benchmarking

Average quarterly change



Source: Lockton (umbrella and excess), Council of Independent Agents & Brokers (auto liability and general liability)

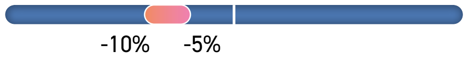
Umbrella/excess rate estimates are shown on a PPM basis and are not reflective of true, exposure-adjusted rates.

Executive risk

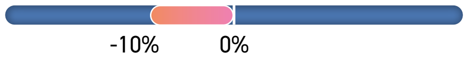
- Directors and officers liability (D&O) pricing continued to fall in the third quarter of 2022, with many public company buyers able to secure even larger rate decreases at renewal than in the second quarter.
  - Conditions for de-SPAC buyers are especially favorable, with underwriting capacity and competition growing for such risks.
  - Pricing for traditional IPOs is also softening more than the market for mature public companies, in part because this segment had hardened more than the rest of the market in 2020 and 2021.
  - The market for M&A tail coverage is also growing increasingly favorable to buyers.
  - Private company pricing was flat to slightly down in the third quarter.
- 148 securities class-action lawsuits were filed through the first three quarters of 2022, according to Stanford Law School's Securities Class Action Clearinghouse, putting 2022 on pace for fewer than 200 suits.
  - This would represent a slight decrease from the 218 suits filed in 2021 and a dramatic decline from the recent peaks of 2017 through 2019.
  - Much of the drop in 2022 is attributable to the absence of merger objection suits.
  - Several suits from recent years, however, remain unresolved and could still result in large settlements.
  - Insurers remain concerned about event-driven litigation and derivative claims.
- Although pricing is generally favorable to buyers, insurers continue to scrutinize and monitor various risks.
  - Insurers are concerned about how companies approach ESG-related topics, theirapproach to cybersecurity and potential Russia/Ukraine exposures.
  - Underwriters are amending coverage terms related to antitrust risks and Illinois' Biometric Information Privacy Act.
  - Insurers are also bracing for an increase in bankruptcy and insolvency ahead of a potential recession.
- The SEC's 2022 enforcement report reflects greater activity that could carry over into 2023.
  - The SEC filed 760 total enforcement actions in fiscal year 2022, a 9% increase from FY2021.
  - The commission ordered $6.4 billion in civil penalties, disgorgement and pre-judgment interest, an agency record and significant increase from $3.8 billion in FY2021.
  - Emerging priorities for the SEC include ESG, cryptocurrency and cybersecurity.

Expected range for rate changes next quarter

Public company D&O*



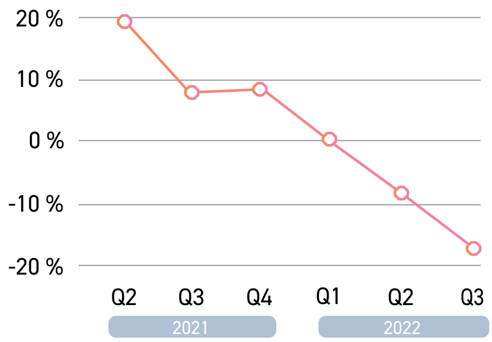
Private company D&O



*Excluding de-SPACs and IPO renewals

Lockton benchmarking

Average quarterly change (Public Company D&O)



Source : Lockton

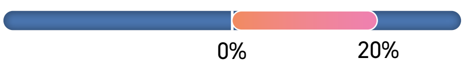
Cyber

- Conditions in the cyber insurance market are far more favorable than they were just a quarter ago, with insurers increasingly competing for risks as they focus on growth.
  - Increases of 25% or less at renewal are achievable for many buyers, although there are some outliers.
  - Some insureds may be able to secure flat renewals or slight rate decreases, depending on risk profiles, the cyber risk controls they have in place, and whether they experienced substantial rate increases in 2021.

  This is an anomaly and not the norm for the significant majority of cyber insurance buyers.

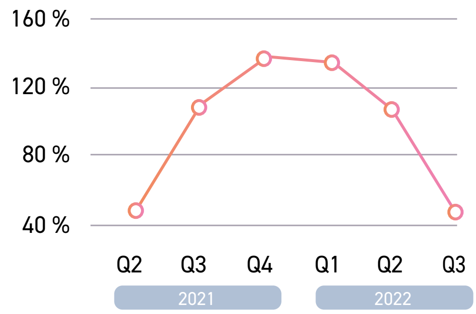
- Even as insurers increasingly compete for new business, they continue to scrutinize cybersecurity controls.
  - Robust controls are expected to remain a prerequisite for insurance coverage for the foreseeable future.
  - Insurers are carefully reviewing policy applications to verify the existence of controls and that representations about them are accurate. Inaccurate answers may complicate claims being paid.
- Insurers are focusing on limiting their exposure to large events that can produce significant losses to many insureds.
  - War exclusions are receiving significant attention in the U.S. and in London. In response to the current Russia-Ukraine war and past events such as the NotPetya attacks in 2017, insurers are substantially revising war exclusions to bring more clarity to when they will and won't apply.
  - Some insurers are including endorsements that limit the extent of coverage for large systemic events.
  - Insurers continue to limit the amount of cyber extortion coverage available to companies that have not implemented basic cybersecurity controls.
- Insurers are monitoring a number of established and emerging cyber threats.
  - Ransomware remains a significant long-term threat and could come into greater focus during the holiday season.
  - Insurers remain concerned about contingent business interruption losses, especially the potential for systemic risks.
  - Emerging privacy laws in California and other U.S. states are bringing compliance into focus for insurance buyers. More onerous reporting requirements under the EU's General Data Protection Regulation may also contribute to an increase in claims.
- Insurers continue to resist quoting both cyber and technology errors and omissions (E&O) coverage in a single policy.
  - This poses challenges for buyers that must satisfy insurance obligations in contracts.

Expected range for rate changes next quarter



Lockton benchmarking

Average quarterly change



Source : Lockton

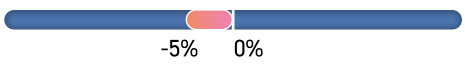
Workers' compensation

- Workers' compensation continues to run countercyclical to the broader P&C market and remains a profitable line for most insurers.
  - Buyer-friendly conditions are persisting for both guaranteed cost and loss-sensitive buyers.
- The possibility of a recession is looming, which could adversely affect exposures, putting pressure on rates and raising new concerns around collateral adequacy.
  - Higher interest rates, however, are especially beneficial to workers' compensation insurers given how long these claims take to fully resolve.
  - As interest rates climb, loss portfolio transfers may become more attractive to both insurers and policyholders seeking to clean up their balance sheets or free trapped credit capacity.
- The dynamic labor market also poses challenges.
  - Some employers have begun to explore the use of imaging, artificial intelligence and other tools to mitigate losses, although implementing them in the current labor environment may be perceived as burdensome.
  - As labor shortages prompt employers to hire nontraditional and less experienced employees, training and loss control efforts are critical to mitigating an uptick in claims.
  - Medical inflation is also on the rise. The impact may be muted, to some degree, by state fee schedules and PPO networks.
  - Recent Department of Labor and state scrutiny of how workers are classified could result in new workers' compensation exposures for some companies.

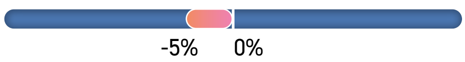
- According to Lockton's 2022 Q3 benchmarking:
  - Both guaranteed cost and loss-sensitive buyers continue to project exposure growth. The median payroll forecast increased 6.6% and 12.2% for guaranteed cost and loss-sensitive buyers, respectively.
  - Market competition remains, with more than 12% of guaranteed cost buyers changing carriers and more than 6% of loss-sensitive buyers changing carriers.
  - Almost 6% of loss-sensitive buyers increased their deductibles at renewal.

Expected range for rate changes next quarter

Guaranteed cost

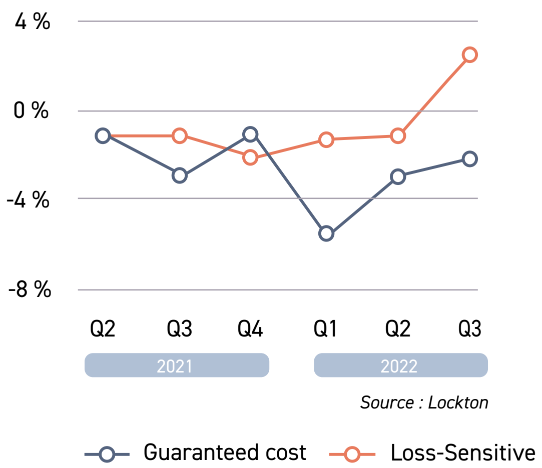


Loss-Sensitive



Lockton benchmarking

Average quarterly change (Public Company D&O)



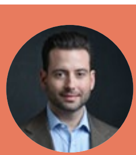
About Lockton

What makes Lockton stand apart is also what makes us better: independence. Lockton's private ownership empowers its 9,500+ Associates doing business in over 125 countries to focus solely on clients' risk, insurance and people needs. With expertise that reaches around the globe, Lockton delivers the deep understanding needed to accomplish remarkable results.

For 14 consecutive years, Business Insurance magazine has recognized Lockton as a «Best Place to Work in Insurance.» In 2022, Forbes named Lockton among America's Best Large Employers and one of the Best Employers for Diversity. For more information, visit www.lockton.com.

Statistics:

- 9,500+ Associates Worldwide
- 100+ Offices Worldwide
- 97% Client Retention
- $2.7B Global Revenue
- 27% Organic Global Growth
- 65,000+ Clients Worldwide
- $57B+ Premium Volume Worldwide
- $15M+ Annual Charitable Donations
- #9 Largest Global Broker (ranked by Business Insurance)



Michael Lombardi
Executive Vice President,
Global Solutions - Lockton Companies

Middle East

Market Outlook & General Trends 2023

The insurance industry in the region has witnessed an impressive growth over the last two decades driven by a strong regulatory framework, improved distribution capabilities, operational efficiencies, and the strong vision of the leaders in the region aiming to make the Middle East the hub for future growth with long terms visions of 2030 & 2050.

