MARSH

INSIGHTS | 2016

MARKET PERSPECTIVE

EUROPE, MIDDLE EAST, AND AFRICA INSURANCE MARKET REPORT 2016

MARSH GUY CARPENTER MERCER OLIVER WYMAN

MARSH & McLENNAN COMPANIES

Contents

FOREWORD

The *Europe, Middle East, and Africa Insurance Market Report 2016* provides a snapshot of current market conditions and risk trends across major lines of coverage in countries throughout the region, reflecting the experience of Marsh insurance professionals who work daily with the global insurance marketplace and provide clients with risk management advice.

With 2016 underway, the global insurance marketplace appears to be heading in the general direction of soft pricing, reflecting insurer capacity, competition, and relatively low catastrophe losses. At the same time, our industry continues to be affected by macro dynamics, including global economic, political, regulatory, technological, and environmental developments.

In addition, the insurance industry is experiencing some significant developments that warrant close consideration throughout 2016, including:

- Large-scale mergers and acquisitions.
- Executive-leadership changes.
- A reduction in, and changes to, underwriting appetite at several companies.
- Some insurers' disposition of unprofitable segments.
- Recent announcements regarding potential and actual reinsurance underwriting.

These developments may ultimately produce positive outcomes, such as a prolonged healthy and competitive marketplace, with higher levels of innovation, new product offerings, and improved service.

Companies of all sizes and in all industries around the world choose Marsh for our breadth and depth of experience, expertise, and capabilities. These traits, together with our ability as a trusted strategic advisor, are critical in helping organisations navigate the complex risk challenges present in today's volatile market.

Should you have any questions about this report or the industry and market environment, please do not hesitate to reach out to your local Marsh office.

EXECUTIVE SUMMARY

Capacity remains plentiful in many markets across Europe, the Middle East, and Africa (EMEA) amid continuing competition among insurers. This is presenting those organisations with attractive portfolios and good loss histories with the opportunity to secure premium rate reductions at renewal.

Cyber risk is "the hot topic" in boardrooms across EMEA. As a result, there has been a dramatic increase in the number of enquiries about the role insurance can play in managing the threat. In light of the terrorist attacks in the region in 2015, terrorism and political violence risks are also on the risk matrixes of the majority of organisations in the country, and interest in relevant coverage options has grown as a result.

Insureds have benefitted from favourable premium rates for directors and officers (D&O) liability insurance, in particular. D&O rates have remained stable or reduced in all but one country in the region: Average reductions of up to 10% were reported in 12 countries, while Switzerland recorded reductions of up to 20%. Only Norway and Slovenia experienced rate increases for D&O insurance in EMEA in 2015.

Following the widespread reductions in motor/automotive premium rates resulting from intense competition highlighted in last year's report, the *Insurance Market Report 2016* reveals that motor/automotive premium rates increased by an average of up to 10% in 11 countries; and by more than 10% in two others. These rate increases are attributed to high loss ratios in the motor third-party liability business and additional regulations across the region, which are driving up the cost of underwriting for this line of business.

IN-COUNTRY ECONOMIC ISSUES

- In Switzerland, the reduction of conversion rates for retirement pensions is a big issue in employee benefits, due to the fact that the population is ageing. Low interest rates have had a negative impact on the growth of pension funds, in addition to a poorly-performing stock market. The Swiss National Bank introduced negative interest rates of -0.75 % in January 2015, which is a burden for large pension funds. The negative interest rate will keep the Swiss Franc at a low value to deter investment in the currency.
- The declining value against the US dollar is a concern in Namibia, and is having a huge effect on the local economy. Despite this, the construction industry is booming in the country and tourism remains a major source of income. Due to the recent fall in the price of global commodities, however, the mining industry is under intense pressure.
- With oil prices continuing to drop, many companies in Norway may struggle for the next couple of years, since much of Norwegian industry is related to oil/energy. This downward trend may place a greater focus on controlling costs, with insurance premiums and safety measures both vulnerable.

CAPTIVES

- Captive numbers increased globally in 2015, continuing the trend of steady growth over the last 20 years, in spite of ongoing soft insurance market pricing and high levels of capacity. There are now almost 7,000 captives in existence globally, more than 4,000 of which are located in domiciles outside the US.
- Solvency II finally arrived on 1 January 2016, without causing much of a ripple, given that implementation measures had been in place for some time. We anticipate that the growth rate in the number of captives with EU domiciles will increase and that the EU will become one of the more sophisticated captive markets over time.
- With the pursuit of capital efficiency onshore in the EU, we anticipate seeing an increase in the diversification of captive risks – beyond the traditional areas of property and casualty, and into non-traditional areas such as employee benefits, supply chain, and cyber risk.
- The increasing use of alternative captive structures has continued, making captives more accessible for small and mid-sized companies as well as large organisations. These alternative vehicles allow companies to participate in their own risk and implement a formalised form of risk financing, often at a lower cost and with lower capital requirements than the traditional captive model.

CYBER COVER

- Cyber is "the hot topic" with organisations in Belgium. However, due to the complexity of the subject, the placement process is very long, to the point that organisations are reluctant to increase their insurance budgets. That being said, this issue has become inescapable for more and more companies.
- The focal point for most businesses in Botswana is cyber-crime and the potential liabilities arising from fraudulent breaches. Risk managers now realise that the most costly losses to their business are not related to loss of physical assets, but rather intellectual property and/or data concerning the business and its key stakeholders.
- Cyber risk is a growing concern among organisations in Denmark, and a subsequent rise in interest in primary coverage for first-party business interruption exposures. Although the insurance market tends to focus more on third-party exposures, insurers are increasingly responding to insureds' requests for first-party coverage.
- Qatar is working on a new cyber law, whose details are yet to be known. The recent spate of cyber breaches in the Gulf Cooperation Council (GCC) region has led to insureds raising queries on the availability of insurance solutions to address their risk exposures.
- The frequency and severity of cyber attacks is increasing in the UK. As a result, organisations are becoming more aware of their vulnerability to skilled individuals, organised crime or terrorist groups and government-sponsored offensive resources. All of whom possess the motivation and means to materially disrupt operations and compromise the confidentiality of sensitive information.

TAX AND REGULATION

- The implementation of the new Civil Code in the Czech Republic in 2014 brought with it a host of new liability risks, including, for example, personal pecuniary injury.
- New medical liability regulations are expected in Italy, which will lead to more insurers entering the market and an increase in capacity.
- In 2015/2016, some German property insurers will begin using the new calculation basis published by the GDV (German Insurance Association), which may have some impact on the calculation of premium going forward.
- Premium levels for environmental impairment liability cover in Ireland may face some upward rating pressure in 2016 due to recent changes to the EPA's (Environmental Protection Agency's) Guidance on Financial Provision for Environmental Liabilities, which will require uplifts on limits of indemnity across the majority of environmental impairment liability placements.
- In Ireland, the High Court has ruled that the Motor Insurance Bureau must pay the €90 million plus claims following the collapse of Setanta Insurance, which has led, in part, to a contraction in market capacity and a possible sustained period of premium rate rises.
- From the beginning of 2016, the Omani Government will begin implementing decrees in order to reduce the price of medicines. Insurers will keep a close eye on their impact.
- The impact of impending regulation on insurance from the Central Bank of Qatar is unknown. It has circulated a draft of the revised insurance regulations for comments.
- In Russia, the finance authority has put greater restrictions on insurance. This has been exacerbated by the fact that there is less business and a more competitive market environment.
- In 2016, the South African Parliament will review the new Financial Sector Regulations Bill, Insurance Bill, Insurer Solvency & Management Regulations, the Retail Distribution Review for Intermediaries, the Reinsurance Regulatory Review, the demarcation rules between medical and health insurance products, and its "Treating Customers Fairly" initiative.

- Changes made to the Turkish Commercial Code and Capital Markets Code in 2012 continue to trigger increasing interest in D&O insurance.
- When the Insurance Act 2015 comes into force on 12 August 2016, it will have a significant impact on insureds' responsibilities as regards the pre-contractual duty of disclosure, and provide insurers with a number of new remedies should insureds fail to comply with their duties.
- In the UK, the insurance premium tax (IPT) rate has increased from 6% to 9.5% as of 1 November 2015.
- In Zimbabwe, the regulator is expected to increase minimum capital requirements for both life and non-life insurers from US$1.5 million to US$2.5 million in respect of short-term care and funeral insurance companies, and from US$2 million to US$5 million in respect of life assurers.
- Stamp duty has been increased to 5% of premium up to a maximum of US$100,000 in Zimbabwe. Insurance companies are required to subscribe to infrastructure bonds estimated to be worth US$30 million. All these changes will take effect from 1 January 2016, except stamp duty, which took effect on 1 August 2015.
- Regulatory pressure on financial institutions continues to increase and banks are turning to shareholders for additional equity yet again. If the global economy is weak and threatened with deflationary pressures, major corporate failures will increase and some sovereigns may be unable to withstand the fall in commodity price exports.
- As part of the European Union, Estonia's insurance market is evolving in terms of cyber risk coverage, and this trend should take centre stage in 2016.

TERRORISM AND POLITICAL VIOLENCE

- Terrorism and political violence are major concerns in the Czech Republic, particularly in light of the current migration crisis in Europe and the new regulations implemented as a result.
- Given the underlying economy and the recent terrorist events in Paris, there is increased interest in terrorism and political risk coverage in France.

CAPTIVE NUMBERS CONTINUED TO INCREASE GLOBALLY IN 2015 AND NOW EXCEED 7,000.

INSURANCE MARKETS BY COUNTRY

Bahrain

MARKET CONDITIONS

GENERAL LIABILITY

RATES: STABLE -5% TO +5%

While general liability cover is not compulsory in Bahrain, there is still a demand for it for major risks. Capacity is available in the market up to a limit of US$5 million.

PROPERTY: CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: DECREASE 0% TO 10%

There is strong competition between insurance companies, which is driving down rates at renewal.

ENVIRONMENTAL

RATES: DECREASE 10% TO 20%

Bahrain's environmental impairment liability insurance market remains competitive, and a lack of claims means organisations have experienced rate reductions of 10% to 20%.

DIRECTORS AND OFFICERS (D&O)

RATES: STABLE -5% TO +5%

There is a high level of demand for D&O cover from banks and public companies in the country. Capacity is available for those companies with favourable risk profiles.

FINANCIAL INSTITUTIONS

RATES: DECREASE 0% TO 10%

There is strong competition between insurance companies for financial institutions (FI) business, which is driving down rates at renewal.

PROFESSIONAL LIABILITY

RATES: DECREASE 0% TO 10%

MEDICAL MALPRACTICE

RATES: INCREASE 0% TO 10%

High loss ratios and an increase in the cost of medicine have pushed rates up by as much as 10%.

MARINE CARGO

RATES: DECREASE 0% TO 10%

There is intense competition for marine risks between 23 companies. This has, in the absence of technical guidelines, led to rate reductions of as much as 10%.

RISK TRENDS

Political Risk

There is a strong demand for political risk cover from both the private and public sectors.

Cyber by Sector

The demand for cyber cover has increased, notably among banks and communication companies.

Medical in the Public Sector

Public-sector companies have increased their demand for medical insurance as they seek shorter waiting periods and improved levels of service.

CONTACT:

ABED QASSAS

Placement Leader

+973 39620181

abed.qassas@marsh.com

Belgium

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 10% TO 20%

Premium rates at renewal are down by 10% to 20% on average, especially for excess liability risks. The exceptions to this are rates for the life sciences, engineering, and automotive industries.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%

The market remains extremely soft, with a few insurers pushing premium rates down to all-time lows for the Belgium motor/fleet market. As a result, many insurers are reviewing those accounts which are prone to more frequent losses.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: DECREASE 0% TO 10%

Although several insurers have discussed premium rate increases for smaller-sized companies, some major accounts are experiencing premium reductions at renewal. Moreover, the workers' compensation market seems to be broadening, meaning that some of the less active insurers in this space are beginning to show some interest and offer very competitive rates.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

A competitive environment is ensuring rate reductions can still be achieved. Key to obtaining the best possible cover is the quality of information provided to the market, while loss prevention and the follow-up of recommendations remain important.

ENVIRONMENTAL
RATES: DECREASE 0% TO 10%

The outlook for 2016 sees the continuation of the reduction in premium rates experienced in 2015, with overall rates expected to decrease by 5% on average. However, organisations in the oil and chemical sectors with a poor loss experience could see significant increases in excess of 25%. The market is primarily made up of multinationals with production locations around the world. Zurich and Allianz (AGCS) have entered the Belgium marketplace, offering very competitive rates which have, in turn, driven overall rates within the environmental impairment liability insurance market down. New opportunities are likely to arise as a result of the introduction of strict liability for environmental damage in South Korea and Turkey, which should take effect sometime in 2016.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

Where premiums have not yet reached the bottom line, buyers whose risk profiles are good or improving are still able to secure premium rate reductions. Competition remains strong in the D&O market and this is the primary reason why such minor decreases can still be achieved.

FINANCIAL INSTITUTIONS
RATES: DECREASE 0% TO 10%

Premium rates have decreased for buyers whose risk profiles are good or improving and where premiums have not yet reached the bottom line.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

Several insurers have expressed their intent to develop their professional liability portfolios and are eager to receive submissions; however, their appetite appears to be limited to excess layers only. Any willingness to take on new primary layers remains subdued due to general claims experiences and a fear of future claims.

MEDICAL MALPRACTICE
RATES: STABLE-5% TO +5%

No new insurers have entered the market and premium rates remain stable.

MARINE CARGO
RATES: DECREASE 0% TO 10%

The cargo market is extremely soft. Overcapacity is driving rates down.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 10% TO 20%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

Continuing rate increases at renewal are expected for health insurance, as a result of changes in the medical index (for example, the cost of a private room).

MARKET TRENDS

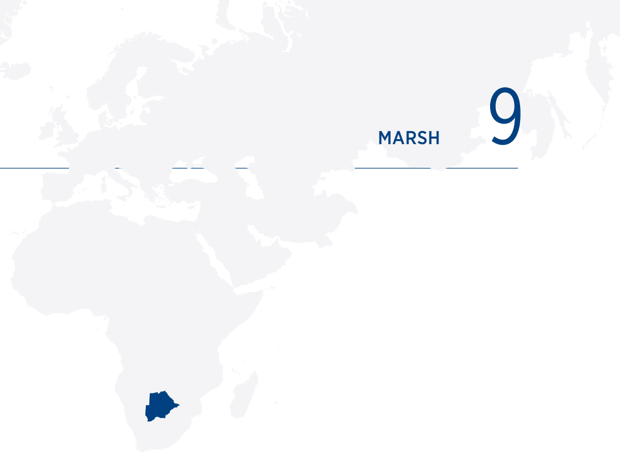
Overall, the marketplace remains very competitive and there is plenty of capacity in the market. The exception is a small number of property insurers, which have had to cut back on their capacity following several severe fire claims.

RISK TRENDS

Cyber Risk

This has been "the hot topic" for a little over two years now. However, due to the complexity of the subject, the placement process is very long, to the point that insureds are reluctant to increase their insurance budgets. That being said, this issue has become inescapable for more and more organisations.

CONTACT:
DOMINIQUE COPPENS
Placement Leader
+32 26749670
dominique.coppens@marsh.com



Botswana

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%
General liability premium rates remain stable, which is perhaps a stark reflection of the fact that rates are already low and that any further rate reductions would make this line of business unviable. Although insurers perceive the regulatory regime prevailing in Botswana to be unfavourable and adverse to third-party claimants, this trend may change soon, due to the introduction of legal aid services by the Government, which are targeting those that previously could not afford legal services. Insurers are likely to monitor developments, prior to adopting any firm position on premium rates.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%
The motor insurance market has seen further decreases in already discounted premium rates, a trend that is largely perpetrated by new market entrants battling for market share. There has been an evident drive by insurers to control the aggregate motor claims costs in an attempt to boost profitability levels, with all the major underwriters now having in-house accident vehicle assessment centres and also choosing to employ in-house motor vehicle assessors. These cost-control measures are a reflection that insurers have little influence on premium rates in an intensely competitive market.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%
This is a statutory, legislated form of insurance in Botswana for which insurers have very little discretion in the adjudication of claims. Claims adjudication is a function of government in terms of prevailing legislation, and claims are premised on a strict liability framework. This absence of control could perhaps help to explain the general stability of premium rates in this class of insurance. Claims loss ratios have generally increased over the years as claimants have become more assertive of their rights within the work place.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%
The country experiences semi-arid, dry climatic conditions without any adverse natural-catastrophe conditions. Mild seismic activity has been experienced in the country in the past; however, with no real property damage losses attaching. It is perhaps, this perceived low risk exposure which could help explain the marginal decrease in premium rates in 2015.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%
The market witnessed a large number of isolated fire losses in 2015, with a number of lead insurers sharing in these by way of different forms of reinsurance participations. Contrary to expectations, however, premium rates for this class of insurance remained largely stable, with only very marginal increases.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%

MARINE CARGO
RATES: STABLE -5% TO +5%

AVIATION
RATES: STABLE -5% TO +5%

There is limited capacity for the above classes of insurance in the market, with large proportions of the risks largely being reinsured externally in regional and overseas specialist markets. Rates remained stable as a result, as external insurers determined and prescribed the pricing to be charged locally. However, there was an increase in the number of insurers participating in these classes as reinsurance cedents, and this saw local cedents' fronting fees remain stable in comparison to previous years.

EMPLOYEE BENEFITS: HEALTH
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%
The life insurance sector witnessed the entry of a number of new insurers in the past few years, which triggered price completion and a subsequent decrease in premium rates. These premium rate decreases are a reflection of the intense competition in the market as well as the official decline in mortality rates due to improvements in HIV medical treatment programmes.

