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MONTE CARLO TODAY

Carriers must brace for $300bn loss year: why resilience is key for Convex CEO Brand

LIKE MANY CHIEF EXECUTIVES OF LARGE, multinational re/insurers, Paul Brand, CEO of Convex, will wear several hats in Monte Carlo this week. He will meet with brokers, retail and wholesale, and some inwards reinsurance clients. But perhaps the most important one he will don is that of reinsurance buyer.

That is because of the importance of reinsurers to Convex's business model. The carrier has a high cession rate compared with most of its peers, meaning those relationships are critical. But it is even more important given Brand's very personal philosophy of planning for the long term – and for the "really big one".

"We buy a lot of reinsurance, working with a core panel of around a dozen top reinsurers," he told *Monte Carlo Today*. "We have a high cession level and that's conscious. We like the stability those long-term partnerships with high-quality reinsurers offers. But I also believe in planning for the long term; 4 →


Paul Brand

OPEN TO M&A: Gallagher Re plots a bullish growth curve


Tom Wakefield

GALLAGHER RE IS OPEN to fueling growth through acquisitions, partnering with the broader Gallagher organisation, where it eyes niche, strategic opportunities that will complement its existing footprint, Tom Wakefield, its chief executive, told *Monte Carlo Today*.

The reinsurance broker is growing quickly through organic growth – some 20% during Q1, though this slowed to 5% in Q2. But parent Arthur J. Gallagher is estimated still to have approximately $2 billion in M&A capacity remaining in its war chest, even after its recent acquisitions of AssuredPartners and Woodruff Sawyer. Its willingness to use this to grow its reinsurance arm was apparent last week when Gallagher Re bought Australia broker Steadfast Re.

"As part of Gallagher, we have the opportunity to look at mergers and acquisitions," Wakefield said. "We will focus on areas where we see strategic opportunities to build capability and supplement what we already have in territories where we 6 →

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Reshape the

STRATEGY

Carriers must brace for $300bn loss year: why resilience is key for Convex

KEY POINTS:

- Carriers must plan for historic loss
- Convex outlines Lloyd's plans
- Brand explains 'insurance paradox'

in doing business you understand well and commit to long term. And to do that, you need to be resilient through even the biggest losses."

And Brand means big. He notes that global industry losses reached $150 billion last year, a level that could easily be exceeded in 2025. He believes a $200 billion loss year is inevitable soon. But he also predicts a $300 billion or even greater loss will happen. And that is when having the stability of well-capitalised, long-term partners becomes invaluable.

"A $200 billion loss year is an absolute certainty, and quite soon. I'm more interested in really big loss years where it feels like the wheels could fall off the market altogether.

> "A $200 billion loss year is an absolute certainty, and quite soon."

Imagine the losses of 2001 [9/11] and 2005 [hurricanes Emily, Katrina, Rita and Wilma] combined. What would happen then? The bottom line is whether your reinsurance partners want to renew with you when things are really tough. Will you have access to their capital at that point in time?"

Closing the goodwill gap

He makes the point that cedants who might have previously shopped around for reinsurance or chopped and changed business lines, may find goodwill lacking in such critical times. "At that point, they'll be at the bottom of the list of clients who reinsurers want to do business with. They will be picky and selective. But I want to be high up that list because that's how I provide continuity and capacity to our clients."

Conversely, this philosophy of being selective is also true in reverse. All its reinsurance arrangements are long term, and most partners write large lines across its entire book. "We spend a lot of money on reinsurance; we think we are a good client, so we are picky on who we work with. If we have previously seen any bad behaviours, perhaps claims not being dealt with properly, we won't work with that carrier."

And in the spirit of the importance of long-term relationships, he also understands how the businesses' fortunes are entwined. "We expect our reinsurers to have more volatility than we do. That's why we buy reinsurance. But we expect them to make money over time for taking that volatility. Our reinsurers' loss ratio might often be better than ours. But in that $300 billion loss year, that's going to be different. And then they've got to be both able and willing to pay a claim."

Rate focus can be distraction

Also, like most Monte Carlo attendees, Brand takes a considered approach regarding rates; property cat is broadly softening; some casualty lines are still hardening. But he also regards rates as a distraction from what it takes to run a successful carrier for the long term. "Everyone gets very focused on prices. But if you're really taking a longer view, you shouldn't be surprised when market conditions change; you should be able to trade through the cycle and have the expertise to adjust appropriately as events unfold. That is what clients really want."

Part of Brand's resilience planning might also be seen in his move to take Convex into Lloyd's this year. In February, it received approval to launch Lloyd's Syndicate 1984, which commenced underwriting in April 2025. It made the move working closely with Gallagher Re and Asta, which was appointed as the managing agent.

It has set an initial target to underwrite £150m of gross written premium in 2025. It will underwrite some reinsurance of Convex and selected lines of international business including accident and health, casualty, crisis management, ELA (equine, livestock and aquaculture), energy, marine, political risk and property.

Brand describes the Lloyd's operation as complementing its underwriting units in Bermuda and London. Given the background of the company's founders, he said it has always been on the agenda – but now was the right time.

"We see that Lloyd's can offer additional distribution through its slightly broader licence set. That is something some clients will appreciate. There are also some of the benefits around the stability the capital offered by Lloyd's Names gives. We also see how Lloyd's is modernising itself and making itself more flexible.

Lloyd's leadership lauded

"At heart, I'm an incrementalist. I like to do things in small steps and stick to what we have expertise in. But I liked how we could go into Lloyd's with a relatively simple plan and offer something likely to be good for clients long term. It just felt like a very nice arrangement. Also, hats off to the Lloyd's leadership for things like London Bridge 2. The flexibility of capital that allows is a very attractive idea. When you add that to the use of Names capital, with the different options for placing risk, it becomes an attractive proposition."

Brand is clearly thinking long term – as carriers should. The company has also performed well recently. It made a $506 million net profit in 2024, a small increase on 2023; its gross written premiums increased by 22% to reach $5.2 billion.

> "We expect our reinsurers to have more volatility than we do."

Many of its peers have also enjoyed solid results in the past two years. Yet he believes investors are less convinced of carriers' ability to maintain these levels. He has called this the "insurance paradox" – record profitability for many companies, yet this is not reflected in share prices or start-ups.