The Middle East has been seeing a special focus on digital assets, start-ups demonstrating their capabilities within the AI & Machine Learning space and governments focussing on clean energy & electric cars thereby putting ESG at the core of development especially in the UAE & KSA.

The property and casualty insurance market in the region continues to grow with unprecedented construction in the Kingdom of Saudi Arabia and UAE's focus on economic development and strengthen its position as a leader in the region with the introduction of long-term visas and enabling the gig economy.

The regulatory framework in the UAE is among the most progressive in the GCC region, and it continues to strengthen with the adoption of international best practices. UAE has recently introduced a non-voluntary job loss insurance mandatory for all employees in the UAE which showcases the strong vision of the leaders.

Property Insurance

The property insurance market has been witnessing hardening of rates over the past couple of years, but particularly in the UAE & KSA is now easing out. There continues to be tough competition on pricing of mid-size risks that can be absorbed within treaty capacities of insurers and in this segment, we continue to witness rate reductions.

However, the large risks segment requiring capacities in excess of USD 500mn is driven by facultative markets that continue to demand higher pricing following the global trends & increase in pricing.

From a coverage stand-point there hasn't been any significant change since the impact of COVID-19 and unprecedented cyber losses witnessed by the global insurance markets. Insurers continue to exclude any losses related to infectious disease and restricting property damage arising out of cyber related risks. Markets have introduced Territory Restriction Endorsement with respect to Russia & Ukraine in line with international markets.

General Liability

The region has traditionally not been very litigious owing to a large expatriate population and hitherto laws & regulations, which are now evolving to reflect international best practices. The emergence of the DIFC courts, which tend to follow the UK Common Law has encouraged parties to utilize the DIFC courts and the UAE particularly is now witnessing more casualty claims than it did in the previous decade. However, casualty remains heavily profitable in the region and there is an aggressive competition between insurers to gallop ahead within this space.

Multinational insurers in the region have traditionally been quite aggressive and have demonstrated a continued will to win more business in the past on year and we expect this trend to continue in 2023. Except for complicated oil & gas risks, offshore exposures the rates continue to be thin and we are witnessing reductions of as much as 20-25% in the region. However, pricing within the risky sectors continue to be stable where insurers try to marginally increase rates by about 5% but then tend to renew on expiring levels or small discounts. Markets have introduced Territory Restriction Endorsement with respect to Russia & Ukraine in line with international markets.

Directors & Officers Liability

Directors & Officers capacity & pricing has substantially eased out during 2022 and we expect this trend to continue in 2023. After the unprecedented increase in pricing over the past 3-4 years and shrinkage of capacity insurers & reinsurers in the region are now showcasing their will to write more D&O and EPL business in the region. Traditionally, the region has not seen many EPL claims but D&O has witnessed a few claims especially within the financial services & construction sector.

Over the past year, mid-size D&O renewals have seen willingness from markets to offer higher capacities and reduction of rates ranging between 5-15% depending upon the sector, size of balance sheet etc. On the other hand, large clients that previously struggled to obtain capacity now see more underwriters & syndicates offering capacity and price reduction of up to 20-30%, which has been welcomed by boards across the region. Markets have introduced Territory Restriction Endorsement with respect to Russia & Ukraine in line with international markets.

Cyber Insurance

Cyber Insurance in the region mirrors the international sentiment with respect to capacity, pricing & coverage. Insurers continue to introduce restrictions on renewals, reduce capacities and increase pricing. Some clients in the region have been left uncovered with price increases of as much as 400% in the region as they did not have budget such increase in costs. In general, the market is witnessing an average increase in pricing of about 60-70% for standard cyber risks.

In the UAE however capacity has been very limited for cyber, and local insurers have relied on reinsurance capacity out of London & DIFC. Some reinsurers in the DIFC have moved their underwriting to London in order to monitor and control their underwriting process and choose risks more judiciously. Over the past 12 months, Gulf Insurance Group have started writing Cyber Insurance and have been very actively promoting this with various distribution channels.

From coverage standpoint insurers continue to restrict Ransomware cover and have introduced Territory Restriction Endorsement with respect to Russia & Ukraine in line with international markets.

ESG Trends in the UAE

As investments continue to grow in the region and the leadership focusses on making the Middle East a hub for financial services, logistics, hospitality and tourism, sustainability of investment takes centre stage for every investor. The key marker of a company's performance in this respect is environmental, social, and governance (ESG) ratings. ESG analysis brings out matters which might have escaped the attention of the usual financial analysis and therefore enables investors in making informed decisions with respect to their investments.

The ESG index drive provides an opportunity to companies that perform well following environmental, social, and governance practices and pegs them in the top percentile of their industry peers not just in the region but across the globe.

ESG in UAE

UAE is the second-largest economy in the Arab world and the fourth largest in the Middle East. Despite a massive push from the government to make UAE a hub for hospitality & tourism and diversify the economy, logistics, petroleum, and natural gas continue to play a pivotal role in the UAE's economy.

ESG Standards today form the core of UAE's investment strategy with an increased focus on clean energy and the Abu Dhabi security exchange ADX pledged commitment to fostering sustainability in the financial markets by becoming a part of the United Nations-led initiative— The Sustainable Stock Exchanges initiative (SSE).

The ADX has set down ESG disclosure guidance to foster the path of listed companies and issuers' sustainability reporting to align with the scope and depth of sustainability and alignment with the UAE national Vision and Abu Dhabi economic vision of 2050.

Given the uniqueness of sustainability disclosures across various sectors, ADX have set up voluntary guidance which provides listed companies with thirty-one ESG indicators that are considered essential to be reported following the recommendations of the Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges (WFE).

Companies that provide a more comprehensive sustainability report can also utilize Global Reporting Initiative (GRI) indicators. The ADX guidance adopts a four-stage cycle:

- **Identification:** All companies should identify ESG factors that affect their finance, products, and services while considering the principles of sustainability context and stakeholder inclusiveness.
- **Prioritization:** Following identification, companies should prioritize in their reporting the items that are most pertinent to their business.
- **Validation:** This requires presenting the above matters in the light of the scope of reporting, impact boundaries, and reporting period.
- **Review:** The review takes place upon completion of the reports before the report is finalized.

The underwriters in the region and reinsurance markets in the DIFC are now starting to consider allocating capacities to companies that fall well within the realms of ESG reporting and are working towards a sustainable future.

About SIACI Insurance Brokers

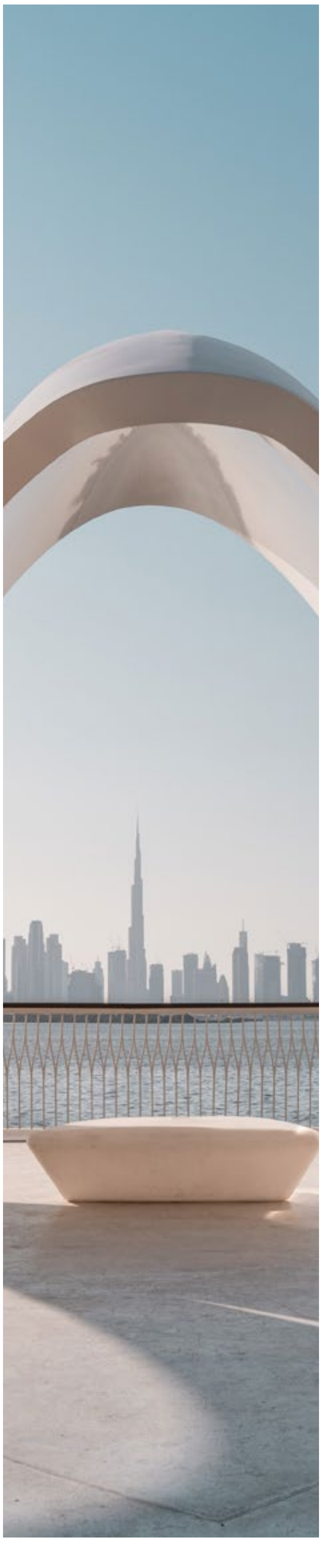
SIACI Insurance Brokers, is a leading regional provider of risk management and insurance, with offices in both the UAE and KSA. Providing a full-service risk management advisory that helps one anticipate how change intersects with opportunity. Our global network supports in capturing opportunity, increasing efficiency, and building value through finding innovative solutions for business risks, issues, and challenges.

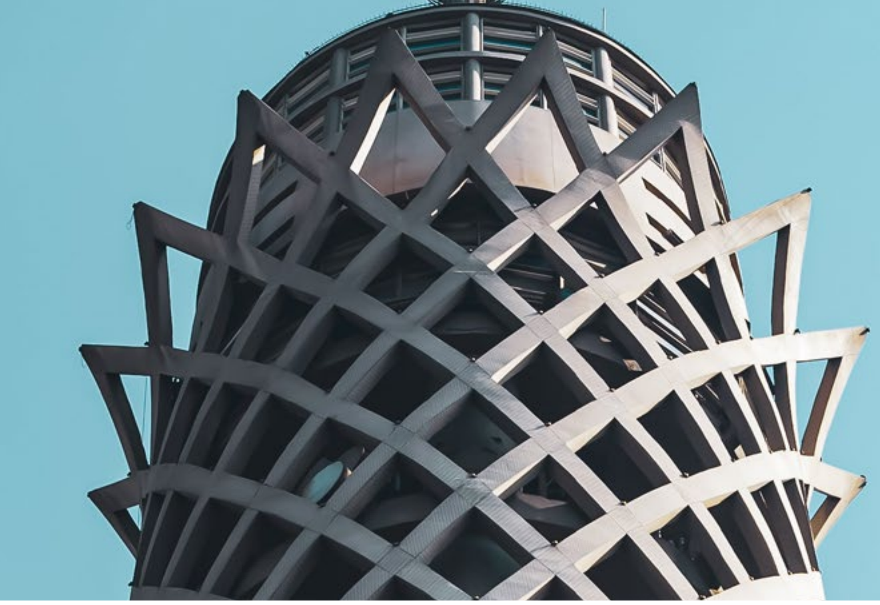
SIACI Insurance Brokers is committed to providing expert advice on Insurance Solutions, while tailor-making packages to help clients navigate today's ever changing market dynamics to cement a legacy of value, service, and excellence across the insurance industry.