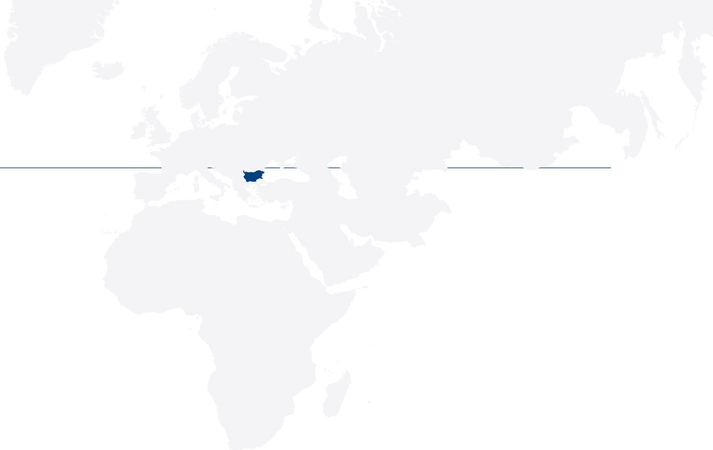
Claims loss ratios have stabilised over the years, which has perhaps given underwriters the incentive to decrease premium rates.

RISK TRENDS

Cyber Risk

The focal point for most businesses at present is cyber-crime and potential liabilities arising from fraudulent breaches. A lot of risk managers now realise that the most costly losses are not related to loss of physical assets, but rather intellectual property and/or data concerning the business and its key stakeholders. Opportunities exist for insurers to provide solutions to cover these business exposures.

CONTACT:
CHARLTON DZWAIRO
Placement Leader
+263 73002004
charlton.dzwairo@marsh.com



Bulgaria

MARKET CONDITIONS

GENERAL LIABILITY

RATES: DECREASE 0% TO 10%

The general liability market remains soft due to the non-litigious environment and the absence of large and/or significant claims. A new regional insurer has entered the market, although its focus is predominantly on providing niche liability cover. Local capacity ranges up to US$5 million. Typical limits purchased by insureds are within the range of US$100,000 to US$1 million.

MOTOR/AUTO

RATES: STABLE -5% TO +5%

Because of its compulsory nature in Bulgaria, there is intense competition for motor third-party liability business. Premium volumes for this type of cover have increased over the past five years as the number of registered vehicles continues to grow.

Because of the favourable loss experience, the motor own damage market has been broadly stable for a number of years. Inadequate net premiums, the poor quality of roads, and high levels of awards for death and injury have all contributed to the increasing loss ratio and overall loss-making results in this class of business.

PROPERTY: CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

Bulgaria, like the rest of the Balkan Peninsula, is a relatively active seismic area. There is therefore a relatively high demand for earthquake insurance, although penetration levels, particularly for households, remain low. Most demand is stimulated by banks, which require mortgaged properties to hold household insurance.

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: DECREASE 0% TO 10%

The commercial property insurance market remains soft, with average premium rate reductions of between 5% and 10%; however, rates can still fall by a significant margin (up to 50%) in a competitive tender. The normal level of rate reduction shows that average rates have fallen significantly on a cumulative basis during the past five years. In addition to straightforward rate reductions, insurers will also offer no-claim bonuses of up to 20% to secure a loss-free renewal.

ENVIRONMENTAL

RATES: STABLE -5% TO +5%

There is very little appetite for environmental impairment liability cover in Bulgaria. Despite the adoption of EU Directive 2004/35/EC on environmental liability and the enforcement of the law on the prevention of environmental damages, the demand for pollution cover in any form is quite scarce. Few insurers have launched special products on a stand-alone basis to address environmental liability, clean-up costs, and biodiversity damages. Most only offer the restricted sudden and accidental pollution as an extension to general third-party liability products.

DIRECTORS AND OFFICERS (D&O)

RATES: STABLE -5% TO +5%

Rates are expected to remain stable in 2016.

FINANCIAL INSTITUTIONS (FI)

RATES: STABLE -5% TO +5%

The financial institutions market remains under-developed, and few local insurers have the capacity to offer this cover. Solutions for the few local sophisticated buyers are still sought on the London market.

PROFESSIONAL LIABILITY

RATES: STABLE -5% TO +5%

The professional liability market is growing slowly. Competition is tough, especially for the statutory professional liability covers, which is placing a downward pressure on rates. The non-litigious environment and the low compensation amounts awarded only add to this.

MARINE CARGO

RATES: STABLE -5% TO +5%

Premiums for marine cargo insurance are stable. Loss ratios, meanwhile, have been consistently good. As a result, rates are low but fairly stable. Loss-free accounts may secure slight rate reductions on renewal. The whole marine cargo market is estimated at approximately EUR8 million (US$10.6 million), representing just 1.5% of the total non-life market.

EMPLOYEE BENEFITS: HEALTH

RATES: INCREASE 0% TO 10%

Private medical insurance is potentially the most exciting aspect of the Bulgarian life market, and will have an increasingly important role to play in supplementing the National Health Insurance Fund system. Health insurers (life and non-life) provide subscription or reimbursement arrangements and offer access to managed-care organisations providing high-quality medical services in the private healthcare and state hospital sectors. The growth potential from this class could therefore be quite significant in the coming years. The potential for new business growth from a developing healthcare sector was clearly an adequate enough incentive for several voluntary health funds to relicense as insurance companies.

MARKET TRENDS

Insurers‘ profitability in 2014/2015 was impacted by the collapse of CorpBank and significant weather-related losses. The consolidation of local insurers has continued. Some foreign insurers have, however, reconsidered their level of market presence and involvement.

RISK TRENDS

Trade Credit Risk

Non-payment risk continues to grow as a result of the uncertain economic environment, which has increased the demand for trade credit insurance.

Cyber Risk

Cyber risk is a growing concern, with an increasing amount enquiring about the risk transfer opportunities available to them. Despite this, however, market penetration remains low.

CONTACT:
VENTSISLAV STOYKOV
Placement and Sales Leader
+359 2 40 20 000
Ventsislav.Stoykov@marsh.com

Czech Republic

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%
Motor rates continue to decline due to competition between insurers.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%
Motor rates continue to decline due to competition between insurers.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%
Workers' compensation and employers' liability premium rates remain stable.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

ENVIRONMENTAL
RATES: DECREASE 0% TO 10%
An increase in the number of insurers offering environmental impairment liability cover has resulted in more competition and, therefore, a reduction in premium rates.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%
The implementation of the new Civil Code in 2014 brought with it a host of new liability risks, including, for example, personal pecuniary injury. As a result, insurers have developed new insurance products to cover these risks.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%
Rates for medical malpractice remain stable, despite the entrance of new insurers and, therefore, additional capacity, into the marketplace.

MARINE CARGO
RATES: STABLE -5% TO +5%

AVIATION
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: HEALTH
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%
The market remains stable at present. New products have been introduced much to the benefit of insureds.

MARKET TRENDS

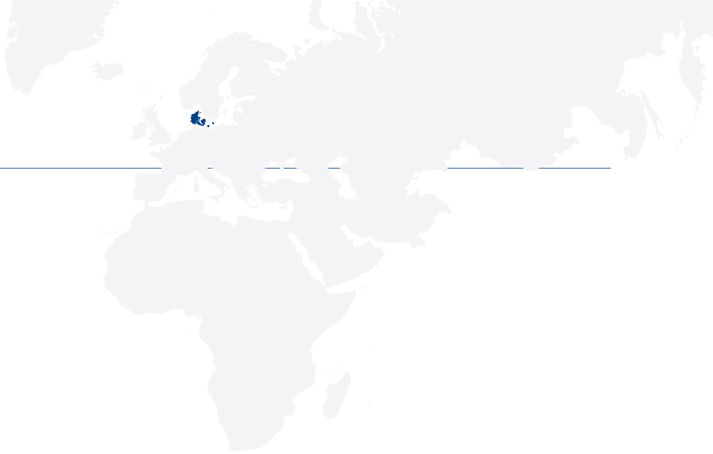
There is some concern among insurers over impact that new regulations will have on the Czech insurance market.

RISK TRENDS

Terrorism and Political Violence

Terrorism and political violence are major concerns, particularly in light of the current migration crisis in Europe and the new regulations implemented as a result.

CONTACT:
MILAN JAROS
Head of Broking
+42 (0)2 2141 8150
milan.jaros@marsh.com



Denmark

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

Although there is a heightened awareness of cyber risk in the marketplace, for some reason organisations are still not purchasing this product.

MOTOR/AUTO
RATES: DECREASE 10% TO 20%

In contrast with the prior three years, during which the motor insurance and auto liability markets remained stable, rates decreased throughout 2015. In addition, new covers were introduced, involving refuelling errors (mixing petrol and diesel), lost car keys, and roadside assistance.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

No real new covers were introduced in 2015, as the market is regulated by the Workers Compensation Act.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

New cyber risk product offerings were introduced in the Danish market, as well as a cyber-risk facility that covers both first- and third-party claims. Coverage for larger insureds will still be underwritten on a case-by-case basis.

ENVIRONMENTAL
RATES: DECREASE 0% TO 10%

Although new insurers have entered the marketplace, their products are not competitive compared with those that already exist.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

The D&O market is still very competitive due to an abundance of capacity and a low level of claims. Moreover, Nordic organisations remain attractive risks to insurers. Although insurers are beginning to consolidate, this should not have an impact on premiums in 2016.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

The Danish FI market has remained stable because capacity and the level of claims have not changed. Nordic organisations remain attractive risks to insurers. Although insurers are beginning to consolidate, this should not have an impact on premiums in 2016.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

The Danish professional liability market has remained stable because capacity and the level of claims have not changed. Nordic organisations remain attractive risks to insurers. Although insurers are beginning to consolidate, this should not have an impact on premiums in 2016.

MARINE CARGO
RATES: DECREASE 0% TO 10%

There were no new product offerings in the marine cargo market in 2015. As of yet, there has been no impact on the market with regard to the Tianjin explosions in August 2015.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 10% TO 20%

Several insurers have raised their rates due to an increase in the number of claims over the past few years. When health insurance was introduced in Denmark it was marketed at a "low price". However, as the product became more common and familiar to employees, the use of insurance has increased dramatically.

EMPLOYEE BENEFITS: LIFE
RATES: INCREASE 0% TO 10%

Rate increases with respect to disability coverage are expected as state-sponsored coverage is phased out, creating a demand for more private-sector insurance to avoid coverage gaps.

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 10% TO 20%

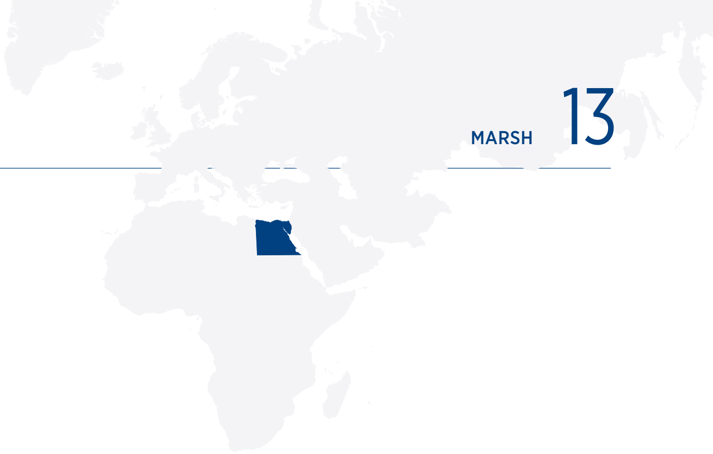
New insurers have entered the market, creating a more competitive environment. However, no new product offerings have been seen, so far.

RISK TRENDS

Cyber Risk

Cyber risk is a growing concern among organisations, which are showing an increasing interest in primary coverage for first-party business interruption exposures. Although the insurance market tends to focus more on third-party exposures, insurers are increasingly responding to requests for first-party coverage.

CONTACT:
JENS KONGSVAD
Corporate Placement Leader
+45 45 95 95 27
jens.kongsvad@marsh.com



Egypt

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

An increase in capacity in the local marketplace is fuelling competition. However, a general lack of awareness among organisations about the importance of general liability cover persists.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

Premium rates have gone up as a result of the increased loss frequency and the rising cost of repairs from authorised agencies.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

Workers' compensation rates remain stable. Employers' liability coverage is only needed for temporary workers and employees involved in new construction or erection projects. One issue currently affecting the stability of prices is offshore construction projects.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: INCREASE 0% TO 10%

Commercial property insurance premium rates reduced during 2015. This trend is expected to continue in 2016, based on the high level of competition in the local market and local insurance companies striving to retain business, even if this means high loss margins.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

This type of insurance is not commonly placed in the local market and depends mainly on London underwriting guidelines.

FINANCIAL INSTITUTIONS
RATES: DECREASE 0% TO 10%

Insurers are reducing their capacity and looking to limit coverage due to disappointing overall loss ratios. We do see new insurers entering the market, but generally with a conservative approach.

PROFESSIONAL LIABILITY
RATES: INCREASE 0% TO 10%

This type of insurance is not commonly placed in the local market. Nevertheless, rates continue to rise.

MARINE CARGO
RATES: DECREASE 0% TO 10%

Most local insurers are increasing their capacity and risk appetites. Competition across marine lines led to rate decreases in 2015 for most insureds with favourable loss profiles. Insureds' enhanced knowledge of the coverage terms and conditions has affected the scale of rates on offer.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 10% TO 20%

The Egyptian Government is currently working on a health insurance bill to cover those who earn below the minimum wage. The draft bill is not yet finalised and the Government is still considering and discussing the points of views of different stakeholders before sending the final bill to the Egyptian Cabinet.

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

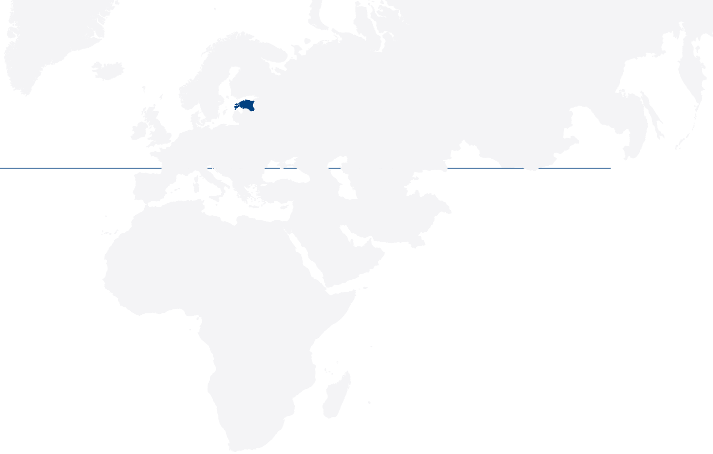
CONTACT:

AHMED HOSNY MAHMOUD

Placement Leader

+ 201 005 23 8261

ahmed.mahmoud@marsh.com



Estonia

MARKET CONDITIONS

GENERAL LIABILITY

RATES: STABLE -5% TO +5%

The market is largely a primary one due to low liability limits. Fourth-quarter rates remained stable; this trend is expected to continue in 2016, with perhaps slight increases due to market capacity and the impact of several large losses.

MOTOR/AUTO

RATES: INCREASE 0% TO 10%

Slight rate increases in the fourth quarter were mainly driven by fleet loss ratios and the start of winter. Quality fleet risk management can help prevent rate increases going forward.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY

RATES: STABLE -5% TO +5%

Premium rates for employers' liability remain stable, and the situation is expected to continue in 2016. There is still no workers` compensation product available in Estonia.

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

Rates started to stabilise in 2015, and this trend is expected to continue in 2016. The exception is the wood industry, where 2015 losses may prompt additional safety measures, such as spark detectors, for 2016.

DIRECTORS AND OFFICERS (D&O)

RATES: DECREASE 0% TO 10%

The D&O market remains soft with D&O coverage mainly provided by foreign insurers like AIG, Zurich, Chubb, and other international insurers and coverholders. As of the fourth quarter of 2015, no D&O claims in Estonia were handled under D&O insurance, and there were few cases in 2015 year-end. Rates are not expected to change in 2016 but limits may increase.

PROFESSIONAL LIABILITY

RATES: INCREASE 20% TO 30%

Rates have increased due to a lack of capacity and high-loss ratios. There were large losses in the designer's professional liability sector.

MARINE CARGO

RATES: STABLE -5% TO +5%

Rates started to decrease in 2014 and stabilised in 2015 at a lower level. This stable trend is expected to continue in 2016.

AVIATION

RATES: STABLE -5% TO +5%

Aviation insurance products for both aerospace and general aviation and fleets are not provided by local insurers. Aerospace liability insurance is mainly driven by the London market, as is fleet insurance. General aviation is available through Scandinavian insurers; the lead insurer is Inter Hanover Sweden. Stable rates or slight decreases are expected to continue in 2016.

RISK TRENDS

Terrorism and Cyber Risk

As part of the European Union, Estonia's insurance market is evolving in terms of terrorism and cyber risk coverage, and this trend should take centre stage in 2016.

CONTACT:

KEITH POLDER

Practice Leader

+372 681 1000

keith.polder@marsh.com

France

MARKET CONDITIONS

GENERAL LIABILITY

RATES: DECREASE 0% TO 10%

Recent mergers and acquisitions among major insurers have not affected market capacity. However, pricing on primary layers is more stable than it is on excess layers, where competition is fierce.

MOTOR/AUTO

RATES: INCREASE 0% TO 10%

Accident rate and death tolls increased during the first eight months of 2015. Large organisations have tended to increase their retentions on "own damage" to avoid or mitigate rate increases. Public transportation remains difficult to place. Accounts with adverse loss experience face higher increases than average risks.

PROPERTY: CATASTROPHE-EXPOSED

RATES: DECREASE 10% TO 20%

Intense competition (approximately 20% additional capacity in the marketplace) and a favourable natural-catastrophe global loss experience serve to drive down rates on global accounts. Natural-catastrophe pricing tends to be included in overall pricing and not quoted separately. Cyber risks are sometimes included in property policy wordings as well as political violence, although this is rare for now.

