

Market Status 2021

Hard Market Established – Collapse momentum

Facts reminder:

- 2001/09/11 : Premium tripled
- 2003 – 2018: 15 years of « Soft Market », rates decreasing every year.
- 2014: Global markets' first heavy losses
- 2014 – 2017: Despite Market losses, due to insurers' reinsurance, continuous decreasing rates.
- 2018: Market resistance – Stabilization
- 2019: "737 Max" impact – Start of net and sharp increases in rates
- End 2019-today : COVID 19 – despite rates increases, the insurance Market is still struggling to reach breakeven.

In 2020 Due to COVID 19 the expected income from the insurers was not reached. Thus, premium increases will be higher than expected.

Partially due to the pandemic, insurers are struggling to restore their profitability, which impacts the aviation sector but also all business lines.

For 2021 and beyond ...

- Insurers are expecting a 50 to 200% increase for their reinsurance renewals.

Uncertainties will not be answered before end of 1st quarter 2021.

- We forecast that between 20% and 30% of the insurance capacities will disappear,

- The hard market is expected to continue for 2021-2022 minimum.

- Premium increases are the direct consequence of the COVID 19, and of the accumulated losses from the past, as well as from the announced decrease of re-insurance capacities.

- Financial margins, from a business line to the other, are no longer permitting to balance figures, and this will remain on a long-term basis.

- GA as well as manufacturers will have to endure the weight of the losses coming from the Market, including airlines, until insurers become profitable again.

We expect an even harder and global increase for 2021 and 2022 : Increases will be between 25 and 45 % per year, for the files having an excellent ratio :

- a 20% to 40% for the airlines
- a 30% to 55% for the GA market