True to our values of transparency, service excellence, client, and employee respect, we strive to provide comfort and confidence by laying a foundation for growth and always implementing a 'client-first' approach to build robust relationships and deliver an unparalleled experience.

- 69 employees: UAE (58), KSA (11)
- 4 Offices: UAE (2), KSA (2)

Saad Dimachkie
Regional Chief Executive Officer
SIACI Insurance Brokers





Africa

For this 2023 section on the African continent, we have deliberately focused our attention more specifically on the main evolutions that have driven the insurance and reinsurance industry sectors since our last edition in 2021. No need to repeat however that African countries have very different "insurance environments" and to state that each of the 54 African nations – with the exception of the 14 French - speaking countries that make up the CIMA area - must, for insurance and reinsurance as for many other business sectors, be considered and understood individually.

The main evolutions, that have driven the direct insurance and reinsurance industry sectors since our last edition, are:

- the market turnaround that has impacted the African Continent with one or two years delay, but with certainty from now on specifically on niche markets such as Political Risks and Cyber and more generally on flood risks exposing broadly large urban area located closed to Rivers and SeaShore due to the effetcts of Climate change;
- the strong driver towards offering more panafrican reinsurance capacity and capabilities;
- the initiative announced by Allianz and Sanlam to combined their network developing significant synergies and offering a strong and recognised signature.

An analysis of these three trends will demonstrate how the insurance sector is moving ; what are the new opportunities for customers in view of building common master schemes for "Insurance in Africa", taking in consideration all the various differences and the absolute need to comply with regulations in each and every country.

Nevertheless, let us strive to identify characteristics that are shared by most of the African economic environments, so that we can create an overview that is insightful for all, and for which we at OLEA are naturally on hand to provide more details.

Regulatory environment

With the exception of the CIMA area (made up of 14 countries: Ivory Coast, Senegal, Guinea Bissau, Equatorial Guinea, Togo, Benin, Burkina Faso, Mali, Niger, Central African Republic, Chad, Cameroon, Republic of the Congo, Gabon, which, in addition to sharing the same insurance code, operate within a similar accounting environment, the SYSCOA standards, and also a uniform legal framework, the OHADA system), most African nations have adopted specific insurance regulations, though some common features emerge:

- formal prohibition of non-admitted insurance;
- the obligation to place a growing proportion of the insurance coverage of a risk located in the country in question with insurers or reinsurers licensed in the country – for instance, a new 5% cession to CICA Re tends to be in place 2022 within CIMA's geographical zone;
- the growing requirement to "saturate" capacities in a given market before being authorized to "place" part of the risk to any export insurance or reinsurance market;
- local regulators that are increasingly attentive to the proper application of the rules.

Stakeholders

In many countries, the regulatory developments planned to gradually limit the number of stakeholders with a view to fostering regional champions with increasing underwriting capacities and an ability to impact local economies have been postponed indefinitely.

For example, the deadline set to increase CIMA area insurance companies' equity to 5 billion CFA Francs after an initial increase from 1 to 3 billion CFA Francs has been postponed, as the repercussions of COVID-19 have adversely impacted some stakeholders.

On a local level, the curb on these new provisions results in markets in which insurance is clearly too fragmented (Ivory Coast or Cameroon for example, with around thirty players recorded) and others in which, conversely, the number of insurance companies is much too low (some markets in Sahelian Africa in particular, such as Chad which has two insurers and Central African Republic, which only has one!). There is also a lack of consideration and action regarding a single regional accreditation (such as the freedom of services), a corollary of the reassessment of companies' equity, which does not improve the situation.

This lack of regulatory stability and the fragmentation of markets likely contribute to the withdrawal of long-standing players in countries with economies deemed insufficient to generate the expected returns on investment. These international stakeholders tend to spontaneously focus on the strongest economies, or on countries with the greatest projected demographic growth (Egypt, Nigeria, Tanzania, Kenya, RSA, etc.), creating this growing gap in insurance options, according to countries or regions.

Moreover, we have not observed the arrival of new international insurers, with the noteworthy exception of Prudential. The regulatory environments and the rules governing underwriting, location and group operations are impeded by market sizes that are often too small for a long-term presence.

However, we must emphasise the initiative announced in May 2022 by Allianz and Sanlam to join forces by combining their current and future operations across Africa to create the largest Pan-African insurance player. In addititon to the combination of geographies and expertise, this means that customers will benefit from the financial strengh of the the two brands.

In parallel, there is a need for insurance and reinsurance companies or pan-african groups to demonstrate their financial security using international standards such as financial ratings from worldwide agencies. All project financing, or international master insurance programmes require a minimum A rating or equivalent issued by these recognized agencies.

With the exception of Allianz / Sanlam, some major insurers have stated their growing appetite as risk-takers, but without feeling ready to launch a local presence strategy. This limited approach forces them to focus solely on risks that meet their underwriting appetite, and this is often for one-off infrastructure projects or property damage insurance for the subsidiaries of international groups and only for groups with high levels of insured capital. A very large majority of these risks are covered by international brokers without a local presence, working with direct brokers in the region with a broad geographic presence, including OLEA.

Despite the increasing recognition of Unveristy and initiative such as in Ivory Coast – Univerty of Yamoussoukro and the educational programme developped by Togo and the Unated Nations Economic Commission for Africa together with internal experts and profesionnals on CyberSecurity, risk and insurance, there is still an incresing demand for insurance specific education at higher graduated level.

In addition to increasing "local content" requirements, operators must invest heavily in internal training or leverage/stimulate the trend of executives returning to Africa after studying or working in Europe who wish to contribute to developing their continent of origin.

The very limited and sometimes inexistent number of mandatory insurances should also be noted, with the obvious exception of Third-party Liability motor insurance. This would go in the right economic direction, as their development would secure investments, facilitate compensation and increase the share of insurance in African nations' GNPs. In addition, it would help customers secure their activity – specifically those activities facing increasing levels of natural events. It would also secure the risk taken on by third parties.

Let us hope that Construction All Risks and Decennial Liability insurance that were recently made mandatory in a few countries are the first step towards a steadier pace of development, as long as the checks and penalties in the event of non-compliance with legislation are actually respected.

There is, however, a budding trend, in which some countries such as Ghana are the leaders, which involves digitizing and therefore better monitoring insurance obligations. During each vehicle inspection, police officers now check in real time via a smartphone application whether it is properly insured and listed in the national database created for this purpose.

We should also note that the entire administration is digitized in Kenya.

The digitization of processes and flows is therefore a key trend to increase the insurance penetration rate in Africa.

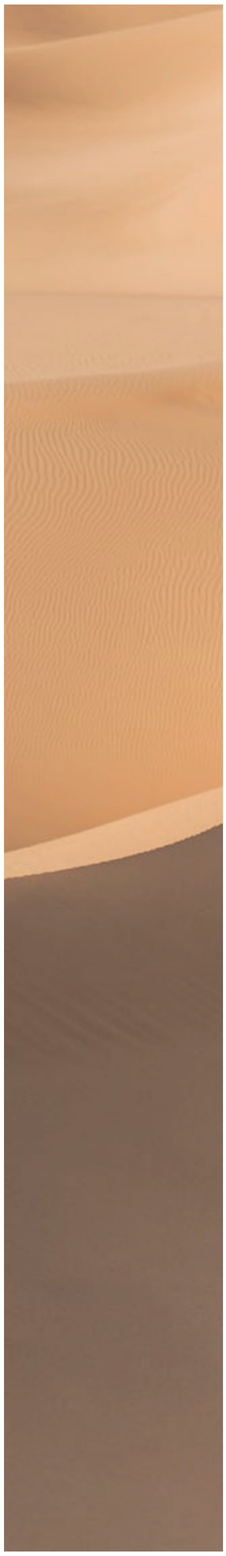
Combining the regulatory environment and market developments in the analysis hereafter, we must also note the upswing of mandatory legal transfers promoted by regulators in local markets (for example, SCG Re in Gabon or SenRe in Senegal): these are two specific cases but we can question the emergence of these state-run or regional reinsurers). Without judging these players' capacity to deal with high commitment risks, this trend naturally adds to the reinsurance schemes to be implemented.

At the same time, quality regional reinsurers are emerging, organizing themselves and asserting a growing appetite and quality of service. Their ratios are improving, the commitments made are respected but they still do not enjoy sufficient rating levels to meet the criteria set by state and private lenders which finance major infrastructure projects.

We would wager that this gap between the constraints established by the regulator to encourage the placement share reserved for local players (licensed insurers and reinsurers) and the expectations of many international stakeholders both in terms of reinsurance capacity and quality will diminish over time with the rise of these new players.

While conventional players are still showing major aversion, as we have stated, and for both good and bad reasons, we must also note the emergence of new players:

- Takaful insurance, established for a decade and increasingly present on certain markets with an appropriate regulatory framework, focusing on individual and corporate risks.
- Parametric insurance, which attracts a growing number of economic operators including governments as it is a way to secure risk arisng from climate change and for goverments to secure risks arising out of proposed insurance schemes protecting, on a nationwide basis, people from Natural disasters. With the downturn in traditionnal insurance and reinsurance market trends, there is no doubt that parametric insurance will take on a steadily growing share of risks in the coming years.
- The "pure digital players": pioneers, they provide completely digitized insurance solutions that attract a young and highly connected African population. These brokers almost exclusively offer motor and healthcare insurance solutions for individuals, but we can foresee their development into a broader product range that will soon include companies. This shift towards digitization has been launched in a few countries and is likely to be available across the continent in the near future with the emergence of new players whose performance will be closely monitored.