ENVIRONMENTAL

RATES: DECREASE 0% TO 10%

Capacity has increased by around 20%. Clients tend to increase their limits for the expiring premium, rather than take the rebate. Global environmental impairment liability programmes are broadening their scope.

DIRECTORS AND OFFICERS (D&O)

RATES: DECREASE 0% TO 10%

Capacity is still increasing as a result of new players entering the market. Insurers are more flexible with policy wordings and the cover afforded by global programmes continues to broaden.

FINANCIAL INSTITUTIONS

RATES: DECREASE 0% TO 10%

Professional liability rates have begun to decrease and rebates are larger on crime and bankers blanket bond (BBB). New entrants into the market are providing additional capacity, particularly on excess layers and cyber risks. Global programmes are still developing.

PROFESSIONAL LIABILITY

RATES: DECREASE 0% TO 10%

Existing players that have begun underwriting professional liability coverage, as well as new entrants, are providing additional capacity on primary and excess layers.

MARINE CARGO

RATES: DECREASE 10% TO 20%

There is an abundance of capacity in this market. The losses resulting from the explosions in Tianjin, China, have not yet affected market conditions.

AVIATION

RATES: DECREASE 0% TO 10%

2015 saw the largest capacity ever experienced in the market, which included new entrants. Non-damage bodily injury is more readily available, although still expensive.

RISK TRENDS

Terrorism and Political Risk

Although cyber risks remain a concern, given the underlying economy and the recent terrorist events in Paris there is increased interest in terrorism and political risks, as well as credit risks and surety.

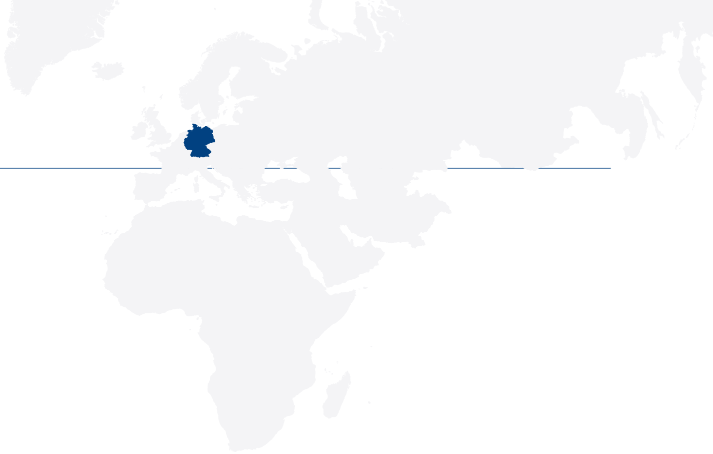
CONTACT:

JEAN-MICHEL GEY

Placement Leader

+33 (0)6 6191 2047

jean-michel.gey@marsh.com



Germany

MARKET CONDITIONS

GENERAL LIABILITY

RATES: DECREASE 0% TO 10%

Mergers in the marketplace are not expected to lower capacity. Only in exposed sectors such as offshore, medical technology, or the pharmaceutical industry will there be reduced capacity; however, no bottlenecks are expected.

MOTOR/AUTO

RATES: INCREASE 0% TO 10%

As a result of premium increases over the last three years, premium rates are expected to remain stable in 2016.

PROPERTY: CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

Natural-catastrophe-exposed rates are currently stable for those insureds with good loss records. Rate increases of up to 15%-30% can be secured for higher limits in combination with bad loss ratios. Some insurers with bad results try to negotiate rate increases in order to lose bad business, while others are being aggressive and offering premium reductions. Natural-catastrophe-capacity has increased. Contingent business interruption (CBI) limits are still not easy to obtain and insurers are being careful when offering them.

Non-natural-catastrophe-exposed rates are generally stable, except for buyers with exposed risks (for example, in the timber, pulp and paper, recycling, and chemical industries). Rate reductions up to 20%-30% are possible if there have been no major losses, no significant natural-catastrophe exposures, and the industry is not exposed.

In 2015/2016, some insurers will begin to use the new calculation basis published by the German Insurance Association (GDV). There might be some impact on premium calculation going forward.

ENVIRONMENTAL

RATES: DECREASE 0% TO 10%

DIRECTORS AND OFFICERS (D&O)

RATES: STABLE -5% TO +5%

Multinational accounts have increased D&O group limits by purchasing new high-excess layers. Meanwhile, new insurers have entered the market, thereby increasing capacity. For these reasons, the commercial D&O market is expected to remain soft, with flat renewals and unchanged premiums in 2016. D&O wordings are broadening. It is to be seen if the merger between ACE and Chubb has an impact on the market in the second half of 2016.

FINANCIAL INSTITUTIONS

RATES: STABLE -5% TO +5%

Premium rates are expected to remain stable in 2016, although competition between insurers may enable those buyers with good risk profiles to secure small rate reductions at renewal. Insures provide more capacity on good accounts with clean loss histories. It remains to be seen if the merger between ACE and Chubb will have an impact on the market in the second half of 2016.

PROFESSIONAL LIABILITY

RATES: DECREASE 0% TO 10%

There is increasing competition in the market in both the primary and excess layers and, as a result, premium rates have fallen. This situation is likely to make for a more challenging market for professional liability insurers in 2016.

MARINE CARGO

RATES: DECREASE 0% TO 10%

The market continues to offer rate reductions for the most favourable risks. However, the impact of the Tianjin catastrophe may force some insurers into more conservative underwriting practices that will focus on risk mapping and accumulation control. Capacity remains high and insurers leaving the market are being replaced by new entrants.

AVIATION

RATES: DECREASE 0% TO 10%

Sufficient capacity has resulted in a soft market throughout 2015, and stable-to-decreasing premiums are expected in 2016.

RISK TRENDS

Selective Property

The refusal of a large number of property insurers to provide capacity for specific industry sectors will cause coverage problems going forward. The chemical and woodworking industries have been affected, as has been the recycling industry, for some time now. Companies with insufficient risk management and protection measures can expect significant premium and deductible increases.

CONTACT:
MICHAEL AXMANN
Head of Placement
+49 (0)40 3769 2313
michael.axmann@marsh.com

Hungary

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

There is fierce competition among insurers as a result of good loss ratios. Capacity remains strong in the general liability market.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

After several years of rate reductions, premiums are increasing. This is mainly as a result of the rising costs of repairs, but is also influenced by Solvency II legislation. By keeping costs manageable, more companies with sizeable fleets are choosing active prevention programmes and/or using detailed reviews of repair costs. The aim of this project is to enable the fleet manager to gain more insight into the firm's claims experience and develop action plans.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

Higher capacity is available in this profitable segment, where competition is strong.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

The environmental impairment liability market remains stable. New insurers have not entered the market, so competition is not expected to increase in 2016.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

The D&O market remains competitive, with average commercial primary D&O rates flat. Average D&O rates are expected to decline slightly for stable risks.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

The professional liability market remains stable. New insurers have not entered the market, so competition is not expected to increase.

MARINE CARGO
RATES: STABLE -5% TO +5%

The marine cargo market remains moderate to soft. Strong competition led to rate decreases in 2015 for most insureds with favourable loss profiles. However, insureds with challenging loss experiences saw moderate rate increases.

EMPLOYEE BENEFITS: HEALTH
RATES: DECREASE 0% TO 10

EMPLOYEE BENEFITS: LIFE
RATES: DECREASE 0% TO 10

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10

Rate decreases are a result of more insurers participating in the market.

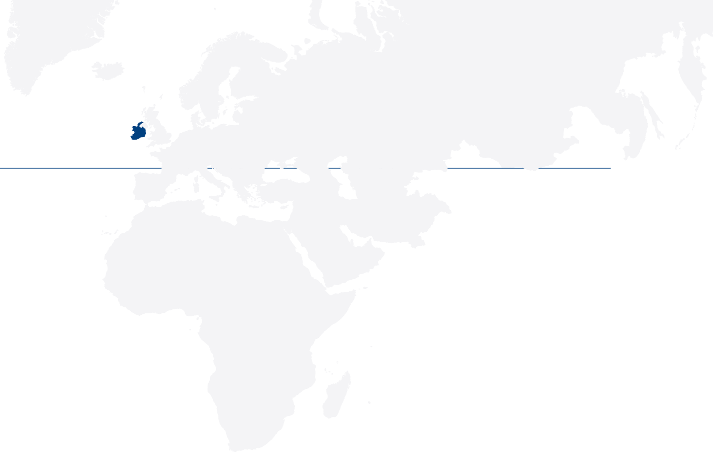
RISK TRENDS

Regulation and Political Risk
No major changes in regulations are anticipated in 2016 that would affect the insurance industry. Political risk is a concern for new foreign investors, mainly because of the unpredictable tax environment.

Cyber Risk
Cyber risk is a growing concern among organisations, with an increase in inquiries about the role insurance can play in managing the threat.

Surety Bonds
Clients are evaluating the possibility of using surety bonds as an alternative to bank guarantees, mainly in the construction industry.

CONTACT:
THOMAS PAPATHANASZIU
Placement Leader
+36 1 8817231
thomas.papathanasziu@marsh.com



Ireland

MARKET CONDITIONS

GENERAL LIABILITY
RATES: INCREASE 0% TO 10%

For the past few years, the net underwriting results of several insurers have been loss-making, leading to a rise in premium rates. However, this is not consistent with other insurers enjoying a more favourable position, together with capacity coming into the market from UK/Lloyds insurers. Most insurers are applying general rate increases regardless of the insured's industry/sector, with significant increases being applied to poor-performing risks and industries. Insurers are now placing a greater emphasis on their general liability risk appetite and, while more selective, there is still significant competition for profitable accounts that are able to demonstrate a robust/best-in-class approach to risk management.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

Premium rate increases have been applied by virtually all insurers in 2015, and this is expected to gather pace in 2016. The motor market has struggled to make money in recent years, with a number of insurers suffering significant losses. This, combined with a number of external claims-inflation factors (including the Russell ruling reducing the discount rate on catastrophic injuries, Solvency II, PPOs, and the High Court ruling that the Motor Insurance Bureau must pay the €90 million plus claims following the collapse of Setanta Insurance), has led to a contraction in capacity and a possible sustained period of premium rate rises.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

There is plenty of capacity available – both in Dublin and London – and therefore strong competition for good-quality risks. Poorer risks are being penalised, however, in terms of cover, rates, and deductibles. Flood risks have been an issue, but, following winter storms Desmond, Eva, and Frank (late-2015/early 2016), insurers are now likely to take a much stricter view when assessing risks for flood cover. In 2016, it is anticipated that insurers will seek premium rate increases of between 5%-10%, following on from the 2015 rate increases in the non-property sector. It is difficult to know how successful they will be, given the abundance of capacity and the relatively good loss history in recent years. Terrorism cover, both stand-alone and with standard property damage/business interruption cover, remains competitive, with plenty of capacity (in Dublin and London) and an excellent loss history.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

The current environmental impairment liability market is stable, with premium rates comparable to the levels seen in 2014 and 2015. This stability is mainly due to the additional market capacity provided by the introduction of several new insurers. Premium levels, however, may face some upward rating pressure in the next 12 months due to recent changes to the EPA's (Environmental Protection Agency's) Guidance on Financial Provision for Environmental Liabilities, which will require uplifts on limits of indemnity across the majority of environmental impairment liability placements. It is now an EPA license requirement to have adequate funding in place to cater for environmental liability risk assessments (ELRAs) and closure restoration/aftercare management. The EPA will accept an entity's environmental impairment liability insurance policy as sufficient financial provision, but, subject to them being satisfied with the limits contained within the policy, which may require the purchase of additional cover.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

The D&O market remains very competitive, with average commercial primary D&O rates flat or better. In most cases, premium levels are relatively low, with little scope for further reductions, so we expect average D&O rates to remain flat in 2016. For organisations with challenging risk profiles, average primary rate increases of 5%-10% are common, or a more opportunistic rate is levied. The overall level of premium is still determined by a client's risk profile, loss experience, and base pricing.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

The FI market is beginning to firm up again. Insurers are more cautious with their capacity and are looking to limit coverage due to the low premium available. New insurers are entering the Irish market, resulting in healthy competition and, therefore, stable or reduced premium rates.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

New insurers entered the market in 2015, resulting in greater competition. This has led to an initial drop in premium rates, but we would expect this to level out going forward. As the country moves out of recession and construction picks up, capacity for single-project (SP) and design and construction (D&C) professional liability business at reasonable rates is increasing.

MARINE CARGO
RATES: STABLE -5% TO +5%

Current market conditions are stable, with rates generally flat or with nominal increases at renewal. Market competition makes it difficult for insurers to increase rates significantly, unless a particular risk is performing badly.

RISK TRENDS

Cyber Risk

Cyber risk is a growing concern among organisations, with an increasing number of them enquiring about the role that insurance can play in mitigating the threat. We expect the demand, particularly from large organisations, to grow.

CONTACT:
KEVIN MCCANN
Placement Leader
+353 (0)1 604 8262
kevin.mccann@marsh.com

Italy

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

The market remains soft and is expected to remain so in the short term. Underwriting capacity may somewhat decrease due, for instance, to the recent merger/acquisition of ACE and Chubb.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%

The market is expected to stabilise in 2016, with some rate reductions expected for large risks. Underwriting guidelines may be more stringent.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

The number of insurers is decreasing (in the same way as in the general liability market). This trend is even more apparent when employers' liability is provided on a standalone basis.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

Strong competition is expected for high-quality risks, which could potentially result in soft market conditions. Capacity is available at a competitive price.

ENVIRONMENTAL
RATES: DECREASE 0% TO 10%

Cover is available at very competitive pricing. Many insurers are willing to enter into this line of business to increase their market share.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

The D&O market is still very soft and premium rates are decreasing; however, organisations with a poor financial status or negative loss history are likely to experience slight rate increases at renewal.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

Capacity remains very high and there is a high degree of competition in the market for banker's blanket bond cover and financial institution professional indemnity (FIPI). The D&O market is quite stable due to the financial conditions within the banking industry.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

Rates for professional liability risks remain flat. New players may be entering the market in 2016.

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%

New regulations are expected in the area of medical liability, which will lead to the entry of more insurers into the market and, therefore, an increase in capacity.

MARINE CARGO
RATES: DECREASE 10% TO 20%

The marine cargo market remains soft and this trend is expected to continue into 2016.

AVIATION
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: HEALTH
RATES: STABLE -5% TO +5%

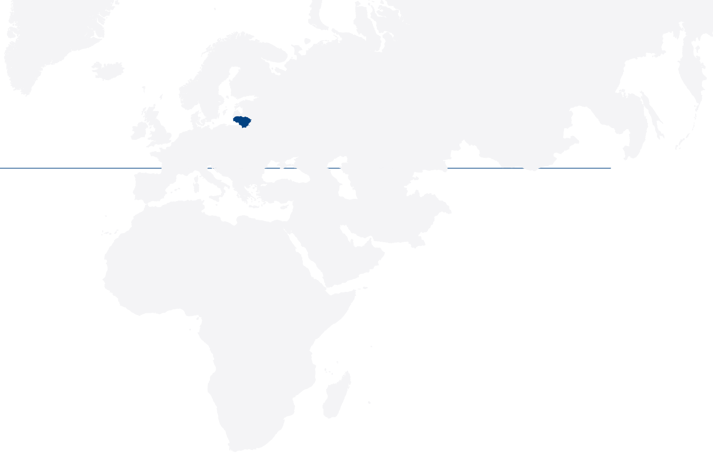
EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

Stable capacity and terms and conditions are expected to continue in 2016.

CONTACT:

LUCIO BARBATI
Country Placement Leader
+39 02 48538427
lucio.barbati@marsh.com



Lithuania

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%

The general liability market is stable and this trend is expected to continue into 2016, barring any unforeseen developments.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

The motor insurance segment grew slightly faster than the total non-life insurance market in 2015.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

The market for this line of coverage is stable and this trend is expected to continue into 2016, barring any unforeseen changes.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

The volume of property insurance premiums has increased slightly for several years in a row.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

The environmental impairment liability market remains stable, with no significant changes anticipated in 2016.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

The D&O market is stable, with no significant changes anticipated in 2016.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

The market for this line of coverage is stable and this trend is expected to continue into 2016, barring any unforeseen developments.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

The professional liability market remains stable and this trend is expected to continue into 2016, barring any unforeseen developments.

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%

This market remains stable and this trend is expected to continue into 2016, barring any unforeseen developments.

MARINE CARGO
RATES: STABLE -5% TO +5%

The marine cargo market remains stable, with no significant changes anticipated.

AVIATION
RATES: STABLE -5% TO +5%

The aviation market remains stable, with no significant changes anticipated.

EMPLOYEE BENEFITS: HEALTH
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

The health insurance segment was the fastest-growing in the non-life insurance group. The amount of total signed employee benefits premiums is rising due to the fact that Lithuanian employers are increasingly using e-health insurance to attract and retain employees. The amount of total signed life insurance premiums is growing, and signed premiums of investment life insurance are growing at a faster rate than the total life insurance market.

RISK TRENDS

Cyber Risk
Cyber risk a growing concern among organisations, with many of them enquiring about the role insurance can play in managing the threat.

Employee Benefits
Health insurance will likely continue to grow in popularity in 2016, as an increasing number of companies begin using it as a way to attract and retain employees.

CONTACT:

OREGIJUS AZUSIENIS
Sales Manager
+370 5219 9486
oregijus.azusienis@marsh.com

Malawi

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%
The general liability market remains stable at present and is expected to remain unchanged in 2016.

MOTOR/AUTO
RATES: STABLE -5% TO +5%
Rates are expected to remain stable in 2016, due to strong competition and in spite of the rising cost of repairs due to high inflation rates and a worsening claims experience.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%.
Rates have remained generally stable over the years and this trend is expected to continue in 2016.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%
Despite increased exposures and heightened losses in 2015, rates are expected to remain stable due to the existing soft market conditions.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%
This is a specialist market, so competition is limited and the loss experience so far has been favourable.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%
Despite an increase in exposures due to the tight economic conditions, no major rate increases are expected in 2016.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%
The loss experience has generally been good in this line of business, and rates are expected to remain stable.

