

# Willis Re Analytics Financial Advisory

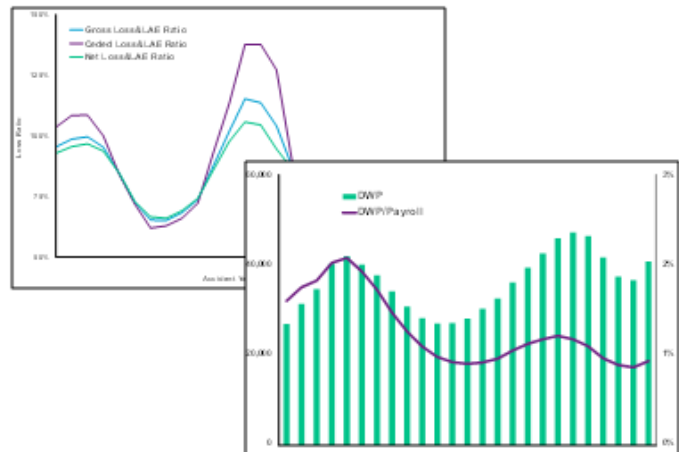
WillisRe |.I'I'I.I.

## Market cycle analysis

At Willis Re, we place the utmost priority on our clients' business interests. While excellent transactional service on your reinsurance placement is crucial, we aim to provide timely information and advice to assist with your business decisions throughout the year.

That's why we closely monitor the state of the insurance and reinsurance market. While property market cycles tend to be driven by catastrophic events, the casualty market cycle evolves more gradually.

Our **market cycle analysis** analyzes casualty lines of business in terms of both calendar year and accident year results. In each line (Workers' Compensation, Auto, Commercial General Liability, etc.) we assess rate adequacy and reserve development trends.



Reserve position is a key measure in projecting future calendar year results. Historical price index changes have been highly correlated with calendar year results.

Therefore, we believe that projecting future calendar year results provides an indication of future market price changes. Our analysis identifies leading (underwriting cash flow) and lagging (reported reserve development) indicators of the market cycle.

Willis Re monitors these trends, regularly producing updated market cycle reports to give you the most forward-looking information regarding pricing trends.

### Contact us

Raj Bohra, FCAS  
Willis Towers Watson, Brookfield Place, 7<sup>th</sup> Floor  
200 Liberty Street  
New York, NY 10281  
D +1 212 915 8444  
M +1 609 553 5200  
E [raj.bohra@WillisTowersWatson.com](mailto:raj.bohra@WillisTowersWatson.com)

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