



A tough-looking insurance market

The near future will bring changes to the terms and premiums in the insurance market – partly due to the corona crisis.

By Kristine Seest

Greater information requirements, higher deductibles and larger premiums. These are some of the current trends in the insurance market, which after the global spread of covid-19 has become an even tougher market.

The trends towards a tougher market began as early as the autumn of 2019, and during the summer of 2020 the market has become even tougher. The insurance companies are introducing new measures on almost all insurance products to improve their results after previous years' lack of earnings and to prepare them for an expected – but as of yet unknown – impact from covid-19.

»Throughout 2019 and 2020, a number of factors have helped to transform the market from a soft to a hard market. These include the major damages within Property, major claims for Financial Lines and Liability in the United States in particular, climate change and lack of investment returns for the insurance companies due to the low interest rate level. More recently, covid-19 has become a contributing factor, and the reinsurance companies are setting aside large sums for unpredictable but expected losses as a result of the pandemic,« says Chief Placement Officer Elisabeth Wichmann from Willis Towers Watson.

Willis Towers Watson's placement specialist assists corporate clients in analysing their risks and in placing their insurance policies with the insurance company that offers the widest coverage, the best terms and the most favourable price.

Exceptions due to covid-19

There is a great deal of uncertainty about the consequences of covid-19, which is why many insurance companies have begun to insert covid-19 exemptions in the insurance policies. Not all exceptions are fair and reasonable according to the placement experts at Willis Towers Watson.

»The exceptions can be justified – to a larger or lesser degree – but on some types of insurance – including Property and Cyber – we have seen some very broad exceptions, which can in principle apply as soon as a damage has the slightest connection to covid-19 – even if covid-19 is not a triggering factor,« says Elisabeth Wichmann.

The exceptions can be difficult to avoid, as it is the reinsurance companies that are behind them, but Willis Towers Watson holds regular discussions with the insurance companies when exceptions make no sense – generally or in a specific case.

Overview of market trends

Willis Towers Watson has just released its Market Report 2020, where this year's theme is the tough market. Willis Towers Watson employs a number of specialists who provide a status and overview of the trends that are currently characterizing specific insurance markets.

Find out more in [Market Report 2020 – Trends in the insurance market](#) The report is in Danish.