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%
This is another specialist market, with only a few companies writing business. Rates are expected to remain stable in 2016.

MARINE CARGO
RATES: STABLE -5% TO +5%
Depressed economic activity has affected this line of business, but rates are likely to remain stable in 2016.

EMPLOYEE BENEFITS: HEALTH
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

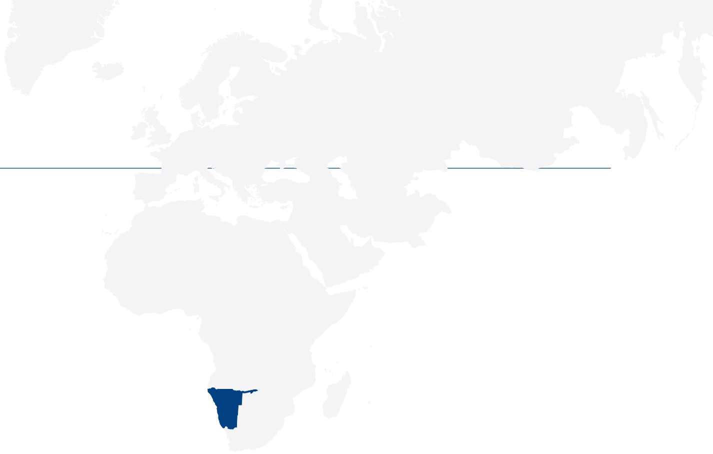
EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

RISK TRENDS

Economic Conditions

Inflationary pressures will continue to impact insured values. Having adequate insurance is key to avoid being under-insured. Economic conditions will also likely trigger more claims in crime classes; fraudulent claims are also likely to increase.

CONTACT:
OSCAR MPANDO
Managing Director
+265 1 820842
ompando@marsh.co.mw



Namibia

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%

The entrance of two new insurers into the general liability market has increased competition; however, no reduction in premium rates is expected as a result.

MOTOR/AUTO
RATES: INCREASE 10% TO 20%

Insurers are struggling to manage their motor books profitably. There is no compulsory third-party insurance in Namibia, which leads to a small motor premium pool. The weak exchange rate will definitely have an effect.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

Workers' compensation is compulsory in Namibia; however, it is purchased through Social Security and is therefore not part of the insurance market. Despite Social Security being in place, employers still buy employers' liability cover due to the benefits on offer.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

Both lines of coverage are very stable and this is not expected to change in 2016, barring any unforeseen circumstances.

ENVIRONMENTAL
RATES: INCREASE 0% TO 10%

The market for environmental impairment liability cover is stable, although demand for this type of insurance is increasing.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

Demand for D&O cover is low in Namibia. In part, this is due to the changes made to the Companies Act in 2010, which resulted in organisations subsequently decreasing the limits of liability they buy or even cancelling their cover altogether.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

FIs are strictly regulated and therefore well managed. As such, they present a lower risk for insurers.

PROFESSIONAL LIABILITY
RATES: INCREASE 10% TO 20%

Organisations operating in high-risk industries are currently finding it difficult to obtain cover in the Namibian market, as not all insurers will underwrite professional liability for certain industries.

MARINE CARGO
RATES: STABLE -5% TO +5%

The market is stable and this is not expected to change in 2016, barring any unforeseen circumstances.

AVIATION
RATES: INCREASE 0% TO 10%

There were several incidents in 2015 and rate increases of up to 5% are expected. The market is stable and this is not expected to change in 2016, barring any unforeseen circumstances.

MARKET TRENDS

The declining value against the US dollar is a concern and is having a huge effect on the Namibian economy. Despite this, the construction industry is booming in the country and tourism remains a major source of income. Due to the recent fall in the price of global commodities, however, the mining industry is under intense pressure.

CONTACT:

RIANA JANDRELL

Chief Operating Officer

+246 1270 4480

riana.jandrell@marsh.com

Netherlands

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

Capacity remains strong in the general liability market. On the one hand, there is consolidation, while, on the other hand, new capacity exists in the international markets, mainly at Lloyd's. Competition remains fierce, especially for those accounts that are perceived to be profitable. Although insureds should have benefited from the competition over the past few years, further rate reductions are still achievable.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

After years of rate reductions, premiums are heading back up. This is mainly due to the rising costs of repairs, but also because of Solvency II legislation. By keeping costs manageable, more companies with sizeable fleets are choosing higher deductibles or a retention structure in which the customer chooses to take on some of the risk. In addition, more companies have opted for active prevention programmes, the aim of which is to enable the fleet manager to gain more insight into the firm's claims experience and develop plans for its drivers.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

The commercial property insurance market stabilised in 2015, and this is expected to continue in 2016. Insureds with good loss histories at the end of 2015 typically saw favourable rates and terms and conditions (T&Cs), whereas certain industries that sustained major losses have seen significant rate and deductible increases. Entering 2016, the property market is significantly oversupplied with capacity, fostering competition among insurers and favourable rates for insureds.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

The environmental impairment liability market remains stable. So far, the mergers between ACE/Chubb and XL/Catlin haven't affected the environmental impairment liability market with respect to capacity for larger programmes. A further increase in demand for contractors' pollution liability products is expected in combination with builders' risk coverages.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

The D&O market remains very competitive, with average commercial primary D&O rates either flat or reduced. We continue to expect average D&O rates to decline for stable risks. Strong competition has served to further reduce overall renewal rates. Premium reductions between 1% to 10% will be achievable for commercial companies with strong, stable risk profiles. However, for insureds with challenging risk profiles, average primary rate increases of 5%-10% are common. The overall level of premium reductions is still determined by an insured's risk profile, loss experience, and base pricing.

FINANCIAL INSTITUTIONS
RATES: DECREASE 0% TO 10%

The FI market is beginning to firm up again. Insurers are decreasing their capacity and looking to limit coverage due to disappointing overall loss ratios. We do see new insurers entering the Dutch market, which fosters healthy competition and, as a result, keeps premiums stable or even results in slight rate decreases.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

As a result of new insurers entering the market in 2015 the market is expected to remain highly competitive, driving rates down. On the other hand, capacity for single project (SP) and design and construction (D&C) professional liability business is decreasing and, as a result, prices are rising. Capacity is broadly available for excess coverage, which forces rates downward.

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%

There is no separate coverage for medical malpractice liability in the Dutch market, and policies generally include all liabilities. The two mutual insurance companies in the Dutch market may face difficulties due to Solvency II. Recently, CNA began offering Dutch hospitals an alternative, but with little success. A few of the larger Dutch hospitals are covered through Lloyd's. Institutions caring for the elderly and the mentally disabled can still be insured in the Dutch market, although capacity for this type of care is decreasing. The trend on the part of insurers to merge and expand has had an impact on premium levels, although there are signs the general public is demanding more bespoke healthcare solutions than those currently on offer. That, in and of itself, may lead to rate increases in the area of 5% to 10%.

MARINE CARGO
RATES: STABLE -5% TO +5%

The marine cargo market remains moderate to soft. There is a tendency for more Lloyd's capacity being introduced into the Dutch market as a result of traditional market insurers decreasing in number. Competition across marine lines led to rate decreases in 2015 for most insureds with favourable loss profiles. However, insureds with challenging loss experiences saw moderate rate increases. Marine cargo and stock throughput insurers have become more focused on their potential exposures to natural catastrophes, and are therefore requiring more underwriting data and details on transit routes, loading and discharging ports, and consolidation and deconsolidation points. Stock throughput insurers are also requiring more underwriting details on stock and inventory locations.

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

The accident and health market has been stable for the past two years. The situation is expected to remain unchanged in 2016.

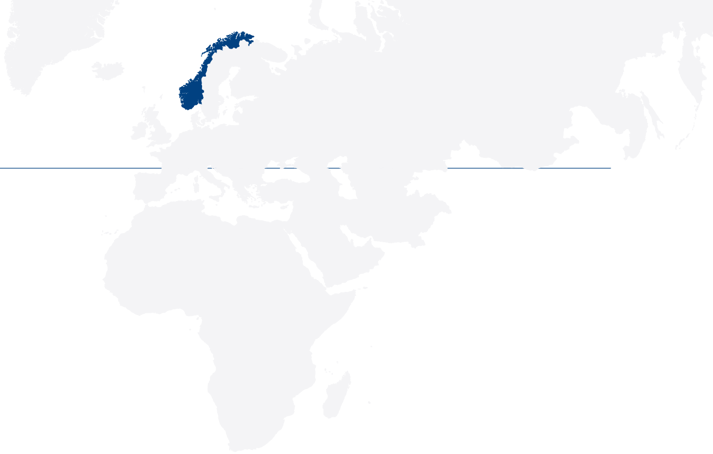
RISK TRENDS

Cyber Risk
Cyber risk is a growing concern among organisations, with an increasing amount enquiring about the role insurance can play in mitigating the threat.

Surety Bonds
Clients are investigating the possibility of using surety bonds as an alternative to bank guarantees.

Complex Compliance
The past year has witnessed a lot of movement in the global market with respect to compliance for international programmes, local/fiscal regulations (in countries such as Brazil), and sanction clauses. These developments have confirmed that, in 2016, an adaptive and proactive approach is needed to address these complex market changes successfully.

CONTACT:
SASKIA DE VRIES
Insurer Consulting Group
+31 10 4060424
saskia.devries@marsh.com



Norway

MARKET CONDITIONS

GENERAL LIABILITY

RATES: STABLE -5% TO +5%

The market and pricing remain stable, although some larger insurance companies have signalled possible rate increases in the near future.

MOTOR/AUTO

RATES: STABLE -5% TO +5%

The market and pricing are stable, and this is expected to remain unchanged in 2016.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY

RATES: DECREASE 10% TO 20%

The workers' compensation market is soft as a result of the entrance of new insurers.

PROPERTY: CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

The commercial property insurance market remains stable and is expected to remain unchanged in 2016, barring any unforeseen change in circumstances. Organisations with favourable loss histories tend to be able to achieve better rates/discounts, although industries that have sustained major losses have seen significant rate and deductible increases.

DIRECTORS AND OFFICERS (D&O)

RATES: INCREASE 0% TO 10%

Due to large claims on larger accounts, rates have increased, especially for crime insurance. An increasing number of commercial insurers cover D&O liabilities in Norway, producing stable pricing.

PROFESSIONAL LIABILITY

RATES: STABLE -5% TO +5%

The market and pricing remain stable, but the recent activity drop in Norway resulting from lower activity in the energy sector may result in more capacity in the short term.

MARINE CARGO

RATES: STABLE -5% TO +5%

The market and rates continue to be stable, but this is still a soft market due to the low level of large claims in the past few years.

EMPLOYEE BENEFITS: HEALTH

RATES: DECREASE 10% TO 20%,

EMPLOYEE BENEFITS: LIFE

RATES: DECREASE 10% TO 20%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH

RATES: DECREASE 10% TO 20%

The market is soft for these coverages due to a combination of new insurers entering the marketplace, a favourable claims history in Norway in the past 10 years or so within the commercial/corporate segment, and positive trends in the risk management segment. These market conditions are expected to continue throughout 2016.

RISK TRENDS

Cyber Risk

Cyber exposure is a growing concern in the Norwegian market, with an increasing number of insureds asking about products that can help them manage this kind of risk.

Energy Sector

With oil prices continuing to drop, many companies in Norway may struggle for the next couple of years, since much of Norwegian industry is related to oil/energy. This downward trend may place a greater focus on controlling costs, with insurance premiums and safety measures both vulnerable.

CONTACT:

BAARD SLOTTA KARLSEN

Placement Leader

+47 90 055122

baard.karlsen@marsh.com

Oman

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%
The market is currently soft, and this is expected to remain unchanged in 2016.

MOTOR/AUTO
RATES: STABLE -5% TO +5%
There was a reduction in the number of accidents in 2015. The market is currently stable; however, some corporate fleet accounts have been able to secure rate reductions.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: INCREASE 0% TO 10%
The market is currently soft. There are, at the time of writing, no plans to revise workers' compensation legislation in the country, despite this being debated for many years now.

PROPERTY: CATASTROPHE-EXPOSED
RATES: INCREASE 0% TO 10%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%
The absence of natural catastrophes or large claims has led to a soft market in non-natural-catastrophe-exposed risks. However, rates for coastal risks are stable or have increased due to there being several recent storm alerts, although none of them hit Oman.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%
Few claims have been reported on the employment practices liability front. Despite the ongoing soft market, however, rates remain stable.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%
The market is currently soft, and this is expected to remain unchanged in 2016.

MARINE CARGO
RATES: DECREASE 0% TO 10%
An abundance of capacity means the market remains soft.

AVIATION
RATES: DECREASE 10% TO 20%
The market is currently soft, and this is expected to remain unchanged in 2016.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%
Rates at renewal for group health have remained flat or increased slightly. On the other hand, rates for group life and accident and health are very competitive.

RISK TRENDS

Cyber Risk
Following high-profile incidents and greater awareness, cyber risk is now a major concern for insureds operating in all sectors.

Political Violence
Although an emerging risk, political violence is on the risk matrixes of the majority of organisations in the country.

Healthcare Costs
Insureds are concerned about ever rising medical costs and are seeking how best to balance cost over benefits.

CONTACT:
BALAJI GOPATHY
Placement Leader
+968 24659004
gopathy.balaji@marsh.com

Poland

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 10% TO 20%

The market remains soft and this is reflected by premium reductions and underwriters offering higher limits and sublimits.

MOTOR/AUTO
RATES: DECREASE 10% TO 20%

Despite ongoing soft market conditions, the first signs of a hardening trend are appearing. The financial supervisor in Poland has recommended that insurers increase rates for motor insurance, which accounts for 40% of the Polish insurance market. Motor insurance has been underpriced for some time, significantly impacting the profitability of major insurers. Rate increases in this line of insurance may encourage underwriters to revise rates in other lines in 2016. However, organisations still enjoyed a "buyer's market" in 2015, with rate reductions and better terms and conditions.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: DECREASE 10% TO 20%

The market remains soft and this is reflected by premium reductions and underwriters offering higher limits and sublimits.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

There have been no significant changes in capacity or the number of insurers providing this coverage.

ENVIRONMENTAL
RATES: DECREASE 0% TO 10%

AIG and ACE still lead the environmental impairment liability market; however, local insurers also began to provide this coverage in 2015. In addition, the average limit of liability has increased. Despite a growing number of insureds in the environmental risk area, environmental impairment liability is still an uncommon type of insurance in Poland.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

The fourth quarter of 2015 was driven by strong competition among key D&O insurers, such as AIG, Allianz, and ACE. In addition, new entrants began to show interest in offering D&O in Poland, including Argo Global (Malta) and Generali (Italy). Despite some organisations wanting to increase their limits of indemnity, there are no problems with available capacity. For some time now, there has been an increase in the number of claims reported, most likely as a result of an increased level of risk awareness. This may be the first sign of a change in pricing trends going forward.

FINANCIAL INSTITUTIONS
RATES: DECREASE 0% TO 10%

In the fourth quarter of 2015, renewal rates remained stable or decreased slightly and were driven by the insured's claims history. Recently, a significant number of employee infidelity and computer-crime-related claims have been made by banks. Those organisations with poor loss histories saw rate increases at renewal.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

Traditionally, the professional liability market in Poland has been driven by the limited number of insurers who underwrote this line of coverage. This has changed recently due to key professional liability insurers such as AIG and ACE competing fiercely against each other, as well as against others interested in offering this insurance, including Warta, Generali, Hestia, PZU, and Allianz. This could very well mean that the downward trend of rates could continue in 2016.

AVIATION
RATES: DECREASE 20% TO 30%

The Polish market is subject to trends within the London market and, as a result, rates are very competitive However, local insurers are becoming increasingly active in this line of insurance, including AIG, Generali, and Ergo Hestia.

MARINE CARGO
RATES: DECREASE 10% TO 20%

The marine cargo market remains soft, with high levels of capacity in the market and an appetite for cargo risks. No significant changes are expected in 2016.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: INCREASE 0% TO 10%

The profitability of underwriting employee benefits remains a major concern for underwriters, meaning that unprofitable policies will have to be renegotiated and any amendments to coverage will now require additional premiums. However, underwriters are still interested in providing medical benefits to blue collar workers who reside outside the main cities.

RISK TRENDS

Political Risk
Political risk remains an unpopular line of insurance in Poland. Insurers will continue to focus more on terrorism and war risks with regard to business-trip insurance.

Cyber Risk
Currently, four insurers – AIG, Allianz, ACE, and Hestia – offer this coverage, with more players expected to launch their products soon. On the insureds' side, there is also an increased interest in cyber risks – organisations are reviewing their current insurance programmes and coming to the realisation that they have not addressed their cyber exposures. As a result, more organisations are requesting cyber insurance quotes.

D&O Risk
Recent parliamentary elections have resulted in an increased interest in D&O insurance for the boards of state-owned corporations. Companies in which the state has an influence over who is a member of their boards of directors make up the largest proportion of companies in Poland. The Government will be replacing company boards of directors soon and, therefore, most directors and officers are seeking adequate insurance protection.

CONTACT:
MAREK PORCZYNSKI
Placement Leader
+48 22 4564269
marek.porczynski@marsh.com

Portugal

MARKET CONDITIONS

GENERAL LIABILITY

RATES: STABLE -5% TO +5%

The local market still has capacity for local needs. No major changes are expected in 2016.

MOTOR/AUTO

RATES: STABLE -5% TO +5%

This market is stable and is expected to remain so in 2016. A new insurer, Euroinsurance (a captive insurer of LeasePlan), has entered the marketplace, thereby increasing competition.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY

RATES: INCREASE 10% TO 20%

After several years of rate reductions, all insurers are increasing their rates in the face of high loss ratios. Most of the insurers are under the control of the Portuguese Insurance Institute.