Market developments

While we have not observed the dramatic and brutal market downturn seen in the Americas, Europe and Asia regions on the African environments, the butterfly effect is making itself felt in relation to a number of regional and continental placements. While the insurance conditions observed have remained the same overall, with the exception of so-called specialties risks for which the number of products has fallen and become more expensive, facultative reinsurance placements have been subject to the upheavals observed on mature markets.

Some of our clients' business activities are becoming increasingly difficult to insure, as is the case elsewhere, and the conditions proposed by conventional insurers are becoming harsher, which for brokers results in growing alignment of direct brokers and reinsurance brokers, and direct brokers such as OLEA are contacted increasingly frequently by reinsurers to find participations for "quality" risks.

We are also increasingly facing a paradoxical situation of local and regional players hungry for premiums, and often willing to underwrite risks without any preliminary analysis, and international reinsurers, real risk-takers, through insurance treaties in particular, with waning underwriting appetites.

This market turnaround in mature economic environments logically comes with major groups showing an increasing interest in setting up insurance captives. This trend is not yet present in Africa. While pan-African clients express an interest in such approaches, and while certain insurance markets, in particular Mauritius, are starting to establish appropriate regulatory environments, it is difficult to spontaneously list operational African captives.

Retroactively, let us take a moment to consider the impact of COVID-19 on our African insurance markets:

Overall, business has not slowed as we feared and OLEA has received a higher number of solicitations with the resumption of business and infrastructure projects.

Premium payments by clients are often very late, given cashflow problems, despite a "cash before cover" rule that is theoretically becoming the norm in a growing number of countries. These delays are also being observed for major projects, with an almost systematic solicitation to leverage the deadlines granted by the CIMA code, with all of these points impacting insurers' cashflows.

Furthermore, the increase of FINEX inspections conducted by local central banks to support currencies and financial environments that have been very adversely affected results in processing delays in administrations and the extension of deadlines for foreign reinsurers.

Market opportunities

We have discussed an increasingly restrictive legal framework and hesitant international players with reservations, while many factors indicate strong and long-term growth for insurance in Africa. Let us consider some of these factors:

- The rise of bancassurance, including for corporate products, with banks linking project financing to insurance underwriting through their banking network. The use of banking facilities on the continent is increasing at the double and banks have a natural vocation to be their clients' insurance distributors, be they individuals or companies.
- The emergence of a middle class for whom insurance is becoming a growing concern. This middle class, naturally with uneven geographical distribution and resources, is growing much faster than Africa's demographic growth which is already spectacular.
- Demographic growth: the African continent is one of the few regions with population growth with projections indicating an increase from around 1.2 billion people today to more than 2 billion inhabitants in 2050. The insurance demand that this unparalleled growth will generate is infinite.
- The huge need for infrastructure with, let it be said, many renewable energy projects, adds to a growing drive to industrialize the continent, particularly based on some industries such as agribusiness.

- Foreign direct investments from a range of sources are still very dynamicacross the entire continent. A very large share of these investments is driven by the energy and natural resources industry sectors, but this is not the only factor ; new technology and startups are also drivers for growth. Large Energy, Natural Resources and Infrastructure projects are managed by major international anglo-saxonbrokers, with the exception of Diot-Siaci, with little or no real presence in Africa. They are, looking for solutions for proximity servicing on all risks including all new risks such as Cyber, Fraud, Renewables, D&O Liability.
- Growing but still at the beginning of their development, as stated above, individual insurance needs sought by a fast-growing middle class (healthcare, life, motor, comprehensive home insurance, education annuities, etc.). The emergence of this demand for individual insurance will increase the weighting of insurance in economies' GNP, a weighting that may still be deemed marginal with the exception of a few markets. The spread of insurance to this new individual target will necessarily involve digitized solutions, as this target client is highly connected and hungry for new options for purchase and use.

Let us round up this overview with a brief focus on the need for healthcare insurance. Population growth, both by an increase in births and a longer lifespan, medical facilities which remain insufficient and the major difficulties States face to manage public health expenditure argue in favor of growth in individual healthcare coverage needs, currently mainly provided by the private sector, which appears to be limitless.

Whether administered by broker administrators in French-speaking Africa or by insurers in English-speaking and Portuguese-speaking Africa, managing the healthcare of company employees is a major challenge that justified the launch of OLEA Santé, gradually rolled out over the entire OLEA network, providing our clients with real-time visibility of their expenditure on the healthcare needs of their employees and their families. An important extension of the solutions provided to our clients alongside the geographic and pan-African extension of the OLEA network, as recently demonstrated by the acquisition of controlling interests in Angola and Mozambique.

We close this African review with a spotlight on three specific countries:

Kenya

Kenya has the most dynamic economy in East Africa and is the leader of the East African Community (Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan). Known for its agriculture, tourism and as a financial center, Kenya is one of the few African nations to have successfully developed its industrial sector.

The third insurance market on the continent after South Africa and Morocco, it totals $2.2 billion in premiums despite a penetration rate that is still low - around 2% - but which is, however, among the highest in sub-Saharan Africa. Despite this leading position, the insurance market still remains relatively simple. A large share of premiums come from Motor and Health insurance.

With a very Anglo-Saxon approach to insurance, with a highly developed intermediation (agents and brokers (+80% on P&C), Kenya is an extremely competitive, and even aggressive market. Many regional and international players - insurers, brokers - are present in the country, given Kenya's and mainly Nairobi's role as regional economic capital.

As on the rest of the continent, regulations tend to be becoming tougher. Facultative reinsurance placements are more restrictive with an obligation to exhaust local capacities before being able to export risk. In addition, they are only possible subject to the regulator's approval (with the exception of aviation risks). We have observed that despite the solidity/capacity of some players' reinsurance treaties, there is a need for FAC on specialty risks (financial lines, construction, engineering, etc.).

Lastly, there is huge potential for development in Kenya. The country was the pioneer of "mobile payments" with M-Pesa, and is now urging insurance players to digitize their products and solutions for a middle class that is already highly connected. Furthermore, bancassurance contributes to the widespread availability of insurance by making it accessible to populations living far from the major cities - mainly Nairobi and Mombasa - via their network of bank branches.

Angola

Angola has a population of 30 million inhabitants and a GDP of $105 billion. In 2020, the insurance market accounted for a total of $657 billion, 99% of which was non-life and 1% life. The local currency (Angolan Kwanza - AKZ) has been historically extremely volatile in recent years with a devaluation in relation to the US dollar of 80% in 2018, 60% in 2019 and 45% in 2020. 2021 was a relatively stable year.

The Angolan economy relies almost exclusively on the oil and gas sector, with more than 90% of GDP coming from this industry. A diversification strategy is underway to find other revenue sources, such as fisheries, forestry and an increase in mining production. However, the importance of oil and gas reserves means that this sector will remain the mainstay of the Angolan economy.

The insurance market in Angola is now subject to competition and operates as a free, unrestricted market. The only exception to this free market is the insurance of offshore exploration and production assets which, according to the local legislation, must be placed with the Empresa Nacional de Seguros e Resseguros d'Angola (Ensa).

While local Angolan insurers continue to rely significantly on the support of their reinsurer partners, they are increasingly able to offer both considerable capacity on local risks and flexibility regarding the scope and coverage of their insurance products. At the time of writing this paper, only two Angolan insurers had a rating: Nossa ("CCC") and Ensa ("CCC+", stable outlook), although almost all insurers purchase reinsurance treaties from international insurers with "A" ratings. Sanlam and Fidelidade also enjoy the financial guarantees of their parent companies, which are both rated "A".

The market is developing quickly and service-focused insurers are winning market shares over those which are slower in responding to clients' needs, to settle claims and to process policy amendments in a timely manner. We believe that this trend is set to continue, as private insurers continue to win market shares in non-energy insurance lines thanks to their major investments in marketing initiatives and their relations with brokers. These investments are particularly important in an insurance environment that is increasingly competitive and in which a greater number of insurers vie each year for a premium portfolio that is steadily shrinking in US dollars.

DRC

The Democratic Republic of the Congo is a large country with many contrasts. The country is rich in raw materials (cobalt and copper in particular), has countless agricultural lands, shares borders with nine countries and boasts one of the youngest populations on the continent. Despite this wealth and many assets, the DRC is one of the African countries with the lowest GDP per capita and human development index in the world. The DRC recently launched reforms to improve its governance and business climate, with a view to developing its economy. In the insurance sector, for example, following a State monopoly that spanned several decades (SONAS was the only insurance company), the market was liberalized in 2019, allowing new insurance companies to operate there.

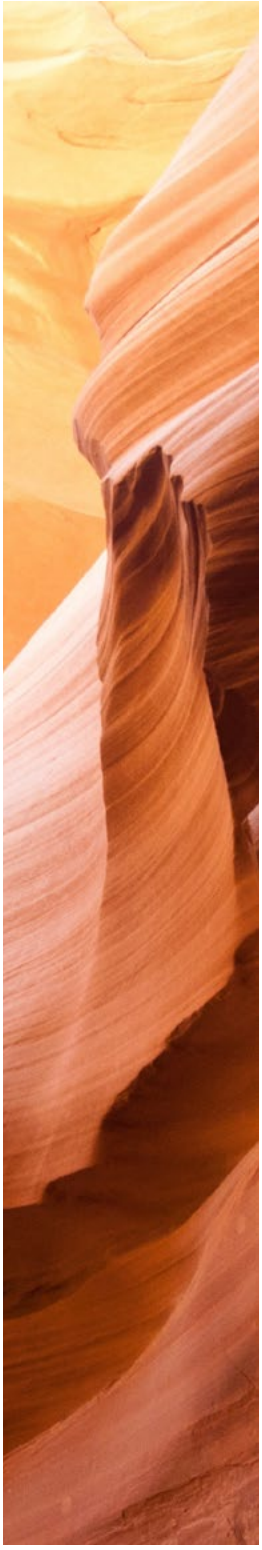
Previously, sometimes extravagant taxes and coverage rates could be imposed on insured clients which, unsure of the reliability of coverage, preferred to cover their businesses from abroad. The ARCA - the Congolese insurance regulator – estimates that the market size valued at $100 billion is actually around $800 billion.

