
2014 will be a good year for insurers: Conning

By Kerry Pechter *Wed, Feb 19, 2014*

"Regulatory convergence and complexity are commanding insurer attention and resources. Fragmented economic growth is creating new pockets of growth, while challenging established markets," says Conning's 2014 U.S. and Global Insurance Industry Outlook.

Analysts at Conning Research are bullish on the U.S. and global insurance industry. Their new study, "2014: U.S. and Global Insurance Industry Outlook," suggests that insurers worldwide should benefit from "improved operating conditions and the initiatives they have been pursuing in response to the challenges of the past few years."

"Our outlook for the U.S. insurance industry in 2014 is for stable results and some gradual improvement across most segments, but with increasing uncertainty brought on by economic, political or regulatory developments unfolding in the period," said Stephan Christiansen, a managing director and head of Insurance Research at Conning in a release.

"In 2013, we discussed continuing struggles in the U.S. and global economies, along with capital markets volatility and rising regulatory challenges, and cautioned that insurers needed to take action to improve performance, rather than waiting for a better time. It was prescient. Market performance does appear to be improving, though the economic and market environments do not appear to be the primary cause," said the introduction to the report.

Steve Webersen, director of research at Conning, said in a statement that "three key factors: economic climate, interest rate environment and regulation" will shape the global insurance industry.

"Fragmented economic growth is creating new pockets of opportunity, while challenging established markets. As in the U.S., growing regulatory convergence and complexity are increasingly commanding insurer attention and resources," he added.

Conning is an investment management company for the global insurance industry, with more than \$83 billion in assets under management as of Dec. 31, 2013 through Conning, Inc.

The new report has three parts:

- The first part includes Conning's views on likely events and conditions in 2014, in terms of the economy, segment performance, regulatory changes, etc.
- The second level considers what the insurance industry is investing in and committing resources to in 2014, with an analysis of the potential impact of those efforts in subsequent years.
- The third level covers competitive reshaping of the industry, longer-term implications of regulatory trends, and possibilities opening up with technology and marketplace changes.

According to the introduction:

“Our outlook for the U.S. insurance industry in 2014 is for stable results and some gradual improvement across most segments... This broad view is accompanied by increasing uncertainty; improvements may be interrupted or reversed through economic, political, or regulatory developments unfolding in 2014.□

“Our outlook for the global insurance industry is focused primarily on Europe (including the U.K.) and Asia. Regulatory and economic changes dominate in both regions. Growing regulatory convergence and complexity are commanding insurer attention and resources. Fragmented economic growth is creating new pockets of growth, while challenging established markets.

“We also discuss some emerging drivers of opportunity, and emerging challenges, in the rest of the world: in Latin America, the Middle East, and Africa.

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