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Post-catastrophe pricing uncertainty persists, says Marsh & McLennan CEO

By Tim Zawacki

Marsh & McLennan Cos. Inc. President and CEO Daniel Glaser said much uncertainty remains regarding whether or not insurance and reinsurance markets will harden following third-quarter catastrophes in a market that he characterized as "large, global and well capitalized."

Speaking during an [earnings](#) conference call, Glaser said the aggregate impact from the catastrophes may be an earnings event for the industry as opposed to one that requires broad reloading of capital.

"There are many insurers and other capital providers, so the market is competitive," Glaser said. "Certain markets, it's true, **they've been hit pretty hard by the series of events and they're going to want rate increases**. That doesn't mean they're going to get the rate increases they want. That's where the competitiveness of the market comes in, and this is going to play out over time."

Marsh Inc. CEO John Doyle said the rate decline his insurance broking unit observed of about 1.6% during the third quarter compared favorably to the 2.2% retreat in the second quarter. **Rate changes in the property business Marsh has witnessed in recent weeks have ranged from a decline of 5% to an increase of 20%, with "no measurable impact" on other lines of business thus far.**

Peter Hearn, CEO of reinsurance brokerage unit Guy Carpenter, said it is "too early to tell" where reinsurance rates will head.

Catastrophes offer "a stark reminder" of possible loss exposures that "may cause some reevaluation of coverage, limits and risk tolerances," Glaser said. At this point, however, he cautioned that it is too soon to determine how the catastrophe losses will ultimately develop, how capital will react and whether client buying patterns will change.

"While there could be some movement in pricing in catastrophe-exposed areas and certain lines of coverage," he said, "the degree and sustainability of any changes remain uncertain. ... Ultimately, these forces will play out and the market will find its equilibrium."

Glaser reiterated that Marsh & McLennan expects to achieve underlying revenue growth of between 3% and 5% for the full year. Underlying revenue growth for the first nine months of 2017 totaled 3%.

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