Insurers who have just set up in the country are either subsidiaries of regional insurers, or entities created by Congolese economic players looking to diversify their investments. Their reinsurance capacities remain somewhat limited, however, making the use of facultative reinsurance a requirement.

Paradoxically, even if the penetration rate for insurance remains extremely low and conventional coverage lacks sophistication, there is significant demand for the coverage of major "specialty" risks from many international players operating in the DRC (mining, logistics, construction companies, etc.). Currently, many of these risks are covered abroad via international programmes and locally 'fronted' with a sometimes-low share of local retention.

Given the previous situation, the insurance market is suffering from a lack of trained and qualified talent. Companies struggle considerably to find executives and employees with an in-depth knowledge of insurance. It is therefore fundamental to rely on a solid network able to offset any local shortfalls by providing teams with the necessary expertise to assist clients.

In all the various aspects and specificities of the African landscape for risks and insurance and together with Diot-Siaci, we are keen to procure a quality service of proximity, an access to decision makers, a large range of expertise creating value for Clients, People and the Economies of countries where we operate and in partnership with Diot-Siaci International and its Partners where we do not operate on the African Continent.



OLEA
INSURANCE SOLUTIONS

About OLEA

Founded in 2017, OLEA is a Pan-African insurance broker present in 24 countries with majority-owned subsidiaries and a complementary network of partner brokers in another 14 countries. OLEA thus serves companies investing in Africa and international brokers not established on the continent.

OLEA has a multi-sectoral expertise in Life & Non-Life Insurance (Property, Health, Motor, Transport, Cyber, Fraud, Civil Liability, Political Violence & Terrorism, Construction). The quality of its digital tools allows its clients to access all their policies in a few clicks.

Olivier Canuel
Manager Director
OLEA

Olivier Dubois
President OLEA

Greater China

Overview of the main insurance trends

Regulation

Over the past 12 months, the China Banking and Insurance Regulatory Commission (CBIRC) has issued over 30 new measures to improve compliance management. Among them is the Notice to Clarify Measures for the Opening-up of the Insurance Intermediary Market, which sets the rules that intermediaries will need to follow to operate and relaxes the conditions for foreign insurance intermediaries to enter the market.

Natural catastrophes

The devastating summer floods in the populous province of Henan in Central China in the second half of 2021, has sent a wake-up call for Chinese authorities to seek better insurance cover against natural disasters. The CBIRC indicated that it would guide insurers to increase investment in natural disasters insurance and promote the expansion of product offerings. The regulator also suggested that it wants to raise public awareness of the risks and let insurers play a greater role in national emergency response, as well as in helping the government and enterprises improve their risk management capabilities.

Shift to global risks

With China becoming a member of the World Trade Organization (WTO) and implementing the Belt and Road Initiative, China's domestic insurers are shifting their attention to global risks. In the past five years, local players such as PICC, CPIC, Ping An, China Life P&C and CCIC have started to take part in global risk transfers, participating in over 100 global corporate risk projects.

More local Chinese insurers are gaining experience in underwriting international risks and are adjusting to international practices.

Despite the increasing sophistication of the Chinese insurance market, finding appropriate cover for global risks can be challenging in some areas, including:

- Industry sectors that are not recognized by the Chinese government, such as gambling, for which local insurers like PICC and CPIC cannot provide any capacity.
- Assets located in high natural disaster areas (more than 60% of total sum insured). These regions include the Florida region, California, and the Caribbean countries.
- Sanctioned countries.
- Sectors related to high-risk occupations:
  - cold chain,
  - logistics companies with inventory over 70% of total sum insured (TSI),
  - textile industry,
  - semiconductor industry,
  - timber mills.

Market trends

- Real estate: due to the relative softness of the Chinese market, quotes for real estate insurance are about 30% lower domestically than on global markets.
- D&O insurance: the recognition of the importance of directors' and officers' (D&O) liability insurance has increased significantly in China, following two court rulings: The Guangzhou Intermediate People's Court vs Kangmei Pharmaceutical and the shareholder classaction lawsuit against Luckin Coffee Inc. Both cases demonstrated the importance of D&O insurance in making sure independent directors in China receive adequate protection against corporate risks. As a result, local insurers have become more willing to participate in D&O and cyber programmes, by following lead quotes from reputable foreign insurers on some local risks.

Hong Kong

Leveraging on opportunities arising from the Belt and Road Initiative and the development of the Greater Bay Area, Hong Kong continues to expand its role as a regional insurance hub and a global risk management centre. It serves as an access point for Chinese capacity and is a base for local and international clients operating in China. The market has accelerated digitization of services during the pandemic. Clients are now used to online and fintech solutions, smart claims systems, online placement portals and flexi-benefit platforms.

Outlook

The insurance market in Greater China is set to continue to flourish, driven by the Chinese government's "14th Five-Year Plan". It includes expansion strategies for several industry segments with an emphasis on environmental, social, and governance (ESG). These strategies focus particularly on renewable energy, advanced technology such as integrated circuit (IC) chips, life sciences, the Belt and Road Initiative, and safety in manufacturing.

About Lockton Greater China

Lockton Greater China is a key member of the Asia operations of Lockton Companies, a world-leading privately held insurance brokerage that specializes in risk management, employee benefits and retirement services. Lockton Greater China currently has offices in Beijing, Guangzhou, Hong Kong, Kaohsiung, Macau, Shanghai and Taipei. The Hong Kong head office was first established in 1985, and our operation today comprises a team of more than 200 dedicated and experienced professionals. At Lockton, we are passionate about serving our clients, developing our associates, and giving back to our communities.

Carly Kwan
Senior Vice President - Greater China Corporate PEC

Singapore

General market trends

The unprecedented situation caused by COVID-19 highlighted the importance of clear policy wording compelling insurers to make changes in the risks covered in those policies for all insurance class.

Clean energy, climate change and environmental, social and governance (ESG) considerations are expected to remain key focus areas.

Insurers took a stronger position on their ESG requirements, with some reducing or withdrawing their support based on the strength of the client's commitment and practices.

Insurers placed more focus on reviewing and updating policy wordings, ensuring the application of updated sanctions clauses and exclusions associated with Russian, Ukraine, Black Sea, cyber, terrorism, punitive damages, and contractual liability.

Insureds with good loss histories generally experienced flat pricing, while those with poor loss histories experienced significant rate increases.

Insurers are more cautious on risk selection based on the factors exposed above with additional factors such as territorial selection and political instability in some territories in the region.

From 2022 Recovery to 2023 New Normal

After enduring a long period of restrictions of movement in the region, the insurance industry is now ready to re-connect slowly with clients, partners and colleagues overseas.

Most of the countries in the region have reopened up their economies during the second half of 2022. There is re-commencement of in-person events with people-to people interactions and businesses are returning to normal since Q3 2022.

Despite this tricky period, the total P&C premium rebounded last year due to inflation notably and the pace of increase continues to decline since 2020.

Property

General market trends

Asia-Pacific is expected to grow at a compounded annual growth rate of 9.9% over 2021-2025, supported by the increasing demand for insurance against natural hazards and commercial developments.

The property insurance industry in Asia-Pacific (APAC) is projected to grow from $85.8bn in 2021 to $137.5bn in 2025, in terms of gross written premiums.

Asia-Pacific's exposure to high severity natural-catastrophes (Nat-cat) in the last few years has resulted in strong awareness and demand for property insurance. Premium growth is also driven by a consistent increase in insurance prices across the region since 2017, resulting from heavy Nat-cat losses, a trend that is expected to continue in 2023.

Evolution

In India, agriculture and fire insurance are key lines of property insurance with agriculture accounting for over 60% of the property insurance premiums.

Premium collection from this business line has been impacted since the 2020 regulations, in which the government withdrew the provision of mandatory insurance to secure agriculture loans.

Economic growth and growing demand from agriculture industry will support demand for property insurance in APAC region over the next five years. Product development for affordable Nat-cat insurance will be another focus area for insurers over the coming years.

Focus on semiconductor industries: The sector continues to struggle to keep up with global demand, leading to potential knock-on effects in various industries, including automobiles and new technologies and professional services.

Pricing

Nat-Cat capacity continued to drive rates for complex risks and more and more commercial segmentations in High Nat-Cat zones.

Political risk coverage: careful and full review of risk exposure. The instability of several countries in the region remains challenging.

One of the main concern for insurers is adapting to the pace of global inflation with a strong focus on the review of values and declaration of assets.

Rate increases driven by high demand from facultative market and some clients with deterioration in claims experience.

Difficulty for clients with poor loss history to obtain affordable coverage.

Casualty and financial lines

General market trends

Casualty remains challenging due to large losses on product liability and products recall on all industries in the region.

Professional Indemnity demand is growing fast in the middle-market.

Insurers continued to demonstrate caution regarding digital asset/cryptocurrency related companies especially systemic risk in the light of recent scandals and the bankruptcy of major actors.

The strong volatility in digital asset pricing resulting in some potential liquidations, sharp decrease in value affecting the market and all actors in the digital sector.

Evolution

Capacity challenges remain for US-listed and US-exposed business.

Pricing has begun to moderate for financial institutions, though insurers continued to manage capacity and retention levels.

Professional indemnity insurers showed a willingness to create customized offerings for small-to mid-size clients.