"I think investors are still cautious when it comes to investing in carriers," he says. "We're quite a long way down the list of priorities. There's still a lot more interest in distribution: in brokers, MGAs, which are going for historically high valuations. Everyone knows this world cannot work without a balance sheet at the end of it, yet questions remain over the ability for balance sheet-based business models to really earn the sort of returns that are attractive to capital long term. That problem doesn't appear to have been solved yet." ●

CAPITAL

Dislocation = creative capital flows

It's a great time for alternative and structured capacity, as capital flows diversify into Lloyd's, 're-shares' and sidecars, says Aon.

The reinsurance capital market has entered a new phase, with alternative investors branching out from property cat and diversifying into casualty, structured deals and bespoke reinsurance solutions.

That shift is reshaping how reinsurers think about capital, according to Kelly Superczynski, head of Capital Advisory at Aon's Reinsurance Solutions, who told *Monte Carlo Today* that the conversation had shifted.

Capital is creative, and it's chasing opportunity where dislocation is greatest. "Where there's dislocation, there is opportunity for capital to solve bespoke challenges, and we don't see signs of this abating any time in the near future," Superczynski explained.

New investors are entering the property and casualty re/insurance space, while existing players are looking to grow materially. One clear hotspot is Lloyd's. "Lloyd's continues to produce market-leading combined ratios, which is due to the niche nature of those lines that flow through, as well as the underwriting expertise needed to write those lines," she noted.

Just as importantly, Lloyd's itself has been working to make access easier. "Lloyd's has made enormous changes in how it operates to be much more attuned to innovation. For example, London Bridge 2 is being utilised to bring new and predominantly institutional capital into the market much more efficiently than was possible in the past."

Aon has responded by expanding its team to support the surge of interest in new syndicate launches and capital raises. The focus is not just on traditional risks but also on bringing "new innovative types of risks into the market", Superczynski added.

Another fast-developing area is the use of re-shares: transactions that move a slice of a cedant's outward reinsurance placement into the hands of large asset managers. "We did two re-shares last year, one of which got a lot of attention, and it led to a large number of clients and investors interested in the solution as a way to source third-party capital at scale," Superczynski said.

KEY POINTS:

- 'Re-shares' and sidecars gain fresh momentum
- Lloyd's a hotspot for new capital
- Legacy deals remain vital amid inflation

Sidecars, too, remain a "hot topic" as both traditional and specialist alternative managers search for diversification. Aon has already closed several this year, with more in the pipeline.

While innovation is grabbing headlines, traditional tools still matter. "We also closed a couple of key legacy deals in the past year, which are of ongoing interest to our clients as adverse loss development remains prevalent, and social inflation isn't going anywhere any time soon."

> "We're using AI to generate analysis and different quantitative insights for our clients."

Superczynski's wider role within Aon is to help clients think holistically about their capital strategy. "Within capital solutions, our primary goals are to help our clients understand how to leverage all forms of available capital and understand how to best match risk and capital, which helps to drive better business decisions," she explained.

Technology is making that task faster and more insightful. "AI enabled us to conduct this research more efficiently and on a more global scale. We're also using AI to generate analysis and different quantitative insights for our clients, again, much more efficiently and at a broader scale."

For reinsurers gathering in Monte Carlo, the big question remains: where is capital focused now? Superczynski pointed to several themes.

"Alternative capital remains interested in property cat – just look at the record number of cat bonds closed over the past 12 to 18 months. We don't think this will abate as inflation persists and companies need to find much more limit."

Casualty lines are also attracting strong interest while rates remain elevated. "Those investors can pretty easily invest well above the risk-free rate and earn their desired returns on casualty deals," she noted.

Structured reinsurance is another growth area. Over the past five years, 15 to 20 new markets have entered the space, "offering net quota share-style solutions" that reinsurers increasingly view as a tool for portfolio balance.

"Structured reinsurance remains available to solve bespoke client solutions. As I mentioned before, our focus is on bespoke solutions, and that's where reinsurers are pivoting as well. They want to work with clients to solve their challenges."

Superczynski wants cedents to keep an open mind. "Just because a market doesn't always want to write a specific deal at an exact price doesn't mean there isn't a deal to be had. It just takes some creative thinking, and that's what I think Aon does really well." ●

Kelly Superczynski is the head of Capital Advisory at Aon's Reinsurance Solutions. She can be contacted at kelly.superczynski@aon.com

STRATEGY

Open to M&A: Gallagher Re plots bullish growth curve

KEY POINTS:

- Gallagher Re open to M&A
- Parent has substantial war chest
- Carriers face tough strategic choices

← 1 see opportunity for better penetration and scale.

"We remain extremely ambitious. We've generated outsized growth over the last few years and strongly believe we can continue with that. But the key will be client engagement and how we offer new insights to clients."

Insights are key

He is referring broadly to investments the broker has made in tools able to offer clients better insights and opportunities through analytics and data. "We have invested in tools designed to help clients navigate all the tons of data available and create genuine insights."

Such insights are becoming increasingly important in current market conditions. A period of higher rates has generated healthy profits, which, in turn, has led to capital levels building in the reinsurance industry. This is now leading to a broad softening of rates, apart from US casualty. But that is now posing a dilemma for reinsurers – how will they use that cash pile? Where are future growth opportunities? For cedants, that also means options and choice.

Wakefield acknowledges that an abundance of capital can mean some tough strategic questions for many carriers. But he said the answer depends on each individual company's strategy.

"Supply is outstripping demand in most in most areas, except possibly for North American casualty. Obviously, that means pressure on rates. But it's never that simple. Each client has a different story; they are at different points in their journey. Each carrier will have had their unique approach over the past two or three years and that leaves them in very different situations. But they are either writing more gross premium, retaining more net premium or both.

"For us, that means we have to differentiate between clients. That could mean re-evaluating reinsurance structures, looking at the use of alternative or third-party capital or other things. Our job is to make sure we create as many options as possible when we connect risk to capital, which is the fundamental role of reinsurance."

Nevertheless, he acknowledges the conflict in some companies. Underwriters might wish to write more business – and move into new lines of business. The CFO, on the other hand, could have a different view. "They may be concerned about the declining rate environment," he said. "And if they seek growth outside of core areas, what does that growth look like? Is it going to be better or worse than the existing portfolio that they're writing? It's a dilemma."

