

## **ART Becoming Market of Choice**

National Underwriter (Property & Casualty - Risk & Benefits Management Edition) (02/03/03)  
Vol. 107, No. 5, P. 23; Kramer, Christopher L.

In the United States, experts estimate that \$120 billion in premium has been transferred from the traditional insurance market to the alternative risk transfer (ART) market, as more and more policyholders--whether small or large companies--are using alternative risk products. Moreover, ART has garnered half of the entire insurance market, and when prices begin to drop for traditional insurance, many do not foresee policyholders leaving the ART market. Since many businesses are fleeing traditional insurance in an effort to gain more control over their risks and reduce their insurance costs, analysts have predicted that traditional insurance companies will begin reducing their rates, despite reserve and capital shortfalls, in an effort to lure back customers. A recent Council of Insurance Agents and Brokers survey indicated that 86 percent of agents and brokers are concerned about the solvency of the industry and are more readily turning to alternative markets for their clients' solutions. Moreover, it is apparent that the insurance industry is too focused on its own financial problems to maintain good relationships and communications with its clients, which could push more policyholders into the ART market. However, there are those policyholders that will be unable to enter the alternative market and traditional insurers may become overburdened with poor risks, which will force them to maintain their higher premium rates.

Source: National Underwriter (Property & Casualty - Risk & Benefits Management Edition)