PROPERTY: CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

The commercial property insurance market stabilised in 2015, and this stability is expected to continue in 2016. In specific cases, the main challenge in Portugal is capacity for natural-catastrophe risks.

ENVIRONMENTAL

RATES: DECREASE 0% TO 10%

Rates have fallen due to an abundance of capacity in the market. No significant changes are expected in 2016.

DIRECTORS AND OFFICERS (D&O)

RATES: STABLE -10% TO +5%

The D&O market remains competitive, with average commercial D&O rates flat to down. Average D&O rates are expected to decline for stable risks in 2016. Premium reductions of between 5% and 10% will be achievable for commercial companies with favourable risk profiles. However, organisations with challenging risk profiles may face capacity reduction and/or rate increases of 5% to 10%. The overall level of premium reductions is still determined by a client's risk profile, loss experience, and base pricing.

FINANCIAL INSTITUTIONS

RATES: STABLE -5% TO +5%

Recent scandals involving national banks (Banco Espirito Santo and BANIF) added some pressure to those insurers that are dealing with some of the claims. Nevertheless, for other FIs not facing similar problems, rate reductions of up to 5% are achievable.

PROFESSIONAL LIABILITY

RATES: STABLE -5% TO +5%

The market is stable, with no major concerns or changes. There are several insurers providing capacity. Rate reductions of 5% are achievable for accounts with favourable loss histories.

MARINE CARGO

RATES: STABLE -5% TO +5%

The marine cargo market remains moderate to soft. The loss ratio is good and there is strong competition between insurers in this space.

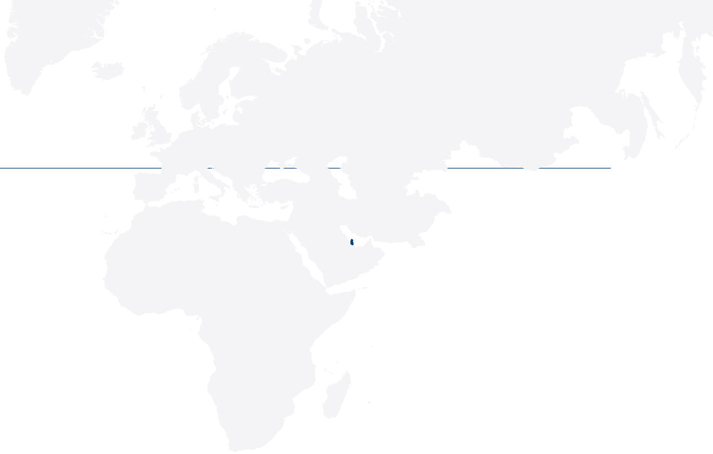
CONTACT:

RAUL NEVES

Placement Leader

+35 1 213113725

raul.neves@marsh.com



Qatar

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

Increased competition among insurers and high levels of capacity have contributed to a soft market.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%

More insurers are targeting this line of business to gain entry into other lines of insurance. There have been no major changes in product offerings.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: DECREASE 10% TO 20%

Competition among insurers has increased. In addition, more business is being driven by the demand from projects for the 2022 FIFA World Cup.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

The property market continues to soften and experience decreasing rates, while increased capacity is driving aggressive competition among insurers.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

There is increasing awareness among insureds for D&O cover. Lower claims activity has led more insurers to show interest in underwriting this line of coverage.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

There is increased capacity among local insurers for this line of insurance and demand for this product has increased, driven by demand from project owners.

MARINE CARGO
RATES: DECREASE 0% TO 10%

More capacity in the local market has meant that insurers are chasing limited business opportunities, but most of the risks seen in the market can be easily absorbed.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%

Insurers have been able to dictate terms and conditions, due to the fact that health costs continued to climb. Higher claims activity has impacted premium rates. However, life rates have declined as a result of greater capacity.

RISK TRENDS

Impending Regulation
The impact on the marketplace as a result of impending regulation on insurance from the Central bank of Qatar is unknown. From insurers, we have learnt that the Central Bank of Qatar has circulated a draft of the revised insurance regulations for comments.

Cyber Risk
Cyber risks are an increasing area of focus in view of recent attacks. Qatar is working on a new cyber law, the details of which are yet to be known. The recent spate of cyber breaches in the Gulf Cooperation Council (GCC) region has led to insureds raising queries on the availability of insurance solutions to address their risk exposures.

CONTACT:
VINOD KUMAR
Placement Leader
+009 7444077305
vinodkumar.s@marsh.com

Romania

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

The general liability market continues to be one of the few profitable lines of business for insurers and, as a result, competition for new and existing business is stronger than ever. Products remain under-developed; however, broader coverage can be obtained with extensions (consequential loss, pure financial loss, and moral damages are not usually included in standard cover). Moral damages claims are increasing in frequency and value. Premium rates may increase as a result of the extent of the coverage needed and claims history.

MOTOR/AUTO
RATES: INCREASE 20% TO 30%

The motor insurance market continues to harden due to poor loss ratios, especially for transportation companies and green card exposures (claims outside Romania). Astra Insurance Company's bankruptcy may have had a slight impact on the market because all insurers are now increasing their rates. For motor own damage, the bonus-malus system continues to be used by all companies and, therefore, rates vary from one client to another, although there is an overall upward trending of rates.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

The market remains generally stable.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

Romania has a high exposure to catastrophic risks, especially earthquakes. Rate decreases are the result of market competition, but they are normally small and range from 2% to 5%. Most of the smaller insurers are exploring the possibility of increasing capacity and the costs involved, in an attempt to obtain access to risks that the main insurers underwrite. The market continues to employ coinsurance for major risks, since foreign insurers are still not competitive enough (due to cost pressures).

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

There is still limited interest from buyers in environmental impairment liability cover, so insurers are not focused on promoting this line of insurance.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

D&O rates remain stable, and this situation is likely to remain unchanged in 2016 due to the fact that there are no criminal or regulatory investigations or trials for D&O currently under way. Major players (regional insurers) have either updated or are updating and improving their standard products (AIG, Generali).

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

The market is stable and no standout events have occurred that could impact rates in the near future.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

The market is stable due to low loss ratios in Romania.

MEDICAL MALPRACTICE
RATES: INCREASE 0% TO 10%

Although rates for health insurance rose significantly due to higher service usage and loss ratios of more than 70% at the portfolio level, this still remains a main growth area.

MARINE CARGO
RATES: STABLE -5% TO +5%

The marine cargo market has remained stable throughout 2015 due to the fact there were no major losses. The Tianjin catastrophe has not yet had an impact on local rates, nor is it expected to in 2016.

AVIATION
RATES: INCREASE 20% TO 30%

As a result of high loss ratios in 2014, which continued into 2015, rates are expected to rise significantly in 2016.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

Although rates for health insurance rose significantly due to higher service usage and loss ratios of more than 70% at the portfolio level, this still remains a main growth area as it responds to growing demand. Going forward, the chances of rates changing for life or personal accident (PA) are slim.

CONTACT:

ANCA DOLETE
Placement Leader
+40 724 353331
anca.dolete@marsh.com

Russia

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%

MOTOR/AUTO
RATES: STABLE -5% TO +5%

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

Due to the state workers' compensation scheme, any interest in this line of insurance comes from multinationals.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

Due to the Central Bank's greater fiscal control, insurers have become more restricted in underwriting operational lines of business. The Bank has started to carefully review the operational activity and balance sheets of insurers and has started to withdraw licences from those operating with weak balance sheets.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

There is little interest in purchasing environmental impairment liability cover in Russia due to a lack of knowledge and low loss experience. However, the environmental impairment liability market remains stable, with renewal rates remaining flat. No changes are foreseen in 2016.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

Although the market remains generally stable, the number of D&O claims is increasing.

FINANCIAL INSTITUTIONS
RATES: INCREASE 10% TO 20%

There was a 20% rate increase for BBB/cash-in-transit (CIT) coverage. There was no significant increase in the number of claims.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

MARINE CARGO
RATES: STABLE -5% TO +5%

AVIATION
RATES: DECREASE 0% TO 10%

Aviation underwriters in Russia maintain stable capacity, although the number of insurers who offer aviation cover continues to decrease. The top-five aviation insurers collect 70% of the total market premium. Premium rates continue to fall despite a significant rise in claims. Severe competition among insurers and brokers can be attributed to macroeconomic uncertainty and difficulties within the aviation industry, including the sharp increase in leasing payments, a 15% reduction in international flights due to the devaluation of rouble, and the cessation of charter flights to Egypt and Turkey.

RISK TRENDS

Tight Market

In general, the finance authority has put greater restrictions on insurance. This is exacerbated by the fact that there is less business and a more competitive market environment. Also, in 2016, a national reinsurance company is expected to be established, which will retain 10% of all commercial placements and 100% of all state-related reinsurance. Details are still under discussion; however, it may mean that 10% of the reinsurance market premium will be offset by the open market.

CONTACT:
ALEXEI MAXIMOV
Placement Leader
+7 (495) 787 70 70
alexei.maximov@marsh.com

Saudi Arabia

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

Rates for general liability fell in the fourth quarter of 2015, primarily driven by the low level of claims reported in this line of business.

MOTOR/AUTO
RATES: STABLE -5% TO +5%

Motor rates continue to be measured according to claims experience. An actuarial rating method is applied, which leaves room for rate increases or decreases, depending on performance.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: DECREASE 0% TO 10%

There is a high level of competition for workers' compensation/employers' liability risks among insurers, which we anticipate will lead to further rate reductions going forward.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

With the introduction of new regulatory minimum deductibles, premium rates are expected to continue to reduce as insureds increase retention levels.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

There is significant interest in this type of cover following a string of recent, high-profile incidents.

FINANCIAL INSTITUTIONS
RATES: DECREASE 0% TO 10%

Experience and capacity for this line of cover remains limited. However, underwriters are competing aggressively for new business, with proper reinsurance support being generated from insurers.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

Competition is strong in the marketplace, particularly for project-related cover.

MEDICAL MALPRACTICE
RATES: DECREASE 0% TO 10%

Medical malpractice cover remains mandatory in the country. There has been an increase in competition among insurers; however, the level of claims reported is increasing, which may impact rating structures in the future.

MARINE CARGO
RATES: DECREASE 0% TO 10%

Capacity for this type of cover is increasing, which is putting a downward pressure on pricing as insurers seek to gain market share.

EMPLOYEE BENEFITS: HEALTH
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%

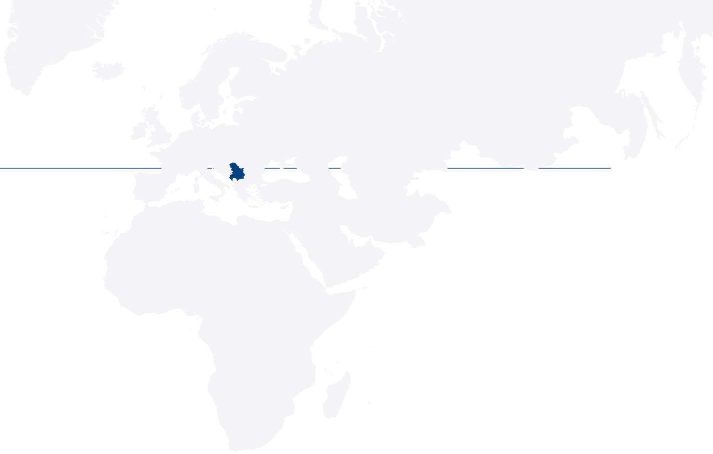
The employee benefits market has stabilised following the rate correction that took place last year. We are therefore witnessing a lot of business being renewed as expiring or with discounts.

RISK TRENDS

Cyber Risks
Following recent cyber attacks in the Kingdom and across the Gulf Cooperative Council (GCC), we have seen an increase in enquiries about how organisations can better protect their data. The number of attacks is growing day-by-day, and companies are exploring the role that cyber insurance can play in mitigating this risk.

Political Violence
With the hostilities currently taking place in Yemen, in addition to the increasing threat of ISIS, there is rising demand for political violence cover across the Kingdom.

CONTACT:
ASAAD QASSAS
Country Placement Leader
+966554541796
asaad.qassas@marsh.com



Serbia and Montenegro

MARKET CONDITIONS

GENERAL LIABILITY
RATES: INCREASE 0% TO 10%

Exposure to general liability risks has increased in the country, due to the increased awareness of third parties about their rights in the cases of material/non-material damages. In addition, legal representatives have been extraordinarily proactive in offering their services to the majority of third parties. As a result of the increase in the number of claims settlements, insurers have raised premium rates, and this trend looks set to continue in the future.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

Due to strict monitoring of the motor insurance market in Serbia (and the introduction of mandatory bonus-malus system in premium calculations), motor insurance premium rates increased during 2015, and further increases are expected in 2016.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

Although general liability-related claims are on the rise, premium rates for employers' liability remain stable (and it is expected they will decrease in the future). Although there were couple of EL-related cases in the country, court practice is still rather under-developed for these types of disputes, and therefore the amount of paid indemnities to employees is still relatively low. However, if this were to change, it would undoubtedly have an impact on the market.

PROPERTY: CATASTROPHE-EXPOSED
RATES: INCREASE 0% TO 10%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

The local insurance market is still recovering from catastrophic flood events in 2014, and rates for CAT-exposed property insurance are still higher than in the previous years. It is expected that rates should remain stable in 2016 and 2017, barring any market-changing events.

Premium rates for non-CAT-exposed risks remain stable, with a slight decrease expected due to market saturation and the availability of quality reinsurance contracts for general property risks.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

FINANCIAL INSTITUTIONS
RATES STABLE -5% TO +5%

Rates for D&O insurance are stable. One of the key reasons for the stability of this segment is the low demand from the market and general low awareness and knowledge about the overall risk exposures for managers of companies.

Also, FI main risks (BBB, professional liability, D&O) are still being written abroad (as the majority of banking sector companies are owned by large multinationals) and so the FI market is quite stable.

EMPLOYEE BENEFITS: HEALTH
RATES: STABLE -5% TO +5%

Despite the low level of profit available to insurers in the health insurance market, insurance companies continue to offer favourable terms and conditions for this line of business. Nevertheless, it is expected that, in the long run, rates will go up and insurance companies will eventually start to increase premium rates in the health market.

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

The life insurance market is still a relatively under-developed one, with just a small percentage of the population purchasing life insurance policies. Also, employers are generally not interested in providing this type of benefit, since there are currently no state incentives to do so.

EMPLOYEE BENEFITS: ACCIDENT
DECREASE 0% TO 10%

The accident market remains very competitive, and insurance companies continue to provide favourable premium rates at renewal. The market is expected to continue behaving in a "soft" manner and the situation is not expected to change in the short term.

MARKET TRENDS

There have not been any significant changes in market practice, market culture, and the behaviour of insurers in the Serbian market. A new insurance law has been introduced to market participants; however, the legal framework and main paragraphs/ regulations remain unchanged and there appears no intention to work towards bringing the Serbian insurance market more closely in-line with the more developed markets/regions.

CONTACT:
BOJAN MILANOVIC
Client Executive
+38 1113130409
bojan.milanovic@marsh.com

Slovenia

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%
The general liability market remains generally stable. Self-retention limits have increased slightly for some insureds, while others have remained flat.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%
The entry of Allianz into the marketplace has increased competition. Some insurers have expanded their motor liability offering for working vehicles to include the operating phase of the vehicle.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%
There was a slight increase in self-retained risk for some insureds in the fourth quarter of 2015, but otherwise there has been little change in this line of coverage.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: INCREASE 0% TO 10%

DIRECTORS AND OFFICERS (D&O)
RATES: INCREASE 0% TO 10%
The new Companies Act stipulates that a mandatory deductible must be included in all D&O policies. The legislator intended a minimum deductible of 10% per damage, up to a maximum amount of 1.5 times the annual base salary of the insured individual.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%
A new insurer, Polaris GMBH, has introduced additional capacity, and therefore competition, into the marketplace. They are now an official "broker at Lloyd's" – the first in the region.

MARINE CARGO
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

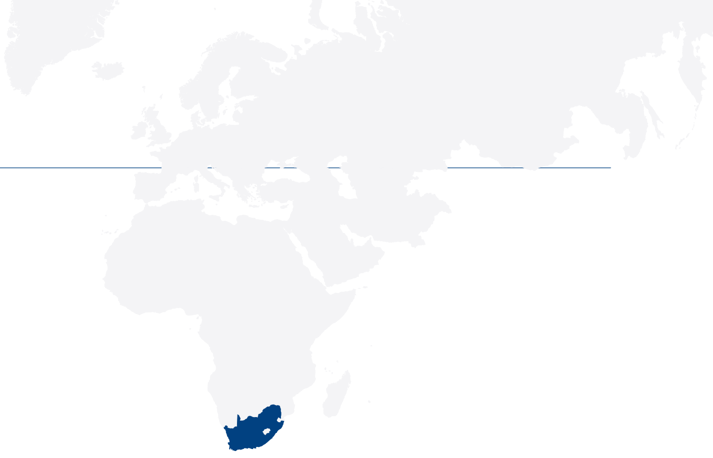
EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%
There has been very little change in the employee benefits market, and we do not anticipate the situation changing in the near future.

RISK TRENDS

Recall Limits
Organisations are demanding higher limits for recall from insurers, especially in the automotive industry.

Cyber Risk
Interest in cyber products is expected to increase in 2016 as awareness surrounding the risks to organisations continues to grow.

CONTACT:
SANDI ŠTERPIN
Head of Broking
+386 1 5692163
sandi.sterpin@marsh.com



South Africa

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 10% TO 20%

Well-managed and claim-free risks can expect premium reductions and cover enhancements at renewal, with increased limits at no additional premium. Deductible levels generally remain stable.

