2016 PLUS D&O Symposium Day One Recap, *Advisen Front Page News, by Marc Voses and Patrick Kennell*

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While the "fiery" discussions that took place during the 2016 PLUS D&O Symposium cannot be blamed for the unseasonably warm weather in New York City, the presentations certainly addressed a number of hot issues ranging from consolidation in the insurance industry to D&O product innovation.

Insurance Company Consolidation / M&A Activity

Up first was an M&A expert who pointed out that the insurance industry has seen a number of large mergers over the past several years. He noted that some of these events have had the effect of changing the "tone" of companies. Historical data reveals that since 2013 while aggregate deal values have been dramatically increasing, the number of deals has fallen, reflecting the environment of large-scale mergers and acquisitions in the industry.

Recent M&A deals have been driven by inexpensive access to cash and freed-up excess capital. The revenue synergies generated by M&A deals include post-M&A availability of new distribution channels, product expertise, an increased geographic footprint that provides global access, and better opportunities with distribution partners.

The speaker noted that continuing pressure on returns will motivate management to consider selling. In certain lines, "size and scale" are still very important and will also contribute to ongoing M&A activity.

He also pointed out that investors in insurance companies are looking for growth in the book value of the company. With price-to-book multiples over the past seven years being lower than they have been over the prior seven years, many insurance companies are attractive M&A targets.

The speaker noted that a number of factors are negatively impacting return on equity, including low interest rates, unfavorable reserve development and the difficulty in pushing pricing up. On the other hand, share buybacks, growth in premium being generated, and mergers and acquisitions are factors that are driving return on equity.