Swiss risk managers say worst of hard market over

But few signs of overall softening in face of inflation

Adrian Ladbury October 10, 2023

Sabrina Hartusch

Swiss risk managers were as equally unimpressed by the performance of their insurers during the recent dramatic market hardening as their peers across Europe.

The good news is that, as reported elsewhere during this year's Risk Frontiers Europe survey, the crisis period is now over and the market is returning to a more predictable state.

But given the level of natural catastrophes and pressure applied by inflation on property lines in particular, leading members of Swiss risk management association Sirm do not expect an overall softening any time soon.

Daniele Zucchi, managing director of Sigurd Ruck, the single-parent captive owned by Italian oil and gas multinational Saipem, said: "The performance of the commercial insurance market wasn't exactly exciting. I experienced a further hardening on lines like property damage, casualty, marine liability, D&O, cyber and employee benefits. Practically every line was affected. This year I'd like to see at least a change in the pattern and for some markets to relax. For those really exposed to nat-cat and fires, the renewal looks to be a challenging one."

Evelyn Lämmli, head corporate risk and insurance management at Rieter Management, said that, in her view, the performance of insurance partners has generally been satisfactory. But she was surprised by the sudden nature of the market shift. "The change over from the soft market into a hard market was too quick without a proportionally good reason. We expect a general relaxation of the market soon or it is already happening in different areas," she said.

Sabrina Hartusch, global head of insurance at Triumph Holding and president of Sirm, echoed the thoughts of many when she said it is time for insurers to stop pushing for more rate and focus on customer service, particularly given the healthy level of profits reported.

"I am not expecting any hardening of the markets, in any region of the world. Insurers had record profits in times where their clients had very difficult times! It is now absolutely time to re-focus on their clients and what they are here for," she said.

Hartusch advised Sirm members to get started on renewals as early as possible and sell their risks to the market to obtain optimal results.

"Property will remain under focus due to the greater emphasis of insurers on climate risks and nat cat overall. Risk managers must plan in enough time. A proper renewal takes time… Risk managers must always present their companies in the most optimal point of view vis-à-vis the insurance market. It is good that insurers have to compete on very good accounts," she said.

Ines Surholt, senior insurance risk manager at ABB Zürich, also pointed to healthy insurer results achieved during the crisis period as risk and insurance managers struggled.

"Despite the crisis, which seemed not to affect insurers, they reported the best results ever. But unfortunately the profit is made at the expense of the insureds. There might be a softening in D&O and erection all-risk, but only for accounts with a positive loss ratio. Other lines such as property and, for sure, cyber, will still be challenging," she said.

Matthias Koeppel, risk manager EMEA at Crown Bevcan, is not optimistic about coming renewals. "With the increase of nat cat and cyber events, I do expect an even harder market, so this will be challenging. Some carriers may even reduce capacity dramatically. Only casualty may be flat," he said.

Jurrit Herber, head of risk at Eviosys, sees positive signs in cyber and D&O but fears that inflationary pressures will maintain the upwards pressure in most lines.

"With the impact of inflation, cost of assets and supply chains, I can't imagine premiums will not go up again in property and BI. Having said that, cyber seems to have reached a peak along with D&O. The continued rise in nat cat events leads to greater uncertainty along with inflation and, as a result, there seems to be only one way the insurers can go with prices and it's up," he said.

Stefan Günther, head of insurance at Coop Genossenschaft, did say that at least insurers are paying more attention to individual loss records.

"From my point of view, the market has already softened to some extent. We are overall still in a hard-market environment but the insurers are again focusing more on individual performance. I would not say it can be linked to individual lines, but rather from which point/level you are coming from. Property has, so far, been more challenging than liability, whereas for some of my colleagues it was the opposite," he said.

Herber concluded with some good advice that really applies whether the market is soft or hard: "Insurance is necessary whether from a regulatory or financial perspective, but companies really should be working as if there is no insurance in place. Act as if it is not there."