MOTOR/AUTO
RATES: STABLE -5% TO +5%

Rates and deductibles remain stable, with modest increases in sublimits available. This trend should remain into early 2016 for good risks.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

Rate reductions (including coverage enhancements, increased policy limits, and sublimits at no additional premium or increase in deductible amounts) are possible for risks that have good loss histories and sound risk management practices.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

The D&O market is fairly stable. However, claims activity is beginning to pick up, which may influence pricing beyond the first quarter of 2016.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

2015 saw generally flat rates for well-managed risks in this category. Thanks to solid competition, reductions of up to 5% are possible for good risks. Looking ahead to 2016, there appears to be more disciplined underwriting and some upward pressure on insured retention, as well as material rate increases for insureds who have notified potential loss circumstances. In addition, there has been an uptick in such notifications across financial institutions professional indemnity, crime, and D&O, which points to a more difficult marketplace in 2016. Coverage enhancements are possible, although subject to additional premiums. Market capacity remains stable.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

Rates are flat to slightly reduced. The market has excess capacity and is witnessing a relatively benign claims environment.

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%

Rates, deductibles, and limits are flat. Very few insurers are willing to quote this line of insurance, making placements difficult.

MARINE CARGO
RATES: STABLE -5% TO +5%

The South African marine market continues to be extremely competitive and has ample capacity for risks under R100 million per conveyance. This trend is expected to continue in 2016. No major claims were reported in 2015, although instances of hijacking and armed robberies increased.

The international marine market in the UK has also remained competitive, with ample capacity, especially for risks exceeding R100 million per conveyance, as well as for stock throughput. The market remains receptive to the inclusion of extensions not generally offered in the local South African market. This should continue well into 2016 and beyond. The Tianjin catastrophe is the only major marine incident reported in 2015. However, the impact on UK/Lloyd's markets have yet to be determined.

AVIATION
RATES: INCREASE 0% TO 10%

The global aviation market experienced approximately US$1.5 billion-worth of losses in 2015, of which more than US$500 million were hull losses. However, excess capacity in both the local and international markets is available. Since the local market is governed, to a certain extent, by global trends, good risks are seeing premium reductions of up to 10%, while adverse risks can expect premium increases of between 10% and 15%.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

Heath organisations thrive on employee-membership growth and, due to retrenchments or fewer employee hires, many renewals are under pressure.

MARKET TRENDS

Buyer's Market
2015 was a profitable year for most insurers. This trend should continue, along with stable/soft market conditions, into 2016, therefore maintaining a "buyer's market" for organisations.

Legislation
There should also be considerable focus throughout 2016 on new customer-focused legislation and regulation, which are currently being reviewed by Parliament. These measures include the new Financial Sector Regulations Bill, Insurance Bill, Insurer Solvency & Management Regulations, the Retail Distribution Review for Intermediaries, the Reinsurance Regulatory Review, the demarcation rules between medical and insurance health products, and "Treating Customers Fairly".

RISK TRENDS

Cyber and Privacy
There is increased activity across many client categories, requesting quotations and risk management advice around cyber risks. We are seeing rate reductions from local cyber markets, as more entrants offer available capacity against these risks.

CONTACT:
TOM HEALY
Co-ordinator
+27 (0)1 1060 7475
tom.healy@marsh.com

Spain

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 10% TO 20%

There is an excess of capacity and the market remains soft and competitive. We have seen a moderate recovery in the annual turnover of organisations, which could lead to a rise in global premium volume for this line of business.

MOTOR/AUTO
RATES: INCREASE 0% TO 10%

After several years of rate reductions, the motor insurance market appears to have turned a corner. Poor results, a reduction in the number of insurers who are now more competitive, and changes in the law have driven this slight increase in rates. The new indemnity scale that was recently set up will have an important impact in the indemnisation of personal injuries, and insurers are prepared to respond to this by increasing rates. Additionally, the motor market in Spain is starting to recover. The year 2015 registered a 20.9% increase in motor vehicle sales, which will have a positive impact on the insurance market.

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

Natural-catastrophe perils for domestic interests are covered by a local entity called Consorcio, so there is no impact on the local market. For natural-catastrophe exposures outside of Spain, the Spanish market follows international trends. The local market for non-natural-catastrophe exposures is soft, due to excess capacity and fierce competition.

ENVIRONMENTAL
RATES: DECREASE 0% TO 10%

This line of business follows the same soft trend witnessed across the entire Spanish market.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

Excess capacity, bancassurance channels, and high levels of distribution are moving this line of business into a soft trend.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

There has been a rise in capacity for this line of business. As a result, there are now more players in the market with flexibility to provide organisations with cover that meets their needs.

PROFESSIONAL LIABILITY
RATES: INCREASE 0% TO 10%

Although each risk is quoted based on its own particular loss history, generally, experience has not been good so insurers have increased rates at renewal.

MEDICAL MALPRACTICE
RATES: DECREASE 0% TO 10%

A few new players in the market are driving rates down. Although public medical malpractice has seen rate increases in the area of 0% to 10%, private medical malpractice rates have decreased by 0% to 10%, and overall rates are trending downward.

MARINE CARGO
RATES: DECREASE 0% TO 10%

The marine cargo market is extremely soft due to excess capacity, high-levels of competition, the entrance of new insurers, and an overall soft market.

AVIATION
RATES: DECREASE 0% TO 10%

The introduction of several new insurers into the Spanish market is driving rates down.

EMPLOYEE BENEFITS: HEALTH
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%

RISK TRENDS

Responsive Market

Overall market conditions in 2016 should be similar to those experienced in 2015 in terms of competition, insurer appetite, offerings, and products. In property and casualty, some risks will be difficult to improve in terms of pricing and coverage; however, the market remains open and flexible to client demands.

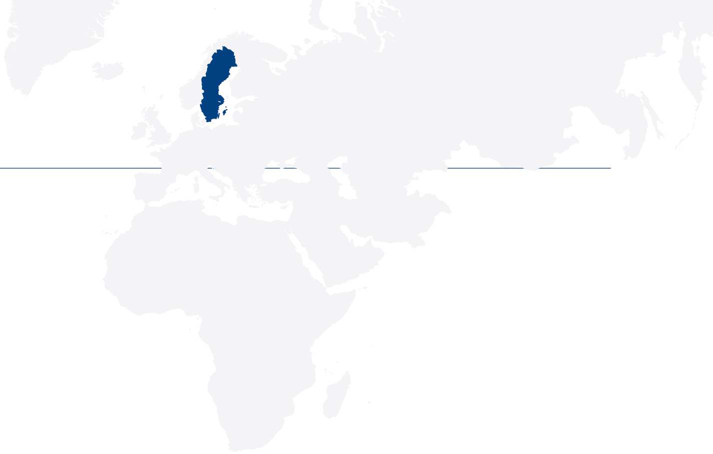
Many insurers are resorting to facilities and predefined products as a way to facilitate the underwriting process and increase their market share. Insurers will need to differentiate themselves in order to offer insureds good products that respond to their needs.

Cyber risk, financial and professional products, political risk, trade credit, and employee benefits insurance will remain in high demand among insurance buyers.

Information and Insights

Organisations continue to want more benchmarking information to determine how their risks stand compared with those of their industry peers. In addition, they will continue to demand more consultancy services, benchmarking, and analytical capabilities, and, as a result, Marsh Spain is investing in these areas in response to client demand.

CONTACT:
JESÚS ALONSO
Placement Leader
+34 (0)9 1456 8487
jesus.alonsoperez@marsh.com



Sweden

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

Small rate decreases are available for insureds with standard coverage needs, and the market remains stable for those organisations with high-risk exposures.

MOTOR/AUTO
RATES: STABLE -5% TO +5%

Premium rates for motor insurance have increased throughout the past two to five years. At present, rates are stable for those organisations with good risk profiles. However, organisations with poor loss histories can expect rate increases and requirements to implement risk management programmes to improve their loss experience. Rates are expected to remain stable for 2016, except for insureds with poor loss experience. However, these organisations can still expect to see an index adjustment of between 2% to 7% that most insurers are applying.

PROPERTY: CATASTROPHE-EXPOSED
RATES: STABLE -5% TO +5%

Natural-catastrophe exposure coverage is available for storm or flood risks in Sweden and is not provided for earthquake risks. However, insureds do not purchase separate natural-catastrophe limits for storm or flood since they are included as named perils under property coverage.

General: Underwriters are focused on technical underwriting and quality risks because the return on investment is limited. Capacity is solid and good terms and conditions can be negotiated, but underwriters are not prepared to include endorsements, such as suppliers' and customers' extensions, without an additional premium charge.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

Rates are very stable due to the fact that only a small number of insurers can provide this insurance. Furthermore, the demand for this type of insurance remains small.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

Primary D&O coverage remains stable and wording enhancements are possible. Excess layers continue to see rate reductions.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

Primary coverages are renewing as expiring, while excess insurers are increasingly unwilling to give rate reductions.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

For most industries buying professional liability coverage, there is plenty of capacity in the market; however, technical consultants, law firms, and insurance brokers may find it more difficult to secure cover at reduced rates.

MEDICAL MALPRACTICE
RATES: DECREASE 0% TO 10%

Healthcare insurance continues to be a highly valued benefit by employees and overall claims costs are increasing for insurers. To offset this, some are implementing higher deductibles and raising rates. In addition, they are also requiring insureds to obtain pre-approval on all treatments.

MARINE CARGO
RATES: DECREASE 0% TO 10%

In general, premium rates for marine cargo insurance remain stable. There is plenty of capacity available, and profitable marine accounts can expect rate reductions at renewal in the area of 5% to 10%, if the loss experience and risk profiles are good.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

Global companies are increasingly aware of the need to purchase expatriate and business travel insurance for their employees. However, the number of insurance companies that can offer compliant global business travel insurance is limited, which will diminish the completion.

RISK TRENDS

Natural-Catastrophe Risk

Sweden has historically been spared from the most severe natural catastrophes; however, the southwestern and western regions tend to be more susceptible to windstorms, and, over the years, these areas have sustained a number of major storms. Cloudbursts – or severe downpours of rain – have become an increasing concern, since the claims costs for such events tend to be very high.

CONTACT:

JOHN BERGMAN

Insurance Service Leader

+46 (0)7 3377 4263

john.bergman@marsh.com

Switzerland

MARKET CONDITIONS

GENERAL LIABILITY
RATES: DECREASE 0% TO 10%

This market has remained competitive and insureds with good loss histories can expect large rate reductions. Broader coverage terms are now available as well. It remains to be seen what impact the mergers of Helvetia/Nationale Suisse, XL/Catlin, and Chubb/ACE will have on the marketplace in 2016.

MOTOR/AUTO
RATES: DECREASE 0% TO 10%

Although a volatile line of insurance, good risks can still expect rate reductions. However, insureds with a poor loss experience will see rate increases.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: INCREASE 20% TO 30%

This line of insurance has had poor underwriting results, and insurers are increasing rates and reviewing their portfolios. As a result, organisations with a poor loss experience can expect to see large rate increases.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

This remains a highly competitive market and no large natural-catastrophe losses took place in 2015. The impact of various insurance company mergers remains to be seen in 2016. Germany's Ergo Insurance Company is a new player in the Swiss market.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 10% TO 20%

The D&O market is soft, and rates are expected to continue to decrease due to there being an abundance of capacity.

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

Small rate reductions are still available and, in general, the market remains stable. In 2016, there will be fewer insurers as a result of the merger between ACE and Chubb, and Tokio Marine and HCC. Insurers might consolidate capacity for single risks and insureds after the mergers.

PROFESSIONAL LIABILITY
RATES: DECREASE 0% TO 10%

The downward trend in rates is due to more insurers coming into the market and introducing large amounts of capacity.

MEDICAL MALPRACTICE
RATES: INCREASE 0% TO 10%

Rates for medical malpractice insurance have increased steadily in recent years, mainly due to the automisation of administrative health services by health insurers. A government recommendation that requires insurers to offer rate discounts to insureds taking higher retentions is being rejected by insurers and will be renegotiated in 2016 to take effect in 2017, mainly because insurers see the economic value in having higher retentions, whereas the Government wants to protect those insureds that cannot afford higher self-retentions.

MARINE CARGO
RATES: STABLE -5% TO +5%

The marine market remains very competitive and stable, with solid capacity, and organisations with good loss experience can expect rate reductions. Ergo, a German insurer, entered the Swiss market during 2015, and it remains to be seen what impact various insurer mergers will have on the marketplace in 2016.

AVIATION
RATES: DECREASE 10% TO 20%

Despite a series of large losses in 2015, the aviation insurance market in Switzerland remains stable, and organisations with a good loss experience can still expect rate reductions. The number of insurers and capacity remains unchanged from 2015.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: INCREASE 0% TO 10%

The reduction of conversion rates for retirement pensions is a big issue in employee benefits due to the fact that the population is ageing. Low interest rates have had a negative impact on the growth of pension funds, in addition to a poorly-performing stock market. The Swiss National Bank introduced negative interest rates of -0.75% in January 2015, which is a burden for large pension funds. The negative interest rate will keep the Swiss Franc at a low value to deter investment in the currency.

RISK TRENDS

Cyber Risk

Interest in cyber insurance is increasing and insureds are beginning to purchase this coverage. Supply chains have become longer and more complex due to outsourcing and contracting suppliers. As a result, insureds are looking for risk transfer solutions that can cover this increasing exposure.

CONTACT:
ROGER KONRAD
Head of International
+41 (0)4 4387 8819
roger.konrad@marsh.com

Turkey

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%

This class of business accounts for a minor portion of the Turkish insurance market. Insureds buy this cover if they have a need for product liability, guarantee, and additional extension clauses.

MOTOR/AUTO
RATES: INCREASE 10% TO 20%

Approximately 60%-65% of the non-life market is motor/auto. Due to high loss ratios in the motor third-party liability business and additional regulations, the cost of underwriting this line of business has grown.

Limits of motor third-party liability insurance are declared by the regulator, as well as other rules including reserving criteria and the maximum premium levels per vehicle type. The Turkish Insurance Association has been in contact with the treasury to discuss how to combat the current non-profitable nature of this line of business, although it is not yet clear whether or not the two will come to an agreement on an appropriate solution.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

This market remains stable. Terms and conditions are determined based on an insured's type of business and loss experience. If major, more complex risks need higher limits, the solution is to find several insurers to co-insure, or to find coverage in global markets.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 10% TO 20%

Due to competition among insurers/intermediaries, rates are decreasing. The amount of capacity outweighs demand and reinsurers are interested in providing facultative reinsurance, which exacerbates the situation. However, insureds are able to benefit from lower rates on their property exposures.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

General awareness of and desire for environmental impairment liability cover remains low, despite the entry of an increasing number of insurers (such as Allianz, Zurich, and AIG) into the marketplace.

DIRECTORS AND OFFICERS (D&O)
RATES: DECREASE 0% TO 10%

Strong competition continues to drive rates down. With regards to programme design, insurers are not interested in writing side A difference-in-conditions (DIC) coverage. The indemnification of directors is not a common practice in Turkey; however, a company may choose to indemnify a director based on a specific claim. This practice leads corporations to choose programmes that combine coverage for sides A and B. For some insureds, retentions are "nil" with regard to side B (aside from side A).

FINANCIAL INSTITUTIONS
RATES: STABLE -5% TO +5%

The overall frequency of crime losses increased in 2015. Premium rates for this line of insurance depend on a specific insured's profile. Deductibles under crime and professional liability combined programmes increased, as a result of increased claims activity in this sector.

MEDICAL MALPRACTICE
RATES: STABLE -5% TO +5%

This is a mandatory coverage for doctors and the Government is enacting regulations that set limits, deductibles, and premiums for this coverage. Hospitals are required to either purchase this coverage or self-insure.

MARINE CARGO
RATES: STABLE -5% TO +5%

Marine underwriters are increasingly more competitive, especially for high-volume organisations or project cargoes, which can expect decreases of approximately 15%-25%.

There is a focus on cargo insurance due to high technical profits and successful recover rates. Insurers are investing in technological solutions for policy operations and claims handling. There is an appetite for project cargo and special projects. The general environment for cargo insurance is moderate, offered capacities are satisfying organisations' needs, and rates are competitive.

AVIATION
RATES: DECREASE 0% TO 10%

There are now a number of international players that are interested in Turkey's aviation market. Underwriters require notification for flights to high-risk countries, and will increase rates accordingly. However, there have been enhancements to the policy terms and conditions for war risks.

EMPLOYEE BENEFITS: HEALTH
RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: STABLE -5% TO +5%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: DECREASE 0% TO 10%

Although employee benefits insurance has three products (health, life, and personal accident), the most popular coverage is health insurance, for which insurers are experiencing high loss ratios. As in 2006, social security is becoming more common in Turkey and insurers are offering complementary medical products. Outside of the larger cities, insurers are seeking opportunities in Anatolia by offering complementary medical products, which the Government favours. Many new private hospitals are also opening in Anatolia. Medical tourism – people looking to receive medical treatment in another country – presents another opportunity for the Turkish medical insurance market, not only from the Middle East, but also Europe.

RISK TRENDS

D&O Interest Increasing
Changes made to the Turkish Commercial Code and Capital Markets Code in 2012 has increased interest in D&O.

Cyber Risk
Cyber risk is the "hot topic" right now. The dependency on electronic data is leading insureds to examine their cyber risk profiles and look for ways to manage or transfer these types of risk.

Political Risk and More
Turkey is on the way to becoming a trade and logistics hub from west to east, and this brings additional risks like the security of drivers and goods, as well as political risks. Despite an uncertain political environment, Turkish investors and companies continue their operations in the Middle East. Going forward, cargo insurers will be expected to provide war risk, trade credit, and political risk solutions.

