

---

## Who has skin in the presidential race? Not insurers!

---

By Editorial Staff      Thu, Jul 21, 2016

---

*Low interest rates were cited as the biggest industry threat (by 37.6% of insurers), followed by increased regulations (26.2%), competition (19.3%) and antiquated business models (12.4%).*

---

Only 2% of insurers believe that the outcome of this year's presidential race between Democrat Hillary Clinton and Republican Donald Trump will matter much to the fortunes of their industry.

They're much more worried about low interest rates, according to a new A.M. Best [Special Report](#) entitled "A.M. Best Spring 2016 Insurance Industry Survey." The report assesses insurers' opinions on market conditions, compliance costs, the Labor Department's fiduciary rule, cyber risk, reinsurance trends and exposure to Puerto Rico's municipal bonds.

Approximately three-fourths of insurers surveyed have lowered their target return-on-equity expectations to 10% or lower, a reflection of highly competitive market conditions remaining and the slow-growth economy, the report said.

Low interest rates were cited as the biggest industry threat (by 37.6% of insurers), followed by increased regulations (26.2%), competition (19.3%) and antiquated business models (12.4%).

In terms of competitive pressures, the health and life/annuity segments responded that they feel the most pressure from regulatory drivers, while the majority of property/casualty insurers reported facing pressure from product development, new entrants and external forces such as Amazon and Google.

On cyber risk, just over 30% of survey participants had been a target of data breach or cyber-attack. But just 10.4% reported investing more than \$1 million to prevent such attacks and breaches, while about 43% have spent less than \$100,000. Half of the insurers surveyed have invested more than \$1 million to upgrade hardware and software systems in the past five years.

Regarding reinsurance, 43.9% of respondents have restructured their reinsurance program over the past 24 months. Of these companies, 71.4% said they found better protection for either less or the same cost. In addition, 52.7% of survey respondents said they had added and/or removed reinsurers from their panel in that 24-month timeframe.