That is especially true for US casualty business. Commenting on this market, he noted how challenging it is. And for all the talk around reform, change is slow in coming. "The issue here, isn't really the insurance industry. It's more of a deterioration of the litigation environment. That has meant that casualty needed to be repriced. Tort reform is needed but elevated loss trends may persist nonetheless. Carriers are taking proactive measures by investing in adjusting their claims management practices."

> "We will focus on areas where we see strategic opportunities to build capability."
>
> Tom Wakefield. Gallagher Re

He notes that some of the most problematic years for casualty, from 2014 to 2019, are now starting to mature, which means people can begin to move on. "But trying to separate out and clearly articulate the difference between risk already written, which is causing strain through prior reserve development, versus what's happening now with smaller limits, higher deductibles and higher pricing, is a big part of our job in differentiating what the portfolio performance is going to look like on a go-forward basis."

Matching the need

For a broker, however, the key is that any reinsurance structure is aligned with the underlying strategy of a client. "Those strategies will vary by client, but when people are thinking about the trade-offs that exist between buying quota share, non-proportional reinsurance, aggregate covers or using alternative capital, there must be a strategy. It must fit with what the client is actually experiencing on the underlying business. They need to be selling something aligned with the stresses and strains and challenges that clients are facing.

"That will continue to be our message; we set ourselves up to support clients with that. Our strategic advisory team looks at all sorts of things for growth opportunities, cycle management, loss ratio, picks, and really spends a lot of time supporting clients, analysing own portfolios to help them explain their strategies to reinsurers in a way that lines up to how the reinsurer is assessing risk themselves and the view on risk that they're adopting."

Gallagher Re has several tools to help with this, including its reinsurance analytics platform, which helps with a range of matters including data enrichment, modeling, pricing and portfolio optimisation, while using machine learning to assist with reinsurance underwriting and risk management.

"But all these tools sit within one ecosystem, within a visualiser, which does all the pre-buying checks, property level scores etc. rather than having separate systems," he explained. "It gives real-time event response, portfolio growth tools, supporting underwriting and expansion. That is complemented by our portals, which is where we develop a view on risk and provide insights through our global strategic advisory business. It is a kind of delivery mechanism for making sure everything's on one ecosystem, all connected, so clients get total transparency and can start controlling their own destiny."

Given that supply will continue to outstrip demand, though that is growing too, such tools can only help clients make informed choices. For a broker, this means opportunity. "We're in an interesting dynamic: with very few exceptions, there is no issue with supply versus demand. On the cat side, we expect demand to increase by about 2% to $10 billion worldwide. But that's not a lot compared with the increase in capital that's been retained.

"We are also seeing more fac opportunities. But, overall, we see an opportunity to align reinsurance to our overall client proposition: to use our systems and technology and insights to allow the better management of ceded reinsurance and underwriters to have a more holistic view of how they're buying and their overall treaty strategy." ●

CLIMATE RISK

Climate risks call for market discipline

KEY POINTS:

- Global warming issue of our era
- Cautious on property catastrophe
- Asia is global growth nucleus

The reinsurance market's biggest challenge is not cyclical softening or capital flows, but the long shadow of climate change. That's the sentiment of Franz-Josef Hahn, chief executive officer of Peak Re.

"The biggest trend line of our generation, and the generations to come, remains global warming. It's a threatening situation for humanity and for the sustainability of mankind," he told *Monte Carlo Today*. He added that this phenomenon is known since the 70s, yet "has not been addressed adequately at all yet."

That perspective shapes Hahn's stance on market conditions. Climate-driven volatility means discipline must be preserved. "We have seen a couple of years with natural catastrophe losses around $100 billion. Last year a new record has been broken with $150 billion, and this year has started quite turbulent in this respect. I don't think that one should let loose."

Market sound – on the surface

"At the moment, the market is very healthy, very sound," Hahn said. "I think structures [are] very well in place and are commensurate with the risks the direct insurance and the reinsurance industry are facing."

But he points out that external pressures are mounting. "There's talk of softening features. After just two years of good earnings, naturally the reinsurance market doesn't have space for giving in. From a general economy perspective, we see a lot of volatility. Monetary [policy] is a bit loose, and geopolitics generate quite a lot of volatility themselves. Interest rates are still on a higher than normal level."

He is also cautious about the return of certain contract structures. "A similar trend we see with the debate on a reappearance of aggregates, which are being praised specifically by the broker community. It's left to be seen if that is going to happen. I don't see the market returning to aggregate covers, as we have seen them in between 2016 and 2022."

" [Climate change risks] have not been addressed adequately at all yet. "

Holding the line on property cat

Hahn is clear about Peak Re's stance on cat business. Caution on property catastrophe remains central to strategy. "For instance, Peak Re has not re-entered the US cat market. We remain extremely cautious due to the increased volatility brought to us by global warming, specifically concerning secondary perils. We will thus maintain our caution on the property cat side," he said.

That also applies to retentions. "I think the markets are all holding up and maintaining retention levels are at an adequate position. In fact, they should not drop further. There are attempts to push insurers to step back into the working layer area. This is definitely not the space where Peak Re wants to be."

Finding niches elsewhere

While cautious on US catastrophe, Peak Re continues to build in other lines. "In casualty, I think we have found our niche around the globe, specifically in the USA," he said. "We are very content with where we are and we will continue in that area. We very much follow a regional and local approach and the relative low individual levels of indemnity which we underwrite. The results speak for themselves."

The regional balance also remains a hallmark of the group. "At the moment, Asia is still almost half of the total pie of Peak Re, with the US and Europe sharing the other half. This equation will stay on for a relatively long time, although we are growing in Asia very strongly on the back of Asia's emerging markets which are still the strongest growth motor in our industry globally."

Growth in India and China

One of the brightest spots is India, where Peak Re has recently established a reinsurance presence. "We were spot on with our timing... India is growing extremely strongly," said Hahn. "The infrastructure development is [a] big push. Healthcare schemes have been introduced by the government in the various provinces, and they're driving further growth."

China presents a different challenge, but also long-term promise. "China is restructuring their consumption which will take some time. They are giving up a lot of the old structures and the former way of looking at industrial development. That brings a shift, and Peak Re is well prepared to take advantage of that," he added.

Beyond those two giants, Peak Re is investing time and resources in Southeast Asia. "You have so much diversification... Philippines, Thailand, Indonesia, Malaysia, Laos and Cambodia... but the markets are very fragmented," Hahn said. "For Peak Re, it's absolutely key to continuously expand our insights into those markets to support their development."