CONTACT:
EBRU YUKSEKBILGILI
Placement Leader
+90 212 355 4536
ebru.yuksekbilgili@marsh.com

United Arab Emirates

MARKET CONDITIONS

GENERAL LIABILITY

RATES: DECREASE 0% TO 10%

There is significant capacity in the market for general liability placements, with the influx of new reinsurance markets and Lloyd's Syndicates in the Dubai International Financial Centre (DIFC) combining with the increased capacity among local national insurers. The general liability market is highly competitive, especially for those accounts that are considered to be well risk managed and profitable. Although insureds will have benefited from the market competition in recent years, it is our expectation that current capacity levels will fuel continued competition for market share, resulting in the potential for further programme improvements and premium reductions.

MOTOR/AUTO

RATES: STABLE -5% TO +5%

Motor premiums have reduced as a result of a number of multinational insurers competing aggressively on rates and deductibles. Rates are likely to remain stable or marginally reduce further in 2016 unless there is significant claims activity sustained in the beginning of the year on expiring fleet policies, which may lead to a rating review.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY

RATES: DECREASE 0% TO 10%

We have seen substantial premium reductions in these classes of business as a result strong competition in the marketplace.

PROPERTY: CATASTROPHE / NON-CATASTROPHE-EXPOSED

RATES: DECREASE 10% TO 20%

Although we witnessed further rate reductions in 2015, there are some insurers who believe that the recent spate of attritional losses may drive a stabilisation of rates and conditions in 2016.

While this may lead to insurers requesting more detailed underwriting submissions and being more vigilant on risk management practices, the abundance of capacity in the property insurance market will continue to drive competition for businesses with a strong risk management focus. This was evidenced towards the end of 2015 for clients with proven risk management procedures; however, for those clients operating within high-hazard industries or suffering from adverse claims experiences, there were incremental increases in rates and deductibles. We expect this trend to continue in 2016.

MARINE CARGO

RATES: DECREASE 0% TO 10%

The marine cargo market remains competitive. Many clients have investigated stock throughput policies (STP), resulting in competition across a number of marine product lines. This led to decreases in rates for 2015, especially for portfolios with favourable loss ratios. Conversely, insureds with adverse loss experiences saw moderate rate increases.

Marine cargo and stock throughput insurers have become more focused on potential exposures to catastrophic events, and are therefore requiring more underwriting data (and greater detail) on transit routes, loading and discharging ports, and consolidation and deconsolidation points. Stock throughput insurers are also requiring greater underwriting detail on stock and inventory locations.

Capacity in the market has also increased with the inclusion of new Lloyd's Syndicates and reinsurance markets in the DIFC.

EMPLOYEE BENEFITS: HEALTH

RATES: DECREASE 0% TO 10%

The implementation of mandatory health insurance for all residents by the Dubai Health Authority is expected by 30 June 2016 and, as a result, we anticipate that there will be a substantial uplift in gross written premium available for insurers this year. This potential new premium pool will generate further competition between insurers interested in increasing their market share. Insurers will still need to maintain some underwriting discipline to ensure the profitability of their existing portfolio while they seek to grow their top-line revenue and work with an over-supplied broking market.

The expectation is for rates to vary this year dependent on the individual accounts claims performance, as the frequency and severity of medical insurance claims have increased, in part, due to the inflation of medical costs.

EMPLOYEE BENEFITS: LIFE

RATES: DECREASE 10% TO 20%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH

RATES: DECREASE 10% TO 20%

With the recent inclusion of a number of multinational insurers into the marketplace, existing regional insurers have had to review their product offerings to better align with the competitive nature of the market. There is enormous competition in the region, leading to reduced overall market premiums. It appears that this trend will continue in 2016.

Insurers across both employee health and group life and personal accident continue to invest heavily in technology. Both their online and mobile applications continue to develop in sophistication and functionality, while they also continue to improve the breadth and quality of their medical/consulting networks.

CONTACT:

TYSON VICKERY

Country Placement Leader

+971 4 223 7700

tyson.h.vickery@marsh.com

United Kingdom

MARKET CONDITIONS

GENERAL LIABILITY

RATES: DECREASE 0% TO 10%

Capacity and competition remain high, despite attritional losses and a lack of investment income making underwriting margins very tight. Most insurers are running combined ratios in the high nineties for this line of business.

MOTOR/AUTO

RATES: DECREASE 0% TO 10%

Like for general liability, new capacity continues to come into the market, and all insurers have significant growth targets. However, we are expecting to see rates stabilise or even increase in 2016 due to poor loss experiences. For now though, competition is still resulting in premium rate reductions on some accounts.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY

RATES: DECREASE 0% TO 10%

Employers' liability rates continue to fall, on average, with ambitious insurer new business targets and an abundance of capacity driving competitive pressures to maintain the downward trend. Furthermore, insurers are offering long-term agreements with deposit premiums and rebates as part of their deals.

PROPERTY: CATASTROPHE-EXPOSED

RATES: DECREASE 0% TO 10%

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: DECREASE 0% TO 10%

Following another year of benign natural-catastrophe losses, competition remains high, with most insurers reporting combined ratios in the low eighties.

ENVIRONMENTAL

RATES: STABLE -5% TO +5%

Increased capacity in the environmental impairment liability market has led to the stabilisation of prices and the likelihood of further reductions in the future. Insurer appetite for risks with normal exposures to environmental risks has increased and they are being appropriately priced, depending on the sector.

DIRECTORS AND OFFICERS (D&O)

RATES: DECREASE 0% TO 10%

D&O rates continue to fall, with flat-to-single-digit percentage reductions on primary placements, and with greater decreases on excess placements. Excess capacity is in abundance, and existing insurers continue to compete for business retention, which is fuelling downward pricing.

FINANCIAL INSTITUTIONS

RATES: DECREASE 0% TO 10%

In the current soft FI market there is an abundance of capacity available to insureds; however, there have been no significant new entrants to the market. Specifically, FI D&O is seeing significant reductions and the asset management space is incredibly competitive.

PROFESSIONAL LIABILITY

RATES: DECREASE 0% TO 10%

There is an abundance of capacity in the UK/ international professional liability market, following the entrance of new insurers in 2015. Primary layer rates remain stable for larger professional service firms and corporates. Competition for excess layers is strong, with more insurers seeking to deploy more capacity at lower attachment points to obtain more premium income. Several insurers are seeking additional capacity through their treaty reinsurance negotiations, and this will further soften the market in 2016.

MEDICAL MALPRACTICE

RATES: DECREASE 0% TO 10%

The market continues to expand, with new MGAs being set up to write UK healthcare business and established general casualty insurers extending their liability package policies to include medical malpractice liability.

MARINE CARGO

RATES: DECREASE 0% TO 10%

Capacity and the frequency of new entrants in the market continue to increase, leading to a downward pressure on rating as the increased competition squeezes income further. The continued fall in commodity prices has seen a large reduction in shipped/traded values, with premiums decreasing in-line with this.

AVIATION

RATES: DECREASE 10% TO 20%

The soft market has prevailed for more than 10 years and is primarily driven by over-capacity in the sector. Modern aircraft design is resulting in increased safety and fewer incidents. Deliberate acts and terrorism have contributed to additional uncertainty for insurers, going forward.

EMPLOYEE BENEFITS: HEALTH

RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE

RATES: INCREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH

RATES: INCREASE 0% TO 10%

The employee benefits market continues to contract with AXA PPP healthcare's purchase of Simplyhealth on the medical side and Aviva/Friends Life on the protection/pension side. To control their risk and premium costs, insureds should track their relevant healthcare data, engaging and incentivising their employees to invest in their own health and wellbeing.

RISK TRENDS

Insurance Premium Tax

For UK placements where insurance premium tax is applicable, the rate has increased from 6% to 9.5% as of 1 November 2015.

Cyber Terrorism

The frequency and severity of cyber attacks is increasing, and so too is the awareness of those organisations they target. There is an increasing demand for underwriters to participate in this emerging marketplace.

The Insurance Act 2015

When the Act comes into force on 12 August 2016, it will have a significant impact on insureds' responsibilities as regards the pre-contractual duty of disclosure, and provide insurers with a number of new remedies should insureds fail to comply with their duties.

CONTACT:

MATTHEW ROLPH

Specialties Placement Leader

+44 207 357 3338

matthew.rolph@marsh.com

Zambia

MARKET CONDITIONS

GENERAL LIABILITY
RATES: STABLE -5% TO +5%

Premium rates remain stable, largely as a result of positive claims ratios; however, the entrance of new insurers to the marketplace is expected to exert downwards pricing pressure in 2016. New products, such as legal expenses liability cover, have been introduced in the market.

MOTOR/AUTO
RATES: DECREASE >30%

The motor insurance market is the largest of the local lines of business in Zambia and generates more than 30% of the total gross written premium. It has been profitable for many years and this remains the case today. An increase in the number of insurers offering this type of cover is placing a downward pressure on the premiums charged by insurers.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY
RATES: STABLE -5% TO +5%

The market and, therefore, premium rates remain stable. In some cases, however, organisations with positive risk profiles and good claims histories have secured premium rate reductions at renewal.

PROPERTY: CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

PROPERTY: NON-CATASTROPHE-EXPOSED
RATES: DECREASE 0% TO 10%

Insureds have experienced a marginal reduction in rates for both lines of coverage, partly due to a low number of claims and the entrance of new insurers into the marketplace. Fronting has also had an effect. Some complex risks are placed with offshore insurers that are able to offer more competitive rates than local ones. This is a common practice for multinationals with global programmes.

ENVIRONMENTAL
RATES: STABLE -5% TO +5%

Demand is low for this type of insurance in Zambia. No local capacity exists for environmental impairment liability cover and therefore any coverage has to be sourced from offshore insurers and fronted via local companies.

DIRECTORS AND OFFICERS (D&O)
RATES: STABLE -5% TO +5%

More organisations are purchasing this type of coverage than ever before, as awareness and appreciation of it gains momentum.

FINANCIAL INSTITUTIONS
RATES: INCREASE 10% TO 20%

Due to a recent spate of large losses in this area, premium rates have begun to increase.

PROFESSIONAL LIABILITY
RATES: STABLE -5% TO +5%

Premium rates for professional liability cover have remained stable, largely as a result of the low frequency and severity of claims. Rates are expected to reduce, however, following the proliferation of new insurers that could be using unrated reinsurance markets.

MEDICAL MALPRACTICE
RATES: DECREASE 0% TO 10%

This line of business is very competitive and price wars have seen life companies reduce their premium charges year on year. The premiums involved are huge and insurers compete on price and service.

MARINE CARGO
RATES: STABLE -5% TO +5%

Most organisations purchase marine cargo insurance on a cost, insurance, and freight (CIF) basis. Premium rates are relatively stable, and the situation is not expected to change, barring any unforeseen circumstances.

AVIATION
RATES: STABLE -5% TO +5%

Because of a lack of capacity in the marketplace, most aviation risks are facultatively reinsured in Zambia. At present, premium rates remain stable.

EMPLOYEE BENEFITS: HEALTH
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: LIFE
RATES: DECREASE 0% TO 10%

EMPLOYEE BENEFITS: ACCIDENT AND HEALTH
RATES: STABLE -5% TO +5%

Premium rates for life and health policies are expected to continue to fall due to fierce competition in the marketplace.

RISK TRENDS

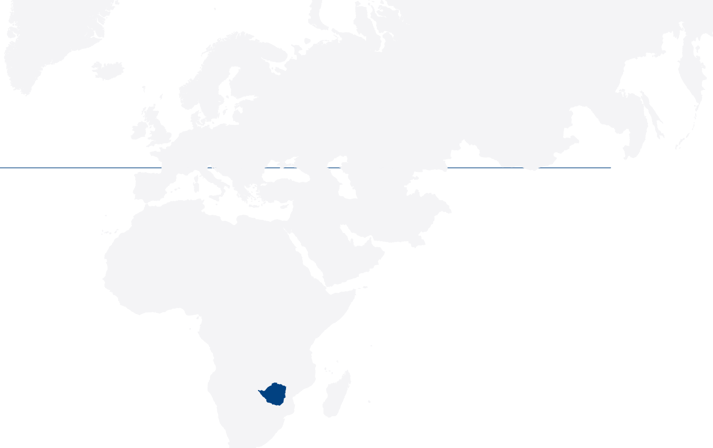
Increase in Litigation

Zambian society is becoming more litigious and so insureds are looking closely at D&O and legal expenses coverage as solutions. We therefore expect an upswing in the purchase of these two products.

Fronting

Fronting is becoming more common in Zambia, largely due to the high cost of insurance charged by local companies. Local brokers with access to foreign insurers are able to get competitive quotes and simply front the insurances. We do, however, expect the authorities to clamp down on this practice in order to cap the flight of capital out of the country.

CONTACT:
HAYDEN MWIYA
Placement Leader
+26 (0)211374889
hyden.mwiya@marsh.com



Zimbabwe

MARKET CONDITIONS

GENERAL LIABILITY

RATES: STABLE -5% TO +5%

As a result of the benign claims environment, rates are expected to remain stable. Levels of limits for liability cover are low and can be easily absorbed by local insurers and reinsurers, without the need for external placement. The number of insurers participating in the market is expected to remain the same, with the exception of a few who are struggling to meet the minimum capital level of US$1.5 million required by the regulator.

MOTOR/AUTO

RATES: STABLE -5% TO +5%

Due to strong competition and the strong negotiating power of insureds as a result of the tough economic environment, rates are likely to remain unchanged as rate under-cutting persists. Market capacity is adequate and no changes are expected in terms of product offerings and underwriting trends.

WORKERS' COMPENSATION/ EMPLOYERS' LIABILITY

RATES: STABLE -5% TO +5%

No changes are expected for both workers' compensation (which is a national, social-security-managed scheme) and employers' liability coverage. Retention and underwriting trends are not expected to change.

PROPERTY: NON-CATASTROPHE-EXPOSED

RATES: STABLE -5% TO +5%

Rates, programme trends, and retention limits are likely to remain unchanged. However, there is an increasing call against the externalisation of natural-catastrophe risks, as the local market strongly believes they are losing out on premiums on these risks to the external market. Therefore, if the local market is able to provide extra cover net of treaty, there will be an increase in retention limits for this class of business.

ENVIRONMENTAL

RATES: STABLE -5% TO +5%

Capacity is provided by just a few insurers and reinsurers that have gone into partnership with international insurers in order to be able to provide this coverage. Rates are likely to remain stable.

DIRECTORS AND OFFICERS (D&O)

RATES: STABLE -5% TO +5%

This market is expected to remain stable in terms of rates and retention limits.

MEDICAL MALPRACTICE

RATES: STABLE -5% TO +5%

There are no volumes for this class of coverage and, therefore, rates are expected to remain unchanged.

MARINE CARGO

RATES: STABLE -5% TO +5%

Underwriting and retention trends, and therefore rates, are expected to remain unchanged.

AVIATION

RATES: STABLE -5% TO +5%

The aviation market is a specialised market and the few insurers that participate in the market do so on a fronting basis. As a result, terms for this class of business are dictated by the international insurers and reinsurers.

REGULATORY DEVELOPMENTS

Introduction of VAT on Commission Earned by Brokers and Agents

The introduction of value-added tax (VAT) on commission earned on the buying and selling of insurance policies by brokers and agents of short-term insurance and reinsurance firms will take effect from 1 January 2016. Discussions are under way between the Zimbabwe Insurance Brokers Association and the Insurance Council of Zimbabwe on how the new law will be applied. The desirable outcome would be an adjustment of premium or commission rates for various classes of insurance, such that any reduction in broker or agent commission is minimised.

Compliance with the Insurance Act

The Government is expected to effect deterrent penalties for incidents where an investor, insurer, or insurance broker has flouted the provisions of the insurance legislation. In that regard, penalty levels will be reviewed upwards, up to a fine equivalent to the sum insured.

Review of Minimum Capital Requirements for Insurance Companies

The regulator is expected to increase minimum capital requirements for both life and non-life insurers from US$1.5 million to US$2.5 million in respect of short-term care and funeral insurance companies, and from US$2 million to US$5 million in respect of life assurers.

Amendments to Pensions and Insurance Legislation

Bills to amend the insurance and pension legislation are being finalised, including the Insurance and Pension Commission Bill, Pensions and Provident Funds Bill, and the Insurance Bill. These are expected to be debated and passed into law in the first quarter of 2016.

Stamp Duty

Stamp duty has been increased to 5% of premium up to a maximum of US$100,000. Insurance companies are required to subscribe to infrastructure bonds, estimated to be worth US$30 million. All these changes will take effect from 1 January 2016, except stamp duty, which took effect on 1 August 2015.

CONTACT:
BETHROD MADZIVA
Head of Operations
+263 4 706391-9
bethrod.madziva@marsh.com

INSURANCE MARKETS BY SPECIALTY

Political Risk

SPOTLIGHT

The number of insurers offering credit and political risk insurance continues to increase.

The frequency of losses on which there are notifications and a tail of exposure seems to be increasing.

Some sovereigns may be unable to withstand the fall in commodity price exports.

CONTACT:
JULIAN M MACEY-DARE
Practice Leader
+44 20 7357 2451
julian.macey-dare@marsh.com

INSURANCE MARKET CONDITIONS

During the past couple of years, the number of insurers offering credit and political risk insurance in the private market has increased substantially. This might appear counter intuitive to the trends we read about daily in newspapers regarding political risks, economic challenges, capital controls, and commodity price fluctuations. However, while the number of insurers and their potential capacity has increased year on year, there are some worrying signs:

- The frequency of losses on which there are notifications and where there is a tail of exposure seems to be increasing.
- There is a substantial notification to the insurance market in the credit world. This hits a number of insurers for short- and medium-term exposure, as well as reinsurers. It is possible that the willingness of reinsurers to continually support insurers may see certain insurers seek to reduce their overall exposure to the sector.

RISK TRENDS

No one has a crystal ball, but we've just witnessed an increase in interest rates in the US for the first time in eight years. The rest of the world isn't following. On the supply side, countries like Brazil are facing the worst recession since the 1930s, and China's once strong growth has slowed considerably. The commodities sector has shown resultant weakness. In the oil industry, there are no signs yet of global demand increasing as stocks reach record surplus levels and prices continue to fall.