Large PI programmes, however, saw rate increases — particularly within the communications, media, and technology industry.

For D&O, after a period of restrictions especially Insolvency exclusion, some insurers are reconsidering their position after strong analysis and risk assessment of financial statements.

Pricing has begun to moderate for financial lines, though insurers continue to manage capacity and retention levels.

Pricing

Work Injury compensation remains stable with decreasing rates for some business activity and territory.

Professional indemnity pricing increased in the 10% to 15% range for large programmes.

Complex PI programmes, especially from the digital and technology sector, experienced average rate increases ranging from 5% to 10%, due to blended programme structures with cyber coverages.

For MID and SME Segment, Professional indemnity insurers explore customized offerings with competitive rates.

Pricing began to moderate for FIs; for large/complex accounts, pricing was nearly flat.

The pace of rate increases for D&O continued to reduce: in the range of 5% to 10% across Asia.

Increases were typically higher for US listed/exposed business and Australia.

Cyber

General market trends

The biggest challenge for all Asia business:

- It falls to the insureds to reduce risk internally before applying and purchasing cyber insurance.
- Facing very cautious insurers that require much more information than is currently available to most clients.

More and more underwriters are using third-party scanning technologies in their underwriting process influencing pricing and level of coverage.

The emerging threat posed by the growing reliance on cloud services increasing significantly for any organisations.

An evolving third-party liability landscape due to development of Cyber security and privacy national regulations that mean higher compensation and penalties.

Evolution: Skyrocketing claims

Social Engineering: During the global shift to hybrid working, social engineering attacks were outpaced by ransomware in the last year.

Data breaches: In the last 4 years, we have seen the frequency of Data breaches fall by 60%.

Ransomware: The frequency of ransomware incidents has, however, increased by 150% over the same 4-year period.

Ransomware losses have dropped in frequency in the past few months, but they have increased in severity.

Ransomware-as-service is also on the rise, it is one of the newest trends and the biggest threats to face the cyber insurance market in the next few years. Coverage limitations and/or changes.

Fraudulent payments and social engineering fraud is increasing significantly in the SME segment.

The Cyber market remains challenging. The bar for entry for cyber insurance has significantly increased by insurers such as:

- High information security requirements for any organizations to be qualified.
- Requiring multi-factor authentications (MFA) for remote access to networks is the major thing that the insurance industry included now for any underwriting process from SME to Large companies size.
- Cyber hygiene with minimum standards of cyber security is the new normal underwriting factor as pre-requirement to access market.

Ransomware attack placing considerable pressure on premiums and coverage. It is difficult to obtain ransomware coverage from insurers.

Ransomware continued to dominate the claims environment and impact the cyber insurance coverage and underwriting decisions.

Pricing began to stabilize in the last quarters despite frequent and severe ransomware losses.

Fabien Goutoulli
Head of P&C Asia Pacific
Expat Insurance Pte Ltd

Who we are - Singapore hub

Our Singapore office Expat Insurance Pte Ltd, part of Diot–Siaci Group, is the Regional Hub in the Asia Pacific region, where we serve clients in more than 18 countries in the region.

We provide holistic solutions to protect corporate business and employees from a variety of industries.

With a team dedicated over 40 employees in Employees Benefit, P&C and Private client, the Singapore office combines experience and talent with a track record of delivering successful results and tangible value for our clients.

The P&C department combines expertise through complex risk and specialties to serve our SME, Large and Mid-cap companies from Singapore and across the region.

Insuring risks in Ukraine and Russia

Situation in Ukraine

Ukrainian insurance market de facto isolated :

- No change in insurance law
- No prohibitions on the activity of foreign insurers

Number of insurers declines

International dramatic decline in premiums (Q2 2022):

- Nonlife 17% decline
- Life 13% decline

Total volume in Q1-Q2: 13,66 billion UAH (currently 307 million EUR)

- March 2021 : 209 Insurers (189 Non-Life / 20 Life)
- October 2022 : 139 Insurers (124 Non-Life / 13 Life)

War leads to staff shortages and closed branches in affected areas, relocation of the employees to other countries, mobilisations of the employees.

Strategies of remaining market participants :

- Business continuity, but with restrictions in underwriting
- Business continuity, with aim to increase market share
- No new business, wait and see, hope for recovery of the country

Local solutions possible despite restrictive underwriting policy

- Lack of capacity due to non-existent reinsurance
- Local capacities are extremely limited
  - Largest insurers offer limit of 1 billion UAH (currently 26 million EUR)
  - Exceptions at 2 billion UAH (EUR 50 million), per risk
- Limited range of sectors for industry
  - BI cover has limited indemnity period
  - Product liability or product recall cover difficult to place
  - Only one insurer available for Cyber or D&O, very selective
- Difference in rates and terms of the local policies
  - Local products are usually more expensive than the programme ones
  - Difference in approaches and products on the local market
  - Military risks excluded
- Local placement requires additional time, the local terms can differ from the requested:
  - Additional time required -to collect all the needed information with the local client, make a survey, collect quotes
  - Changes in the insurance terms placed locally -to be on the budget of the local client

Adjustment of sums insured recommended

- Delayed settlement of claims
  - Precarious staff situation (refugee movements, resettlements)
  - Impaired infrastructure
- Adjustment of sums insured by 30% strongly recommended
  - Domestic inflation will affect domestic replacement purchase

Situation in Russia

Insurance market strives for contunuity

Restructuring of the market brings problems:

- Restructuring of capitalisationand reinsurance
- Loss of international customers and markets
- Difficult staff situation

Reinsurance state concentrated

Market capacity up to 750m EUR per risk in property :

- RNRC was provided with significantly more capital by the Russian Central Bank as a result of the withdrawal of Western reinsurance
  - Offers all Russian insurers replacements for terminated reinsurance contracts with the same capacities and coverages
- RNRC now offers reinsurance according to the needs of Russian insurers instead of the previous obligatory cession of 10% in industrial business
  - Had to assume all risks covered by sanctions
  - Claims to have replaced 100% of the lost foreign capacity
  - Follows the principles of hard market underwriting
- "Non-Western" reinsurers (China, India, Middle East) play a subordinate role
  - Capacity at 10 to 15 million USD per individual risk
  - 2023: Eurasian Reinsurance Company (ERC) to start operations

Hurdles to placement

- Offers limited to local insurance solutions Differences to previous, international solutions to be expected:
  - Insurers offer the traditional industrial lines
  - Employee benefits lines are increasingly offered
  - Solutions such as cyber (also in connection with crime) are very difficult to place and expensive
  - Premiums are in line with the international standard
- Russian insurers take a very formalistic approach:
  - Requests must be accompanied by detailed U/W information
  - Questionnaires are requested for each line of business
  - Offering takes longer than international programmes due to close scrutinyof risk information and sometimes search for capacity
  - Supervisory authority intends to closely examine the risks accepted and their calculation of premium

Settlement of claims may be delayed

Caution in decision-making leads to bureaucratic and formalistic procedures.

- "Western" reinsurance has ceased to exist and offers neither financial nor technical support
  - Decisions only apply to the net retention of the insurer
  - Support from national reinsurers still very low due to lack of staff, under development
  - Coordination between insurers (co-insurance agreements) possible in principle and takes place in the event of major losses
  - ▪Claim payments in Employee Benefits unchanged
- Currently known major losses on the Russian market
  - Fire Power plant 1.5 billion RUB (approx. 24 million EUR)
  - Fire Warehouse 10 - 14 billion RUB (approx. 160 - 223 million EUR)
  - Helicopter crash on refinery, amount of damage not yet known, crash of flying object or terrorism?

Situation in Belarus

No international cover for Belarus

- No international cover
  - Although neither a war zone nor affected by sanctions to the same extent as Russia, "Western" insurers and reinsurers no longer offer coverage
  - State guarantees and Belarus Re taketheir place for large risks, but Western risks difficult to place
  - RNRC announced to offer capacity, but is very reluctant to write local busines
- Insurance market shrinks
  - Exodus of IT sector, interruptions in transport routes and supplies, decline in domestic demand (motor vehicles!) lead to a decline in insurance volume despite an increase in premiums.
  - 9 months statistics: personal insurance +11%; property -9%; liability -14% and compulsory insurances +7%

Increasing isolation of the market

- Some insurers are repositioning themselves

  Sale of shares of Western companies to local buyers, e.g., management buy-outs, are being examined.

- Significant premium increases expected

  Sanctions cause a shortage of industrial goods, therefore claims payments become more costly -premium increases in the tariff-driven market are to be expected.