This focus often falls on personal lines, rather than large corporates. "In Asia, we will continue supporting our direct clients in their efforts of narrowing the protection gap. And we do this in all kinds of personal lines... be it in accident and health, health, motor, or property for individuals."

Driving much of this growth is a structural demographic change. "Asia's middle class is growing by more than a hundred million new entrants per annum," Hahn highlighted. "The focus on insurance starts at a much lower entry point. Solutions are currently offered by NGOs and insurance companies... micro-banking and micro-insurance. This is a lucrative area, but again, you cannot just jump on the bandwagon. It needs a lot of insight and understanding to support and benefit from this trend." ●

MGA

Scale up smarter, not faster

Built on tech, backed by capacity and selective by nature, Pinpoint UK is scaling up, pairing agility with underwriting discipline.

The MGA market is crowded with start-ups promising speed and flexibility. Few, however, have been built from the ground up to leverage technology as a genuine differentiator. Pinpoint UK is one of the exceptions.

According to CUO Darren Powell, the company was designed with digital capability at its core rather than bolted on as an afterthought. "We're a new company, able to build everything on modern architecture," he told *Monte Carlo Today*.

That tech-first approach helped Pinpoint leap from blueprint to active specialty player in just 12 months. "This time last year, we hadn't even got the keys to our office. Now, we've already moved to another one," Powell recalled.

The physical relocation mirrors a far greater journey from concept to a live business writing accounts, attracting new talent and laying out a strategy focused on discipline and selective growth. "We've come a long way in a relatively short span of time."

For Powell, technology underpins everything Pinpoint does. AI is harnessed to cleanse and analyse delegated business data which is then fed back to clients in near-real time AI is used to clean and analyze delegated business data, providing clients with insights in near real-time. This dual benefit accelerates Pinpoint's decision-making and provides brokers with sharper insights. "It gives clients a certain loyalty to us," Powell noted. "They know they're dealing with people that are tech-savvy."

Unlike legacy systems where each tweak requires a developer request, Pinpoint can adapt instantly. "We can make any changes ourselves, which makes a big difference," Powell highlighted, adding that this flexibility ensured the MGA stayed ahead of market trends while keeping operations efficient.

Specialty growth, carefully paced

Rather than rushing to scale, Pinpoint takes a measured approach, concentrating on niches where it can deliver meaningful value. Its recently launched Tailored Solutions unit writes bespoke, low-limit, data-driven programmes, with industry veteran Tom Griggs at the helm.

"We're trying to not just play in the same mainstream market as everyone else," Powell explained. "Everything we do has a specialism in terms of either product or distribution."

Two additional lines are planned for announcement in the coming months.

Pinpoint is structured as an MGA that shares risk, plays selective niches and is already scaling. In a challenging global capacity environment, it benefits from the backing of ASIC (AM Specialty Insurance Company), its A-rated Dallas-based parent.

"One of the big differences is we have our own capacity," Powell said. "We take a share of everything we write, and we'll do that on all programmes."

This alignment reassures external carriers: "By being deliberate in our underwriting approach, we're resonating with our clients The appetite for long-term, profitable, sustainable business is still very compelling."

Pinpoint deliberately avoids catastrophe and large-limit exposures, focusing instead on attritional business with proven profitability. "We're not overly dependent on reinsurance," Powell noted. "But equally, we like to partner with people who strategically understand what we're trying to do."

KEY POINTS:

- Specialty lines chosen for distinct niches
- Agility balanced with underwriting discipline
- Growth focused on profitability, not scale

> "Everything we do has a specialism in terms of either product or distribution."

Discipline with agility

Balancing underwriting discipline with client responsiveness is central to Pinpoint's philosophy. "Underwriting has to be nimble, agile and provide a product that's valuable to all involved," Powell insisted. "But it has to be sustainable, otherwise, it'll be a flash in the pan."

Private ownership also gives Pinpoint the freedom to prioritise sustainable growth: "We don't have particular top-line pressures to grow. What we're looking to do is grow profitably."

Powell remains mindful of the broader threats, from climate change to geopolitical uncertainty. Each product is stress-tested against systemic risk, sometimes leading to clarified or restricted cover. "You have to stay on the crest of that wave," Powell cautioned. "You have to be innovative while being diligent."

This year, Powell wants brokers and carriers to recognise that Pinpoint is now a scaled-up, operational player: the London team has grown to nine, with plans to reach up to 15 by year-end. A larger Lime Street headquarters signals long-term ambition.

"We're resourcing the company properly and providing quite unique solutions," Powell stated. "Both at a group level and a Pinpoint level, we've moved a long way, and we're excited to share what we're doing with partners."

With a foundation built on technology, disciplined underwriting and selective growth, Pinpoint UK is positioning itself not just to compete but to redefine what a modern, agile MGA can achieve. ●

Darren Powell is CUO of Pinpoint UK and can be contacted at: darren.powell@pinpoint-ins.com

MGAS

Bridgehaven plans to write $1.4bn by 2028

KEY POINTS:

- Written £500m of insurance business to date
- Bought Irish insurer to extend European reach
- Eyes partnering with MGA aggregators

Hybrid insurer Bridgehaven plans to be writing £1 billion worth of insurance business in partnership with up to 40 MGAs by 2028, says its chief executive Paul Jewell.

Bridgehaven, backed by US private equity firm Flexpoint, currently works with just 15 managing general agents, having written £500 million worth of business since its 2023 launch.

The firm is one of the first MGA-focused insurers to have launched in the UK, although the model is much more established in America. As such, it works with a range of MGAs insuring both commercial and personal lines. Commercial lines it insures include those in property, casualty, marine and financial.

Among the MGAs it works with are Policy Expert, Alchemy Underwriting, Pen Underwriting and MGU Eaton Gate.

"I like to think about Bridgehaven being the centre of excellence and each of the MGAs as the branch offices," Bridgehaven CEO Paul Jewell told *Monte Carlo Today*. "We provide the oversight and the governance rules framework that they work within."

The concept of MGAs with delegated authority writing business on behalf of insurers is far better established in the US, which Jewell says is five years ahead of Britain.

> "We disrupt the traditional thought process of how capacity gets delivered to MGAs."

