

## MEDIA RELEASE

### Insurance market to stabilise in 2010, according to Aon survey

*Respondents report greater premium increases than forecast but calmer market predicted for 2010*

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Insurance market highlights from the Aon's 2009/10 Australasian Risk Management Benchmarking Survey:

- The insurance market is expected to be less volatile in 2010
- Respondents have reported a greater than expected increase in premiums because of the credit crisis and weather losses
- QBE is still the most respected insurer in the market

[Watch](#) Steve Nevett, Aon Australia Chief Executive Officer, discussing the implications the insurance market findings from this year's survey.



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*SYDNEY, 16 April 2010:*

Respondents to Aon Australia's eighth annual *Australasian Risk Management Benchmarking Survey* expect the insurance market to be less volatile this year, with premium levels forecast to rise by an average of 3.0 per cent in 2010.

According to the 535 executives surveyed for the report, insurance premiums rose 6.4 per cent on average during the past year. The figure is slightly higher than what was forecast by last year's respondents, who expected premiums would rise between 1 per cent and 5 per cent, because of the impact of the credit crisis and weather losses.

Aon Australia CEO Steve Nevett said, "In this year's Australasian Risk Management Benchmarking Survey, respondents reported wide variation between premium increases for different products. Professional indemnity rose 16.9 per cent, while liability – public/products only rose 1.1 per cent."

In line with Aon's expectations, respondents have forecast that premiums will increase on average by 3.0 per cent this year. The greatest increase is expected to be for liability – public/products cover (4.5 per cent); the lowest increase is expected for medical malpractice (0.4 per cent).

Mr Nevett added, "The insurance market for 2010 is going to be less volatile than the past year and premium increases are expected to be moderate. There will be opportunities for single digit reductions on some lines of risks, while others, such as public and product liability, are likely to experience an increase of up to 5 per cent resulting in a relatively flat market overall."

## **QBE is still the most respected insurer**

QBE is again the most respected insurer in the market, taking the top spot for the fourth year in a row.

Overall, there hasn't been a significant change in the rankings since 2008/09, indicating most organisations have continued their relationship with insurers they feel are reputable and stable amidst the uncertainty in the market during 2009. It also suggests there has been little change in the Australian market with no significant players entering or exiting

The top ten insurers (in order) are QBE, Vero, ACE, Chubb, Zurich, Lloyd's, AIG, Allianz, CGU and XL.

While QBE is the top ranked insurer for organisations with revenues up to \$1 billion, Lloyd's is the top ranked insurer for organisations with revenues of more than \$1 billion.

Mr Nevett commented, "The position of Lloyd's is due to its significant participation of in the energy and mining sectors. Lloyd's also tends to cater for hard to place risks and fills gaps in the market that other insurers can't fill."

In the more than \$1 billion category, Zurich has further improved its position, rising one place to be ranked second behind Lloyd's. FM Global also remains strong in this sector.

ACE, Allianz and Chubb have all moved up the rankings for the categories of organisations with revenues less than \$100 million, and between \$100 million to \$1 billion. Each of these insurers has expanded their appetite into mid-market/SME business.

Ansvar has jumped 14 places in the rankings of organisations with revenues of less than \$100 million. Ansvar has increased its range of appeal beyond its historic market – places of worship – to any form of insurance for community, charity and not-for-profit enterprises.

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### **About the 2009/10 Australasian Risk Management Benchmarking Survey**

Aon's Australasian Risk Management Benchmarking Survey is now in its eighth year.

Aon Australia developed this survey to help professionals working in risk management assess how their organisation manages risk compared to others and to help them measure the costs incurred in the delivery of a risk management strategy. It can also help executives identify practices and approaches that may improve the effectiveness of their own strategies.

Participant and readership feedback suggests that it is an invaluable reference tool for senior level decision makers such as CEOs, CFOs and Risk Managers. Business leaders are recognising the value in calculating their total cost of insurable risk (TCOIR) and the cost benefits of a structured risk management approach.

### **About Aon**

Aon Corporation (NYSE: AON) is the leading global provider of risk management services, insurance and reinsurance brokerage, and human capital consulting. Through its more than 36,000 colleagues worldwide, Aon delivers distinctive client value via innovative and effective risk management and workforce productivity solutions. Aon's industry-leading global resources and technical expertise are delivered locally through more than 500 offices in more than 120 countries. Named the world's best broker by Euromoney magazine's 2008 and 2009 Insurance Survey, Aon also ranked highest on Business Insurance's listing of the world's largest insurance brokers based on commercial retail, wholesale, reinsurance and personal lines brokerage revenues in 2008 and 2009. A.M. Best deemed Aon the number one insurance broker based on brokerage revenues in 2007, 2008, and 2009, and Aon was voted best insurance intermediary, best reinsurance intermediary and best employee benefits consulting firm in 2007, 2008 and 2009 by the readers of Business Insurance. For more information on Aon, log onto <http://www.aon.com.au>.

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