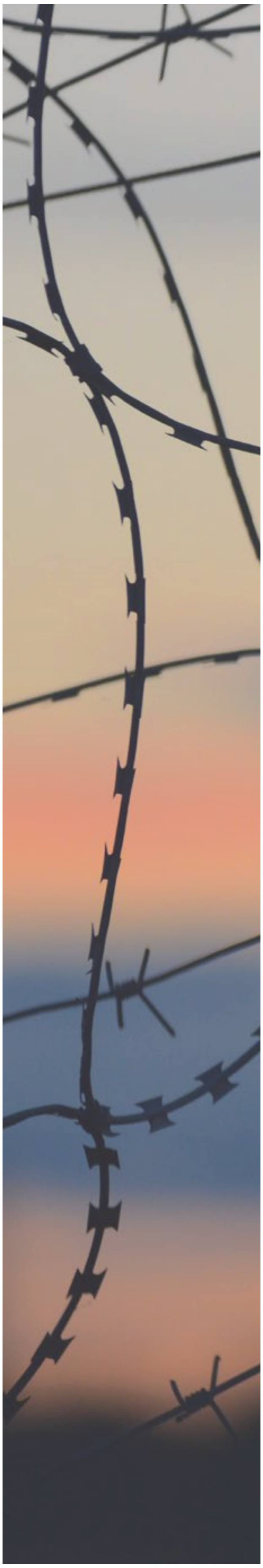
- International money transfer

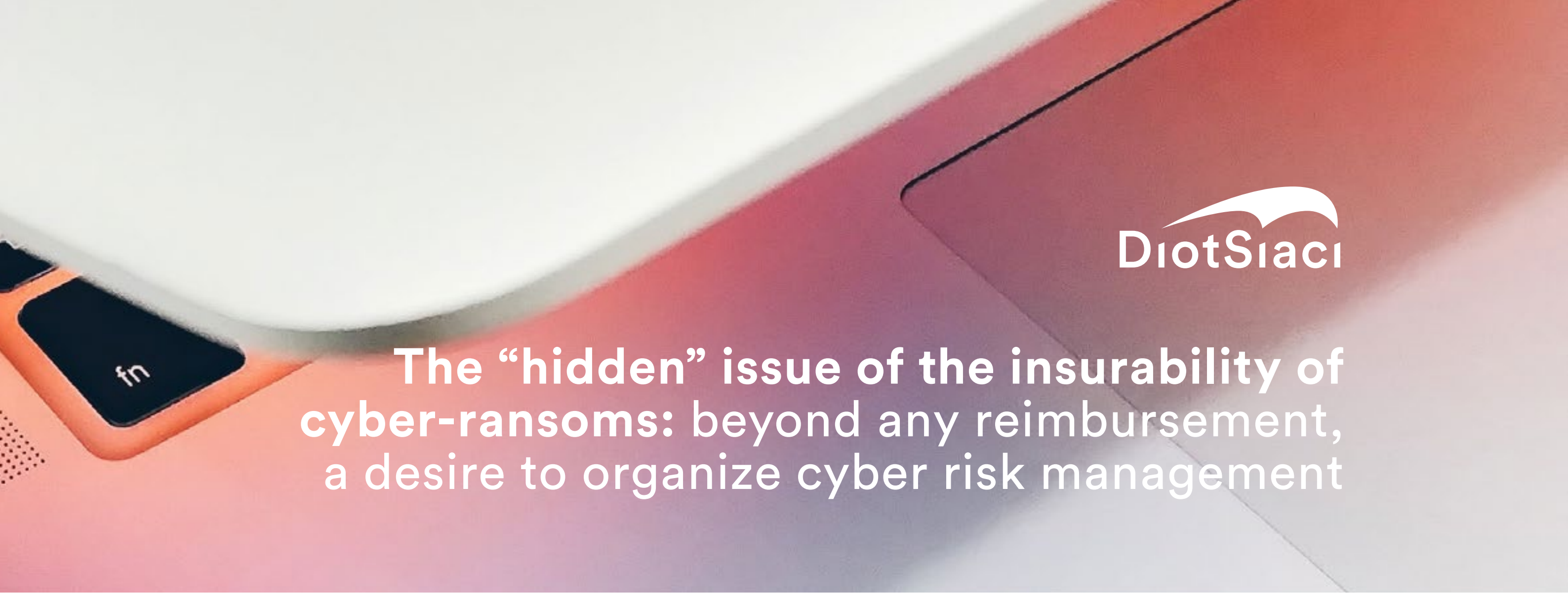
  International premium and claims payments are possible in principle but involve a lot of bureaucracy and therefore take a long time.

Triple rejection of risks and perils

Sanctions must be complied with by all participants in the financial sector

- Clauses are based on sanctions imposed by the EU and the respective country where the insurance contract is concluded.
  - Most clauses also extend to sanctions imposed by the UN, US, UK
- Types of sanctions
  - Sanctions against individuals (more than 1,300 persons to date)
  - Sectoral trade sanctions (embargoes) concerning export / import / road transport / aviation / maritime transport
  - SWIFT exclusion / sanctions against the Russian central bank
  - Regional sanctions for Ukrainian territories occupied by Russia
- Sanction check required
  - Sanction clauses are not absolute exclusions, it has to be checked whether the risk to be insured (goods financed, produced, traded, transported) underlies sanctions or not.
  - Production and transport of goods of humanitarian need, especially food, hygienic articles, vaccines are explicitly exempted from sanctions.





The “hidden” issue of the insurability of cyber-ransoms: beyond any reimbursement, a desire to organize cyber risk management

Ransomware payments and their reimbursement under insurance policies remain a controversial topic because of their potential for moral hazard and the possibility that such payments will fund international criminal, terrorist, and/or state-sponsored cyber actors.

Extortion through ransomware is only one feature of the evolving cyber risk landscape, but its potential impact on companies and their insurers, who may underwrite associated losses, demands special attention. Some major insurers are adopting an alarmist stands by claiming that cyberattacks will become “uninsurable”. Although the insurance and reinsurance markets as a whole are aware of the growing threat, the voice of some of largest insurers deserve to be put into perspective. Some specific Cyber Attack may become uninsurable by a classical Cyber Insurance solution, but some major risks could remain covered including the consequences of a ransomware.

Ransomware coverage: A tiny portion of Cyber insurance indemnification

However, it is important to remember that this specific coverage is not “the main purpose” of cyber insurance and is only a tiny part of it. The challenge for a company that suffers a ransomware attack is above all that of operating losses during the period of loss of access to data and reputation damage to its image, in addition to the resulting crisis management costs. Thus, among the constituents of the damage, the reimbursement of the ransom would be is the smallest part of indemnity paid by the Insurance/ Reinsurance which in any case 90% of the major companies have so far refused to pay. This question relates more to legal, moral and/ or ethical reflections on the idea of financing an illicit activity and the involvement of cyber-insurers in this process is a source of discussion.

From the point of view of the victim of the attack, the question is above all that of the limitation of losses and costs and, depending on the case, the payment of the ransom can be a possible solution to end the disruption of the activity. In short, formally prohibiting or authorizing the principle of ransom reimbursement by insurers is not likely to have a strong impact on cyber-insurance.

For re/insurers, the proliferation of ransomware attacks has driven up claims, which has prompted an increase in insurance premiums. One can think that many ransomware victims may simply find it easier and less costly to pay the ransom demand than to endure interruption to their businesses and/or incur costs to remove the malware and restore data. That would be potentially creating a vicious cycle and incentivising criminals to continue carrying out ransomware attacks.

Ransom payments will remain under specific conditions with a willingness to develop best practice

The consequences of cyber risks could eventually become uninsurable if a triple effort of prevention, pooling and clarification by the market, public authorities and policyholders were not undertaken quickly and forcefully. Such a position could generate a natural reaction to prohibit ransom payments altogether; some governments around the world are contemplating such a move.
However, throughout the world we do not see a massive movement of prohibition to the payment of the ransom and its insurability.

First of all, some re/insurers have already invested in new ways to assess insureds' cyber maturity and security controls. Additionally, insurers can leverage premium discounts, co-insurance and retention arrangements to incentivise organisations to adopt essential cybersecurity best practices, reducing their susceptibility to intrusion. For their part, governments and regulatory agencies will need to step up their efforts to dismantle cybercriminal business models and help organisations better respond to attacks.

Restriction on ransomware coverage: An inefficient remedy would be an ineffective remedy

Banning ransom payments by the targeted companies or prohibiting reimbursement by re/insurers would probably discourage some attacks; but such a blunt policy response may not always have the desired effect, especially if bans are not consistently applied on an international level. As we already commented that issue in the press in 2022, this major issue should only be considered at a European or even international level. Prohibiting the payment of the ransom or its insurance in an EU country could tempt companies to seek insurance on Freedom of Services basis to purchase a Cyber insurance programme in another European country, which has not adopted the same constraint.

What is clear is that countering the rise in ransomware will take commitment, innovation and a deep understanding of emerging cyber risks.
The re/insurance industry is well placed to contribute to that endeavour.
As said above, Cyber-Insurance is not only a way to finance the loss, including the ransom, sustained after a ransomware attack , it provides loss mitigation and prevention tools:

- It allows access to Cybersecurity services and experts to assess the incident and recommend a timely response;
- As with K&R insurance, independent experts help the affected organisations make informed decisions about ransomware attacks and subsequent negotiations, potentially lowering the ransom actually paid;
- Insurance plays an important role in encouraging good cyber hygiene and risk prevention, also providing guidance in case of a ransomware intrusion or in the investments to prioritize the adoption of cyber hygiene best-practices.
- Some carriers (directly or in collaboration with specialist cybersecurity firms) continuously monitor the threat environment, highlighting vulnerabilities and weaknesses in a firm's networks and systems that might be unknown to the policyholder.

The 2023 legal and regulatory landscape from Europe to rest of the world: A heterogeneous pace of development

In general, in many jurisdictions, the payment of a ransom (whether direct or indirect through third parties) is not illegal. No major jurisdiction currently imposes an outright legal ban or regulatory limitation on cyber ransoms payment and most countries do not bar insurers from reimbursing victims.
Most of the Insurance markets offers cyber coverage for data recovery costs, for operating losses as well as ransom payment (which can only be carried out with the agreement of the insurer and under certain conditions such as prior information to the police authorities, complaint/obligation of confidentiality as to the existence of the insurance policy, etc.).

France

Recently, new legal provisions have been adopted in France. They will be effective in March 2023.
The fundamental criteria remains that of awareness of the illicit use of the funds paid.
The legislator addresses the issue of ransoms paid in the context of a cyber-attack without imposing a ban on the payment of ransoms under conditions. By the first half of 2023, victims of cyberattacks will have to file a complaint within 72 hours of discovering the attack to get the reimbursement of these ransoms by the cyber-insurers.

The provisions do not exclusively concerns the coverage of ransom payments but also any other insurance coverage relating to the indemnification of the consequences of a cyber-attack. The legislator thus seems to be moving away from the controversial subject of the insurability of ransoms by returning to the fundamentals of cyber-insurance, which moreover meets the Government paramount concern, which is to allow «the competent authorities to have the information necessary to prosecute the perpetrators of the offence".