Indeed, the US MGA market has seen explosive growth since 2020: according to S&P Global Ratings, the it has grown on average by 20% over that period.

Bridgehaven takes on 100% of the risk but passes on 80-90% of on to reinsurers.

"We share our capital exposure with reinsurers," Jewell told *Monte Carlo Today*. "To some extent, we disrupt the traditional thought process of how capacity gets delivered to MGAs by providing a worldwide reinsurance solution."

Dublin, Bridgehaven's bridgehead

Back in July, Bridgehaven bought Dublin-based insurer SureStone Insurance DAC as a way to enter the fast-growing European/EU MGA market, which it believes will grow to generate £50 billion worth of premiums within five years.

Said Jewell: "We will be writing European MGA business this year. For us, it's an opportunity to partner with experienced teams that want to set up their own MGAs in Europe."

Jewell predicts that Europe's MGA landscape will mirror the UK experience in terms of growth over the next three to five years. Even though the UK lags behind the US, there are still around 400 MGAs in the UK generating £15 billion GWP, Jewell said.

And having a non-UK European arm better positions Bridgehaven to partner with MGA aggregators such as Dual, Brown & Brown and Amwins, Jewell believes, in addition to its existing arrangement with Pen.

MGU

Pro MGA launches MGU Orb Specialty as a risk capital conduit

Pro MGA Global Solutions (Pro MGA) has launched a new MGU to connect capacity with its incubated MGA clients.

Talking to *Monte Carlo Today*, Danny Maleary, CEO of Pro MGA – a division of Pro Global – said that Orb Specialty would be a "conduit between risk capital that is looking to allocate its capital to MGAs, and the Pro MGA incubated MGAs that we look after within our ecosystem".

Orb will initially only launch in the UK, operating as an appointed representative of Pro MGA Solutions Ltd.

Pro MGA in the UK currently provides incubation services to MGAs, allowing its licensing to be extended to new start-up MGAs, along with support services needed to be able to trade.

In Europe and the US the business is known as a "professional regulatory host" that looks after new start-ups and existing MGAs – providing services that eventually allow them to obtain their own licence.

"Orb Specialty enables us to be able to facilitate the allocation of capital from markets to MGAs in a controlled, measured way that gives the capital the level of comfort to enable them to support that entity," he said. "At the moment as Pro MGA we just introduce insurance capacity to our MGA clients. We embrace the broker placement model and they do the same. This helps to facilitate and streamline that as a follow line proposition to the existing lead writer."

Pro MGA currently has 75 MGAs under incubation, but they will need certain qualities to obtain Orb capacity.

"While the MGA may be housed by Pro MGA, there will be a criterion that the MGA will have to align to, in order to get capital from Orb Specialty," Maleary said. "It's not necessarily designed for everyone. It's designed for those MGAs that are a particular size and shape, a particular product, unique inward distribution and really is adding value in terms of the overall acquisition chain."

Maleary said the intention was in the future to connect Orb with clients outside the UK, and work with established MGAs, although they would have to also sit within its operational platform to ensure appropriate controls.

"It's pretty unique. I don't believe there is anyone out there that has this proposition in its armoury to be able to offer this to a potential client and also work with key stakeholders like capacity in helping them allocate their capital to MGAs," he said.

STRUCTURED REINSURANCE

Structured goes mainstream: Swiss Re

Structured reinsurance is increasingly used to bridge the gap between cedant needs and reinsurer appetite. Swiss Re's Kaspar Müller tells *Monte Carlo Today*.

Structured reinsurance has moved from the niche to necessary, says Müller, chief underwriting officer for property & casualty structured solutions at Swiss Re. In a market juggling dividend capacity, ROE and earnings volatility, "traditional with a twist" structures are now a mainstream way for cedants to steady results and free capital without dulling risk signals.

"It's clearly become mainstream," Müller said. "We've been doing this for a long time, and we now have quite a large portfolio of transactions.

"Markets get more sophisticated over time, but the level of uncertainty is also increasing. With structured solutions, we can often increase the overlap between what a cedent is looking for and the appetite of a reinsurer. That's why it has become much more commonplace and such an important tool."

He added: "Certain questions around risk appetite and terms and conditions are not always resolved, and structured transactions can provide answers where traditional covers might fall short."

The conversations around structured deals have shifted decisively to the C-suite. Müller explained that it is "really a CFO/CRO conversation" tied to dividend capacity, earnings per share, return on equity and balance sheet strategy. For catastrophe-heavy programmes, it can be "essentially earnings volatility protection" that reinsurers help drive down. In other words, structured solutions aren't simply capital buffers; they are instruments to manage overall corporate performance.

One of the fastest areas of evolution is the combination of legacy and prospective solutions. Müller explained it was no longer just about legal finality. "It's about managing that legacy book, potentially freeing up capital in that book, while at the same time protecting future earnings. We see more and more of those structures coming together in a single deal for a cedent." He emphasised that often, more than one solution was offered within a single transaction, offering cedents a more holistic approach.

KEY POINTS:

- Structured reinsurance now essential
- M&A boosted by clean structures
- Affordability and resilience must align

Innovation, however, does not always mean creating something entirely new. "What we would call it is 'traditional with a twist'," Müller said. That might mean a multi-line quota share with a sliding commission scale "that dynamically aligned interests over time". Or in cat programmes, it could be "funded sub-layers" which help clients manage their retention over time by balancing the risk component as well.

> "Structured transactions can provide answers where traditional covers might fall short."

These are familiar structures, enhanced with elements that make them more effective and broaden reinsurer appetite. "They can increase the overlap between client demand and reinsurance appetite," he emphasised.

Structured reinsurance is also becoming a standard feature in M&A. "In my mind, it's standard practice today," Müller argued. "Reinsurance can often be used as a balance sheet tool.

"If it is protecting future earnings, or offloading a part of the book that the buyer may not want, it can make whatever is being bought cleaner and more closely tailored to what the buyer is actually looking for."

A pressing issue in today's market is how cedents handle higher nat cat retentions. "It's about managing those higher retentions and managing the volatility that comes with them," Müller highlighted. While companies may accept higher retentions in principle, they "are not willing to take on the full risk", and structured solutions can introduce protection over time.

This leads directly to the balancing act between resilience and affordability. "From a reinsurance perspective, we want resilience, and from the cedent's perspective, the goal is affordability. I would call it sustainability," Müller stressed.