Regulatory pressure on FIs continues to increase and we've once again witnessed banks turning to shareholders for additional equity. It is not possible to avoid credit risk unless you simply don't write any at all. If the global economy is weak and threatened with deflationary pressures, major corporate failures will increase, and some sovereigns may be unable to withstand the fall in commodity price exports. This, in turn, could impact lenders and result in upwards pricing pressure from insurers.

WHILE THE NUMBER OF INSURERS OFFERING CREDIT AND POLITICAL RISK INSURANCE, AND THEIR POTENTIAL CAPACITY, HAS INCREASED YEAR ON YEAR, THERE ARE SOME WORRYING SIGNS IN THE MARKET.

Multinational

INSURANCE MARKET CONDITIONS

In 2015, the international insurance market continued generally with low rates, soft market conditions, and a sufficient supply of capacities. Insured losses from natural catastrophes were lower than in previous years. The largest event was the Nepal earthquake in April. In addition, due to El Nino, many regions suffered from massive rainstorms and flooding – most recently in the UK.

The biggest cost driver for multinationals is health insurance. Geopolitical risks, the low oil price, and a continued increase of regulatory challenges around the world are the top concerns of multinationals.

RISK TRENDS

Middle East

For organisations operating in this region, oil price, war, and geopolitical risks continue to be key concerns.

There is significant reinsurance capacity in the region, but only a small number of composite global insurers are investing in regional networks. This has led to a reliance on local insurers for policy issuance. One major European insurer recently closed their retail offices across the Middle East.

United Arab Emirates (UAE) and Saudi Arabia (and other jurisdictions) implemented compulsory health insurance schemes in 2015, which led to additional costs for multinationals.

Property and construction rates continue to soften through overcapacity. Recent high-profile fires are unlikely to impact underwriting attitudes, however, as these building types are not excluded by reinsurance treaties (for example, the Dubai hotel fire on New Year's Eve).

Africa

The key issue for multinationals in Africa is the changing and increasingly restrictive insurance market regulation, which differs from country to country. In Francophone Africa, several countries subscribe to the Chartered Institute of Management Accountants (CIMA) code, which brings with it a consistent approach. This is, however, not the case in the predominantly English-speaking countries in the South. As a result, this changing regulatory environment is creating challenges for both organisations and intermediaries alike. Regulations include the stricter enforcement of admitted coverage, premium-before-cover requirements, and the imposition of minimum rates. As mentioned, practice differs from country to country.

The regulatory environment is making it more difficult for multinational companies to access global insurance programmes. For the African continent, one cannot assume that a local fronting insurer can be found to reinsure 100% of the risk to the captive or the global (re-)insurers.

SPOTLIGHT

The international insurance market continued generally with low rates and soft market conditions.

Insured losses from natural catastrophes were lower than in previous years.

The biggest cost driver for multinationals is health insurance.

Asia

ASEAN (Association of Southeast Asian Nations) countries finally ratified the establishment of the ASEAN Economic Community in December 2015; however, this region as a whole remains highly diverse from a regulatory perspective, with a number of countries continuing to undergo frequent change. Clients with assets in China, India, Indonesia, and Malaysia have been directly impacted in 2015, with further changes expected in 2016.

Asia-Pacific countries approach the concepts of "fronting" and "admitted insurance" in very different ways, so broad generalisations are not possible. As a basic guide, multinational organisations should be aware that while six countries in the region (Australia, New Zealand, Hong Kong, Taiwan, Thailand, and Singapore) allow non-admitted insurance, each may have a slightly different approach regarding the associated use of locally licensed brokers and local practice. Outside of these countries, the reliance on the benefits of DIC/DIL provided by global master programmes is increasingly under scrutiny, not only from a legal and compliance point of view, but also in terms of ensuring adequate local coverage is in place to reflect changing risk exposures and the litigious environment. Providing advice to multinationals regarding the adequacy of casualty limits in countries undergoing rapid social and regulatory change is one of the most challenging tasks risk advisers are currently facing.

Asian governments seek to respond to the increasing demands of their population to address pollution concerns with new regulations and compulsory insurances. Malaysia, Thailand, China, Vietnam, India, Taiwan, and Korea have introduced compulsory insurance lines aimed primarily at environmental protection from variously defined "high-risk" industries.

The Asian insurance market has provided very competitive, internationally rated capacity for Asian risks for many years. The question is how this market can add value to global multinational programmes. Domestic Asian insurers, such as those in China, Japan, and Korea, remain conservative regarding non-indigenous organisations with international exposures. Chinese insurers provide an excellent opportunity to generate additional competition if a client is prepared to ring-fence Chinese exposures. Major global insurers from Europe, the US, and Australia are increasingly active in Asia and are challenging the historic dominance of traditional insurers.

The "top risk" reported by every published survey of Asian risk managers is attracting and retaining talent. Of all the changes affecting this region, the increasing cost of employee health and benefits is now the most significant, with costs in India and ASEAN countries accelerating at multiples of the general rates of inflation. Markets are able to provide flexible, regionally controlled plans as an alternative to traditional, centralised management to attract and retain increasingly international and discerning workforce.

CONTACT:
MARTIN DRUX
Multinational Client Service Leader
(Continental Europe, CIS, and Turkey)
+49 211 8987 614
martin.drux@marsh.com

THE "TOP RISK" REPORTED BY EVERY PUBLISHED SURVEY OF ASIAN RISK MANAGERS IS ATTRACTING AND RETAINING TALENT.

Captives

SPOTLIGHT

Captive numbers continued to increase globally in 2015 and now exceed 7,000.

The number of captives with EU domiciles is expected to increase.

Captives and insurers in the EU are now formally under the regime of Solvency II.

INSURANCE MARKET CONDITIONS

Captive numbers increased globally in 2015, continuing the trend of steady growth over the last 20 years, in spite of ongoing soft insurance market pricing and high levels of capacity. There are now almost 7,000 captives in existence globally, more than 4,000 of which are located in domiciles outside the US.

Solvency II finally arrived on 1 January 2016, without causing much of a ripple, given that implementation measures had been in place for some time. We anticipate that the growth rate in the number of captives with EU domiciles will increase and that the EU will become one of the more sophisticated captive markets over time.

Domiciles

Bermuda and Cayman continue to remain the leading domiciles globally. These and other established domiciles, including Dublin, have seen an influx of special-purpose vehicles in recent years, many of which are owned by FIs. Although some captives have recently re-domesticated to onshore domiciles, the offshore market remains robust due to flexibility, experience, and infrastructure. Guernsey, in particular, continues to establish itself as the market for pension longevity captive arrangements. Onshore in the EU, Luxembourg remains the largest captive domicile.

In the US, Vermont is still the largest domicile, while Utah has emerged as the second-largest and an especially attractive location for small captives. Smaller captives have also driven growth in North Carolina, Tennessee, and Delaware. Longstanding domiciles, such as South Carolina, Hawaii, and Vermont, continue to grow but at a slower pace.

In the last two years, Oregon, Ohio, North Carolina, and Texas have implemented captive legislation, expanding the portfolio of choices for captive owners and encouraging captive growth in the US market. As more states enact legislation, competition to attract captives will grow, allowing new owners to select a state that best serves their needs and giving bargaining power to existing captive owners. The US now has more than 35 states with captive legislation, a clear sign that the number of captives there is likely to increase.

Regulatory Issues

Early in 2015, the US Internal Revenue Service (IRS) included the formation of small captives on its annually compiled and well publicised list of questionable tax avoidance strategies. Any company seeking to form a small captive should follow a strict and detailed approach to ensure compliance. Best practices include carrying out a comprehensive feasibility analysis, premium and risk determination, ownership structure analysis, and actuarial and capital assessments.

Also in the US, the Federal Home Loan Bank (FHLB) System has resumed the acceptance of new applications by single parent captives formed by real estate finance firms. FHLB rates are often more favourable than other sources of financing.

The UK introduced the Diverted Profits Tax (DPT), with effect from 1 April 2015, which has potential impacts for UK captive owners and UK subsidiaries of overseas companies that pay premium to a captive (re)insurance vehicle. DPT is aligned to the Organisation for Economic Cooperation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) Package, which consists of 15 recommendations. The BEPS Package, if adopted by other G20 countries, has the potential to have a significant impact on some captives and their owners. However, it remains to be seen which, and how exactly, other G20 countries will interpret and incorporate the BEPS recommendations into their local laws.

EU – Solvency II

Captives and insurers in the EU are now formally under the regime of Solvency II. Much attention in 2016 will be focused on the individual approach to implementation by the national regulators and the extent to which principles of proportionality will be applied by individual member countries.

There are still areas where greater guidance and clarity is required before the full impact of certain aspects of the new regime can be assessed. Examples of this include: the treatment of deferred tax assets, the regulatory response to new investment and capital forms not expressly considered in the legislation as adopted, and the precise approach to equivalency or non-equivalency in key jurisdictions outside the EU.

Given that implementation has been in place for some time, EU captive owners are fully familiar with the new regime, and through the Own Risk and Solvency Assessment (ORSA) process have adopted a more sophisticated approach to capital utilisation and investment return. EU captive owners are likely to explore alternative forms of capital (tier 2/3 capital) in order to strengthen their capital base, and the use of letters of credit, parental guarantees, subordinated debt, and unpaid share capital are options which will be explored. We are also likely to see the broader integration of captives into the risk management and enterprise risk techniques of their parent groups.

Europe Offshore Domiciles

Guernsey and the Isle of Man continue to see growth in protected cell companies (PCCs). The Isle of Man saw a steady increase in new licenses in 2015, as did Guernsey.

Insurance linked securities (ILSs) were a significant growth area for Guernsey in 2015, and the establishment of two pension longevity swap structures involving captives further solidifies Guernsey as a market for pension captive arrangements. Although most defined benefit pension plans are now closed, significant challenges remain in the management of legacy obligations, and we expect to see continued innovation involving captive structures in the pension area in 2016.

RISK TRENDS

Non-traditional Risks

With the pursuit of capital efficiency onshore in the EU, we anticipate seeing an increase in the diversification of captive risks – beyond the traditional areas of property and casualty, and into non-traditional areas such as employee benefits, supply chain, and cyber risk.

Alternative Structures

The use of alternative captive structures (such as rent-a-captives, protected cell companies, incorporate cell companies, risk retention groups, and special-purpose vehicles) has continued to trend upwards, making captives more accessible for small and mid-sized companies as well as large organisations. These alternative vehicles allow companies to participate in their own risk and implement a formalised form of risk financing, often at a lower cost and with lower capital requirements than the traditional captive model.

CONTACT:
LORRAINE STACK
Business Development Leader
+353 1 6053039
lorraine.f.stack@marsh.com

WITH THE PURSUIT OF CAPITAL EFFICIENCY ONSHORE IN THE EU, WE ANTICIPATE SEEING AN INCREASE IN THE DIVERSIFICATION OF CAPTIVE RISKS.

Trade Credit

SPOTLIGHT

Notifications of overdue debts are growing significantly, specifically in Brazil, China, and Russia.

The overall number of insolvencies for 2015 is down on the prior year.

Insolvencies are expected to increase by between 3% and 4% in 2016.

INSURANCE MARKET CONDITIONS

Emerging markets are currently affected by three key issues – reducing commodity prices, adverse currency fluctuations, and selective public spending. This macro-economic position is affecting trade across the whole supply chain, in all industry sectors. Notifications of overdue debts are growing significantly, specifically in countries like Brazil, China, and Russia. This slowing payment pattern, along with local regulations, contributes to longer collection periods and ultimately insolvencies.

RISK TRENDS

The overall number of insolvencies for 2015 is down on the prior year – this is the sixth consecutive year of reductions, but it will be the last: Slower consumer demand, higher debt, and adverse interest rate trends will contribute to rising numbers. There were almost 300,000 insolvencies worldwide in 2015. This number is still above the financial pre-crisis average. Insolvencies are expected to increase by between 3% and 4% in 2016. The resulting claims for insurers will also increase. Marsh has already experienced a more cautious view on risk assessment, and this position is likely to continue throughout 2016.

Premium rates in the region are stabilising; however, if the frequency and impact of losses continue to rise then so will rates. Competition between insurers is strong but selective.

CONTACT:
TIM SMITH
Managing Director
International Trade Credit Practice
+44 20 7357 5493
tim.j.smith@marsh.com

THE UNFAVOURABLE MACRO-ECONOMIC POSITION IS AFFECTING TRADE ACROSS THE WHOLE SUPPLY CHAIN, IN ALL INDUSTRY SECTORS.

Healthcare

> **SPOTLIGHT**
>
> Healthcare cost inflation and utilisation generally continue to outstrip state funding and the availability of care.
>
> Sedentary lifestyles and poor nutrition mean that future health risks are likely to be considerable.
>
> Technology, however, represents an opportunity to start counteracting this.

INSURANCE MARKET CONDITIONS

Healthcare cost inflation and utilisation continue to outstrip state funding and the availability of care in many markets. At the heart of the issue are worsening health-risk trends across the region, with increased levels of key disease categories such as cancer, cardiac disease, and diabetes creating a sustainable and growing shift towards high-cost and chronic care. These trends continue to reflect the move in disease causation from communicable infections to lifestyle factors such as nutrition, physical activity, smoking, and alcohol consumption.

In order to secure accessible, comprehensive care against this backdrop of increased costs and limited state provision, there is increasing pressure on the role of the employer and individual to provide care through self-funded or privately insured arrangements. This is particularly the case for employers operating across geographies with a mobile workforce residing outside of their home nation. Such employees have become the focus of governments seeking to re-coup healthcare costs and limit state exposure for health costs via increasingly complex requirements for compulsory private care provision.

The implications of sustained behavioural change towards a sedentary lifestyle and the over-consumption of saturated fats, sugar, salt, and alcohol are only beginning to be seen in increased health risks. Future health risks are likely to be considerable, with the increase in the number of individuals living and working with multiple risk factors and behavioural societal trends showing no signs of reversing.

Further compounding cost increases is the rate at which technological and medical advances are keeping pace with ill-health, meaning that the effects of poor health can be managed or corrected with new and expensive personalised care and tailored medicine. With an aging workforce required to work longer in worse health, this sustained reliance upon healthcare provision will further compound both state and private funding requirements.

Technological advances, however, also represent an opportunity for individuals and employers to start counteracting the impact of sedentary lifestyles and poor nutrition. It is easier than ever for people to measure and monitor all manner of indicators of their wellbeing. Fitness trackers allow us to measure the number of steps we take, the frequency and volume of exercise we carry out each day, how many hours of sleep we are getting, and the quality of that sleep.

Apps now exist to measure all manner of health-related activities. It is also now much easier to access our biometric data, and it will continue to get easier and less expensive rapidly in the coming years. The availability of all of this data to individuals can help to change behaviours and, in doing so, drive down the need and cost of healthcare treatment.

We believe that, through the workplace, employers have the opportunity to drive this change by encouraging their workforce to get more active, make better food choices, and better understand the small changes they can make to improve their health. It makes sense for employers as, the healthier their workforce, the more productive they will become and the lower the cost of absence and presenteeism.

This can be facilitated by providing a digital platform in the workplace that allows employees to aggregate all of their health data from the various applications they use and to receive insights, personalised guidance, and nudges to help them make the right choices. Access to “people like me” data and a digital community where challenges and goals create a social environment to help people make the all-important commitment to change will be critical parts of the healthy work environment of the future.

RISK TRENDS

An Ageing Population

Europeans are living longer than ever before. A further five-year increase in life expectancy is predicted by the middle of this century. At the same time, Europe's working age population is shrinking; the population aged over 60 will increase by about two million people a year.

Employers are demanding benefit programmes that can help to prevent long-term sickness, maintain employability, and offer flexible working time, according to different stages of life and age management.

A Shift from Paternalism to Consumerism

An ageing population and rising benefit costs have resulted in governments and corporates seeking to optimise benefit spend through a combination of restructuring core benefits and the transfer of responsibility for benefit provision to individuals.

Multinationals Becoming Ever More Global

Multinationals are seeking to harmonise benefits across borders by offering attractive, innovative benefit programmes at a sustainable price. These organisations will need centralised programmes and solutions designed to meet the needs of a mobile workforce.

Increased Interest in Health and Wellness

Corporates want to better understand the impact on workforce productivity and the return on investment of health and wellness interventions.

At the same time, they want to improve engagement and attract talent through technology enabled, customer-centric applications and place greater emphasis on filling primary care gaps (for example, onsite and phone-based services).

CONTACT:
JOHN DEEGAN
Europe Pacific Leader
Mercer Marsh Benefits
+353 (0)1 411 8482
john.deegan@mercer.com

WE BELIEVE THAT, THROUGH THE WORKPLACE, EMPLOYERS HAVE THE OPPORTUNITY TO ENCOURAGE THEIR WORKFORCE TO BETTER UNDERSTAND THE SMALL CHANGES THEY CAN MAKE TO IMPROVE THEIR HEALTH.

About Marsh

Marsh is a global leader in insurance broking and risk management. Marsh helps clients succeed by defining, designing, and delivering innovative industry-specific solutions that help them effectively manage risk. Marsh's approximately 30,000 colleagues work together to serve clients in more than 130 countries. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy, and people.
With annual revenue of US$13 billion and approximately 60,000 colleagues worldwide, Marsh & McLennan Companies is also the parent company of Guy Carpenter, a leader in providing risk and reinsurance intermediary services; Mercer, a leader in talent, health, retirement, and investment consulting; and Oliver Wyman, a leader in management consulting. Follow Marsh on Twitter, @MarshGlobal; LinkedIn; Facebook; and YouTube.

MARSH

For further information, please contact your local Marsh office or visit our website at marsh.com

MARSH IS ONE OF THE MARSH & McLENNAN COMPANIES, TOGETHER WITH GUY CARPENTER, MERCER, AND OLIVER WYMAN.

GRAPHICS NO. 15-1275a