The fight against cyber criminality is being structured on public-private basis. The arsenal of the judicial bodies will be empowered with several tools which will bring together existing separate procedures:

- Seizure of digital assets (cryptocurrencies, etc.).
- Authorization of the online purchase of illicit products or services with the aim of characterizing an offence.
- Development of cyber-criminal intelligence.
- Creation of an alert system to report a cyberattack.

Belgium

There is no legal or regulatory limitation on insuring the risk of ransomware, subject to compliance with the measures of the international sanctions regime and the fight against terrorism.

Luxemburg

There is no ban on ransom insurance and no recommendation has been issued on this subject by the Luxembourg regulator.
The problem with paying ransoms, whether paid by the victim in the event of kidnapping or in other cases such as cybercrime, is not under discussion in Luxembourg.
K&R policies have existed for a long time. This coverage is now extended in the event of a cyberattack as well. The coverage allowing the reimbursement of the victim in case of cyberattack is not perceived as encouraging immoral or illegal acts contrary to public order. A debate exists, however, as to whether the reimbursement of the ransom by the insurer should in itself be treated as requiring a suspicious transaction report under anti-terrorism/anti-money laundering measures.

Germany

The Bafin Circular 3/1998 "Guidelines on the provision of ransom insurance" adopted in 1998 by the German supervisory authority laid down the conditions for the validity of kidnapping and ransom coverage from which:

- the duty of confidentiality regarding the insurance cover is imposed on the policyholder,
- the policyholder, the broker, the negotiation expert, and the insurer are obliged in the event of a claim to report the incident to the police and to collaborate with the police services.

With regard to ransoms demanded following cyber-attacks, in 2017 BaFin specifically authorized coverage of the risk of ransomware within a cyber policy if:

- the insurance is offered as part of a broader cyber risk insurance policy; it cannot be offered separately,
- the investigative work of the police must not be hindered,
- confidentiality rules are set when an attack takes place and the insurer is involved in the ransom payment.

According to the GDV (German Association of Insurers), if cyber insurance covers ransomware (this is not always the case), insurers have a duty to offer the insured technical support in the event of a ransomware attack, any ransom payment intervening as a last resort. The same principles apply in Austria.

Italy

Even in Italy, where anti-kidnapping legislation introduced in the 1990s outlaws ransoms being paid to secure the release of hostages, the law does not currently prohibit the payment of ransoms to cybercriminals. This does not, however, mean such ransom payments to cybercriminals never result in legal penalties. There is no specific legal limitation on insuring the risk of ransomware, subject to compliance with the measures of the international sanctions regime and the fight against terrorism.

Spain

There is no prohibition on insuring the risk of ransomware. To date, the debate is not open at the political level. Most insurers offer cyber policies including ransom reimbursement subject to the application of international sanctions mentioned in the 2020 OECD report highlighting the risk of terrorist financing.

Nordic countries

There is no legal limitation on insuring the risk of ransomware. The subject is currently debated in the academic world mainly with regard to the application of the rules prohibiting the financing of terrorism/money laundering.

Ireland

There is no legal prohibition on insuring the risk of ransomware, nor any "guidance" aimed at imposing specific coverage conditions on insurers for this risk; the Irish Government places more emphasis on the cyber resilience of actors and on the role of insurers in the development of good practices to fight against cyber-attacks and their effects.

United Kingdom

Ransom insurance is legal with the exception of terrorist financing cases.
According to the official government position, paying ransom demands should be avoided as much as possible. In the United Kingdom, the National Cyber Security Center (a government agency) updated its "Mitigating Ransomware and Malware Attacks" guide in March 2021 by indirectly discouraging ransom payments and encouraging the implementation of "defense- in depth". Thus, the payment of ransoms remains possible as long as the ransom does not finance terrorism.

The Association of British Insurers (ABI) defends the insurability of the payment of the ransom within cyber policies but encourage insurers to condition the guarantee to the implementation of preventive measures to avoid cyber-attacks and limit their effects.

The regulatory landscape in Asia Pacific where ransomware is a significant growing threat :

Hong Kong

Even though there is currently no cybersecurity legislation prohibiting the payment of ransom, such payments could be considered a violation under section 25 of the Organised and Serious Crimes Ordinance. Organisations in regulated industries, such as financial institutions, are mandated to notify the regulators in Hong Kong of a major cyber incident. The Privacy Commissioner in Hong Kong also encourages companies to self-report and notify affected customers.

Singapore

For instance payments to ransomware attackers could violate the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, or CDSA, which criminalises assisting another person to retain, control or use the benefits of criminal conduct. Payments to sanctioned entities could also violate Singapore sanctions laws.

Indonesia

Due to its particular geographical location and through its internet submarine cables connecting major continents of the world (North America, Latin America, Asia and Africa), Indonesia is a perfect bridge and platform for carrying out sophisticated attacks for attackers. The Internet connection rate of people is much higher than in the United States. Indonesia experienced more ransomware attacks in 2021 than any other Southeast Asian country.
According to statistics provided by Kaspersky, there were about 2.7 million ransomware detections in ASEAN during the first three quarters of 2020. Among the ten ASEAN member countries, Indonesia suffered the most with 1.3 million counts, accounting for almost half of the entire detections in the region.

Indonesia has recently passed in 2022 its historic first data protection law following large breaches and cyber-attacks on its critical infrastructure, banks systems and telcos. For instance there is no legal prohibition on insuring the risk of ransomware, but the insurance market is more and more reluctant to grant the full cover for ransomware attacks and asks for best practice in place to write new policies.

Australia

Paying ransoms is for instance possible but the Australian Cyber Security Center (ACSC), an agency of the Australian Government, recommends against paying ransoms. The Minister for Home Affairs intends to introduce new legislation this year that mandates the reporting of ransomware attacks and makes making ransomware payments illegal. On June 21, 2021, a parliamentarian proposed to impose ransomware reporting obligations on organizations whose turnover exceeds $10 million and which plan to pay ransoms with penalties of a maximum amount of $222,000, in the event of non-compliance with these obligations.

United States

July 1, 2021: The American Property Casualty Insurance Association (APCIA) released guidelines on cyber/ransomware extortion. APCIA believes that, subject to applicable sanctions and other laws, insurers should be allowed to provide cover providing for the reimbursement of ransoms in the event of cyber extortion. For the federation, this principle is in line with the long-standing approach to the parallel issue of "kidpnap & ransom" covers which are authorized by regulators as long as these payments do not violate sanctions laws. The federation also warns of the consequences of a ban such as the reduced economic resilience of companies that are victims of ransomware.

A recent advisory notice from the U.S. Department of the Treasury highlighted that ransomware payments to individuals or entities on the Office of Foreign Assets Control's (OFAC) Specially Designated Nationals and Blocked Persons List (SDN List) are subject to civil enforcement and may incur criminal penalties if the initiator of the payment was aware that the recipient was on the SDN List or otherwise subject to embargo.

It describes the potential sanctions risks associated with making and facilitating ransomware payments and provides information for contacting relevant U.S. government agencies, including OFAC.

In May 2017, a ransomware known as WannaCry 2.0 infected approximately 300,000 computers in at least 150 countries. This attack was linked to the Lazarus Group, a cybercriminal organization sponsored by North Korea. OFAC designated the Lazarus Group and two subgroups, Bluenoroff and Andariel, in September 2019.

To conclude, in most countries, local agencies provide guidance to avoid any payment of ransom prohibiting the financing of terrorism/ money laundering. Either through law or regulations, they prohibit payments to governments, individuals or entities that are subject to official sanctions (e.g. known terrorist organisations). These rules extend to facilitators of such payments – such as financial institutions that process transactions, cyber insurers that reimburse ransoms and other companies involved in incident response and digital forensics –. Both victim and intermediary may be liable for civil penalties and even face criminal prosecution for knowingly violating regulations.

Mickaël Robart
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DiotSiaci

Closing Statement

“We are delighted to contribute this year to the first Diot-Siaci International White Paper. It is always interesting and of value to Clients to see how the markets in different geographies are reacting to the varied challenges that are faced by customers and insurers alike.”

In the past three years, the world has undergone significant challenges, following unprecedented economic, social and geopolitical events. The pandemic, the Ukrainian war, and the consequential emerging risks such as supply-chain disruptions, have all led to increased volatility and uncertainty for businesses. Additionally, the velocity of risk has changed with clients facing more risks more frequently than in the past. This has brought greater difficulty to the strategic planning process.

Rapidly rising inflation is impacting all businesses as materials become more expensive. Wageroll, social and medical inflation remain in an upward trajectory, leading to greater insurer scrutiny and challenge. Businesses are cognisant of these challenges and it is important that their work in managing these risks is articulated clearly to the insurers in order to differentiate their risk profile.

Despite these macro and global challenges, the insurance market has seen greater competitive opportunities for buyers, particularly for well managed risks with a compelling narrative around environmental, social and governance (ESG), strong risk management and good claims profiles.

At Lockton, and in partnership with Diot-Siaci, we work with and invest in Specialist teams & Practice groups to cover all lines of business and main industry sectors.

We work hard and in collaboration to ensure this knowledge and expertise is easy to access for our Clients.

Although there are several market signs that encourage optimism for insurance buyers in many coverage classes, this optimism needs to be tempered with the ongoing and future global economic challenges that may lead to some more caution amongst insurers as we move into 2023.

At Lockton we work with Diot-Siaci in many parts of the world from South America to South East Asia via the USA and the UK. Our relationship with Diot and Siaci goes back 20 years and has been reinforced by the coming together of these two major independent brokers to form the Diot-Siaci Group. We share the same commitment to independence and to the highest level of client service.

We look forward to continuing to work closely with the Diot-Siaci teams and our common clients.

Chris Brown
President, Lockton International

“At Lockton we share with Diot-Siaci a sense of service dedicated to Clients and a culture of Performance and Growth.”

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