True value, he argued, is when solutions are sustainable for both sides, ideally over the longer term in strategic relationships. "It's good for the cedent, because there's long-term certainty about what a structure can be and what it can do. And it's good for the reinsurer, because there's long-term resilience in our results."

The takeaway is clear: structured reinsurance is no longer ad hoc. "It's really an integrated tool for managing a cedent's balance sheet," Müller concluded. "It frees up capital, it can manage volatility, it can enable larger growth.

"One of the key elements is that it's done within a structure that passes a very high bar, both from a regulatory and an accounting perspective. We've done over 10,000 transactions over the last five years, so we know that bar and we manage it very actively." ●

Kaspar Müller is the chief underwriting officer for property & casualty structured solutions at Swiss Re

PROTECTION GAP

Innovate to reduce protection gap

KEY POINTS:
- Protection gap a persistent industry issue
- Greater innovation needed from reinsurers
- Advancing parametric and cat bonds among solutions

The reinsurance industry needs to do a better job at innovating in order to close the industry's long-standing problem of closing the insurance protection gap.

That's according to former Hannover Re CEO Jean-Jacques Henchoz, speaking at PwC's executive breakfast briefing on Monday September 8 at the Monte Carlo Rendez-Vous.

Henchoz, who left his position with Hannover Re in March after six years in the role, told the audience that "reducing the protection gap is a societal imperative", and that it was why he first joined the industry in 1988.

Statistics collated by the European Union and Accenture revealed the (re)insurance industry spends around 3% of revenues on research and development, lagging behind other industries such as pharmaceuticals, which devotes around 12.9% to R&D.

Reflecting on his time at Hannover Re, he lamented that over the years few analysts had asked him about work being done towards innovation, and suggested this area now needs more focus.

While he said good work has been undertaken by the reinsurance industry over the years, overall he feels it is "punching below its weight on innovation."

"I feel we have to up our game as an industry to really demonstrate that we can really push the frontiers of insurability, and then if we are in that position I believe frankly that we have a good set of arguments to tell other stakeholders that we've done our job," he said.

Referring to latest statistics from Swiss Re Institute, while the nat cat protection gap is no longer as high as 2015 and 2016, when uninsured losses totalled 67% and 69% of all global nat cat losses, between 2017-2024 the gap has remained stubbornly high, with between 52-61% uninsured.

In 2024 of the $318 billion in global nat cat losses, 57% were uninsured. At H1 2025 41% are uninsured of the $135 billion recorded. "Clearly this is at the core of the reputational risk," Henchoz said of the high amount of uninsured nat cat losses. "Politicians are in the aftermath of a nat cat event very keen to put the figure and blame the reinsurance industry and promise to move on recovering. It's a big reputational risk we need to manage."


Jean-Jacques Henchoz


Jim Bichard, PwC

The issue of protection gaps is particularly prevalent in emerging markets.

> "We have to up our game as an industry to really demonstrate that we can really push the frontiers of insurability."
>
> Jean-Jacques Henchoz

Henchoz said this offered a "significant opportunity for the reinsurance industry" but that access to insurance products for people in these markets remains a challenge.

Henchoz warned that the fast-growing cyber market is another area to be concerned about. The global cyber insurance market has grown from $4 billion in 2017 to $15.3 billion in 2024, with the estimated size rising to $32.4 billion by 2030 according to Munich Re figures. At the same time, Precedence research estimates the global cyber security market will be worth $546 billion by 2030.

"Given the growth in cyber security inside the security market, there will be a point where capacity will be scarce, unless we do something more radical to create capacity," Henchoz said, saying that if the industry doesn't, the cyber protection gap is likely to increase over time.

Alternative capital

Specifically he referenced the alternative capital market as offering much potential for further innovation.

"This is a market that is not only here to stay, but will expand largely now in the nat cat space," he said.

"But as important, the alternative market continues to look for expansion outside of the nat cat space. This is very good news. I do hope that in the next five to ten years we will see the emergence of a cat bond space in cyber. It will be needed to create capacity to support the growth of the market."

Parametric insurance is another area Henchoz feels there needs to be more growth.

"It's a market that is growing steadily, but scalability continues to be a challenge. But I do believe this is a market that is going to grow, and there are ways to grow it even further in my view." ●

Discipline now key as pressures mount

After two years of healthy profits, despite some softening, the reinsurance market is in a good place – but discipline must remain amid worries over casualty, new money entering the market and pressure to use excess capital. That was one of the takeaways from nine senior executives from the Bermuda market who met at a roundtable in Monte Carlo sponsored by Aspen Insurance Group.

KEY POINTS:

- Bermuda reinsurers are in a good place
- Caution over casualty business
- Investors still wary of market turning

The reinsurance market is in a strong position after two years of profits and covering its cost of capital. But it now must retain discipline and manage the cycle correctly as pressure mounts to put any excess capital to use – and new capital enters the market in a variety of ways.

That was the overall sentiment of a roundtable of the Bermuda:Re+ILS Monte Carlo roundtable, sponsored by Aspen Insurance Group, yesterday. The session, called 'Applying discipline and innovation in a softening market' was moderated by Wyn Jenkins, managing editor of Bermuda:Re+ILS.

Christian Dunleavy, group president and CEO, Aspen Bermuda, said reinsurers are in a much better place after two years of profits following the market's correction. But the focus must now be on cycle management.

"The market is in a much better place; I would say it is softening, but not soft. But we need a real focus on risk and rates. One thing that is clear is that risks are increasing."

He added that one exception to this trend is US casualty where there is potential divergence on rates adequacy.

Nuance on rates

David Govrin, group president and CEO of Global Reinsurance, SiriusPoint, added that the market has a tendency to focus on property-cat only when discussing rates, but it is important to acknowledge there is great nuance in the market between the performance of different lines of business. But he said discipline was now needed.

"We need to find a way of not having these wild swings in pricing," he said. "We have only had a couple of years of exceeding the cost of capital. That is not a long-term strategy. We take on a lot of risk as an industry; we need to have a fair price for that."

Mark Twite, CEO, AXA XL Re Bermuda, said the industry should be seeking a balance. He agreed with Govrin that the industry has only enjoyed a couple of profitable years – after a much longer period of poor returns. "It is a question of creating a balanced portfolio that also serves clients' needs," he said.

"It will be interesting to see, in coming renewals, how reinsurers fit into the risk ecosystem. We all have to pay claims but where do we fit in that structure. Insurers cannot

IN ATTENDANCE

Brad Adderley, Bermuda managing partner, Appleby

Chris Bonard, CEO, Ardonagh Specialty (Bermuda) and group president, Price Forbes Re

Matthew Britten, partner, Risk Assurance Services leader, PwC Bermuda

Christian Dunleavy, group president and CEO, Aspen Bermuda

Kathleen Faries, CEO, Artex Capital Solutions

David Govrin, group president and CEO of Global Reinsurance, SiriusPoint

John Huff, CEO, Association of Bermuda Insurers & Reinsurers (ABIR)

Mahesh Mistry, senior director, head of analytics, AM Best

Mark Twite, CEO, AXA XL Re Bermuda

survive without reinsurers, but there has to be the right balance as to where we operate in that structure."

Kathleen Faries, CEO, Artex Capital Solutions, an insurance-linked securities (ILS) specialist, made the point that it will be interesting to see how much capital enters the industry in the coming months – and where it wants to operate. "Yes, there is a conversation around discipline, but where will capital deploy in the ILS space," she said.

"It does feel like we are at a point in the cycle whereby too much capital coming in could have an impact on rates. Balance is exactly what we need."

A 'moderating' market

John Huff, CEO, Association of Bermuda Insurers & Reinsurers (ABIR), describes the current market as "moderating" in terms of rates. He acknowledged the industry has enjoyed "rate adequacy" for two years now – something he said has been appreciated not just by investors but also regulators and insurance supervisors.

He described the latter as being keen to see more capital deployed in their jurisdictions because they believe it will lower the cost of insurance and aid local economies. He said that their understanding of the importance of reinsurance was better than ever – something that could only benefit Bermuda reinsurers.

He added that that value of reinsurance was underlined at the start of the year when the California wildfires triggered insurance losses in the region of $25-$30 billion. He noted that Bermuda reinsurers will pay some 30% of those claims. "As one reinsurance CEO said to me, 'that's what we are here for'," Huff said.

But he also expressed concerns over the casualty landscape in the US. He said litigation financing and litigation harvesting, a trend where the public is contacted by lead generators out to create class action lawsuits, are a big problem, and are driving up social inflation costs exponentially. He said this problem would come to a head – it was just a question of when. "Nothing happens in the US without insurance," he said.

Mahesh Mistry, senior director, head of analytics, AM Best, offered his analysis, partly leaning on themes delivered in a well-attended press conference the rating agency held in Monte Carlo yesterday. He described the reinsurance industry as "in a very good place" and with a good outlook. Its results in 2023 and 2024 were "exceptional", he said. But he noted that was the first time it had met its cost of capital for some six or seven years.

> "We need to find a way of not having these wild swings in pricing."
>
> David Govrin

"But it is not really enough to simply meet the cost of capital; the industry should want to exceed it on a regular basis," he said. "Despite the January California wildfires, results remain positive this year. Q2 and Q3 were benign in terms of losses. But old habits die hard and market discipline is now key. We see that as critical. There is plenty of capital, but discipline is key."

Demand means opportunity

On the point around discipline, Govrin stepped in and stressed that there is nuance around that point on every deal. Ultimately, it depends on what a carrier is being paid for the risk they are taking, he said. "Some might see aggregate covers or lower layers being done and assume discipline is slipping. But it depends on what they are getting paid," he said.

Matthew Britten, partner, Risk Assurance Services leader, PwC Bermuda, acknowledged that there is demand from cedants for lower layers as well as more frequency covers. While this would not extend to earnings protection-type products, he suggested where there is demand that could be an opportunity for some players perhaps looking to get on a programme for the first time. "But the assumption is that discipline will hold," he said.

Chris Bonard, CEO of Ardonagh Specialty (Bermuda) and group president of Price Forbes Re, argued that the discipline is there at the moment. But he made the point that much of the incoming capital is being out to work in sidecars, which are also increasingly diversified in terms of the risks they will take on. But he agreed on the importance of balance and cycle management in the current market conditions.

Brad Adderley, Bermuda managing partner, Appleby, noted that he, too, had been surprised by how many sidecars have launched already

this year – usually new structures tend to be launched post Monte Carlo. “There are also more in the works, and quite a number are focused on casualty business,” he said.

Britten also acknowledged this trend and added that casualty ILS is now a fast-growing field as well. He expressed some caution around this, however. “It will be interesting to see how it pans out – how exit options work, for example.

The attendees then debated the nuance of discipline in the market. While balance sheet carriers might be able and willing to hold the line, new capital flowing in via ILS structures or sidecars could have a different perspective. “It depends what mandate investors have,” Mistry said. “Are they seeking returns or growth?”

Stick or twist

The executives also discussed how balance sheet carriers might use surplus capital, which Mistry said had built up after two years of solid profits. Some players may eye merger and acquisition opportunities, the participants agreed. But the consensus was they were more likely to seek underwriting opportunities – or simply keep capital in mitigation of any future crises. “I get the impression, given the uncertainties, they want to hold it,” he said.

Dunleavy agreed. “M&A may come into the frame, but there is plenty of risk in the world. I think most players will be seeking organic growth,” he said. “Two years of covering the cost of capital is a pretty low bar for a long-term successful business. We are not in excess returns territory yet.”

Twite agreed that most carriers would look to deploy capital to leverage underwriting opportunities. “I think it will be a question of risk managing your own portfolio, rather than considering M&A,” he said.

Govrin also made the point that the excess capital could turn out to be relatively precarious if wider economic forces, including the interest rate environment, were to change. “That could have a material impact on things,” he said. “I think carriers will be looking at new products and to innovate with the capital they have.”

Britten agreed that uncertainties in the world make it unlikely they will simply return capital to shareholders. “I heard the phrase, risks are not regressing; they are more complex and interconnected than ever and there is always some new risk that needs to be insured,” he said. But he added that innovation often takes time.

> “Two years of covering the cost of capital is a low bar for a long-term successful business.”
>
> Christian Dunleavy

Dunleavy agreed. “Work is initially done behind the scenes. You don’t see any impact on the surface for a long time,” he said. “If you take casualty ILS as an example, it took years to figure it out. Then you might see a rapid execution; a number of deals in succession.”

AI versus people

The executives spent time discussion the potential for AI to change the industry. The consensus was that it is already being used to achieve operational efficiencies but is less useful for creativity and innovation. They also agreed that the insurance industry, as one that understands risk, was cautious on its dangers. That said, it also provides an opportunity to develop products to cover these risks.

The discussion also moved into talent, and how important it is for the industry to attract and retain a new generation of leaders able to understand the shifting risk landscape and innovate in the future. Huff noted that a high number of senior leaders will be leaving the industry in the next five years, creating a talent vacuum but also opportunity. “There is a silver tsunami coming,” he warned.

Overwhelmingly, the panel agreed that the insurance industry, especially in Bermuda, is in a good place when it comes to attracting the best talent – and has overtaken other sectors such as investment banking, for example, as being a preferred career route for young people. “They are attuned to what they want and they see the attraction of this industry. The pipeline is very strong,” Dunleavy said.

Other topics emerged towards the end of the session. Some executives expressed concerns over litigation trends seen in the US coming to Europe. Britten said Europe could be grappling with this challenge in years to come. Mistry also identified this as a future concern for Europe.

Speaking on the ILS space, Faries made the point that as ILS expands into new territories and lines of business, it is also important to acknowledge the complexity of that and educate investors. “It is exciting. It is what we have wanted. But it also makes for more complex deals. Investors will need education,” she said.

Dunleavy also raised a concern about the alignment of interests in some parts of the market, where there has been a rise in structures that use delegated authority. “We need to be careful as an industry: the risk takers need to be the price makers, not the price takers,” he said. “There has been an explosion of follow-capacity and delegated arrangements, but carriers need to stay close to the pricing on those. The alignment of incentives is not always strong enough.”

CYBER RISK

Cyber threats evolve, so must data

Howden Re experts warn that models must evolve – stronger data, sharper assumptions and proactive strategies are key to building resilience.


Harriet Gruen


Luke Foord-Kelcey

Cyber threat actors are adapting their methodologies quickly, using automation, zero-day exploits and cloud-based targeting. But as their techniques evolve, so, too, does the industry's ability to respond.

For Harriet Gruen, head of threat intelligence at Howden Re, the warning signs are impossible to ignore. Extortion adversary leak sites recorded 3,700 victim postings in just the first half of 2025 – up from approximately 2,800 for the same period in 2024, disproportionately affecting firms with revenues of less than $50 million. No business is beyond reach and the industry's modelling assumptions risk falling behind reality.

Recent events underscore this volatility. CL0P resurfaced in late 2024, exploiting managed file transfer tools after a quiet spell, proving that old threats can re-emerge. Meanwhile, LockBit's takedown by law enforcement in 2024 briefly reduced incidents, but opportunistic rivals quickly filled the gap, showing that enforcement alone won't stabilise losses. However, while threat groups such as CL0P resurface, recent takedowns also show that coordinated industry and enforcement action can have real impact, even if opportunistic actors quickly move to fill gaps.

"There are so many cases where threat actors are targeting cloud identities and infrastructure," noted Gruen.

Why current models need updating

Traditional models and questionnaires have served the market well, but they risk missing nuances in today's landscape. Vendor blind spots, limited baseline exposure data and outdated minimum standards can leave gaps.

For example, sector specific incidents from the past 18 months were not always captured in model footprints, such as CDK or Change Healthcare. Attackers are increasingly abusing software as a service (SaaS) infrastructure for data theft, which might not be addressed in model vendor scenarios.

KEY POINTS:

- Cloud identities now prime targets
- Better data = stronger reinsurance outcomes
- Narrative not fear but opportunity

"Some of the tools that have been historically used to assess risk, or some of the controls seen as a minimum standard, won't necessarily be effective against all of these attack factors," Gruen explained. "Minimum standards therefore need recalibrating."

"As the threat landscape evolves, our role is to ensure the industry does not just keep pace but stays ahead," said Luke Foord-Kelcey, global head of cyber at Howden Re. "By strengthening data inputs and constantly challenging assumptions, we can turn volatility into resilience, for insureds, carriers and, ultimately, the wider economy."

> "There are so many cases where threat actors are targeting cloud identities and infrastructure."

Better data, stronger models

This is where progress is being made. By working with clients to capture more accurate and relevant data, from cloud authentication to supply chain dependencies, Howden Re helps ensure models reflect real-world conditions.

"There's still some work to do around baseline data capture and improving accuracy," Gruen said. "But focusing on the basics can have a material impact in terms of modelled losses." Additionally, by identifying areas of accumulation which might sit outside of the vendor modelling landscape, Howden can work with insurers to quantify "model miss" and benchmark technology concentrations to third and fourth-tier aggregation pathways – such as CDK – that may create an outsized loss for an insurer if they have an overconcentration in their portfolio.

Positive outcomes for clients and reinsurers

Clients who invest in richer, better-quality data not only strengthen their resilience but also unlock differentiated reinsurance outcomes. Model vendors are increasingly giving benefit for cybersecurity control data around patching cadence, network segmentation and back-ups. For reinsurers, improved visibility from cedents reduces portfolio volatility and supports more sustainable capital allocation.

"Our focus is more around trying to understand commonly used methodologies by adversaries, rather than who is behind it," Gruen added. "Companies that can scale up their posture and use the right tools to protect themselves will inevitably be more resilient in this heighted risk landscape."

Foord-Kelcey added: "The narrative should not be one of fear. We see a real opportunity; carriers that invest in richer data and proactive strategies are not only more resilient, but they also help create a stronger, more sustainable cyber market for all participants."

At Howden Re, the priority is ensuring clients and partners turn today's evolving threat landscape into an opportunity to sharpen their risk strategies. ●

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CASUALTY

Casualty ILS 'problematic': Schroders

KEY POINTS:

- Sponsors not investors drive casualty ILS
- Adverse reserves a worry in casualty
- Selective Schroders halts inflows to some funds

The growth of casualty insurance-linked securities (ILS) in recent years is more due to sponsors with high levels of casualty exposure wanting to offload risk than genuine demand from investors seeking diversification.

That is according to Stephan Ruoff, co-head of private debt & credit alternatives and chairman of ILS at Schroders Capital. He describes the asset class as "problematic" and not an area Schroders currently participates in. "Casualty ILS is not for us," he told *Monte Carlo Today*. "We see it as driven by balance sheet players seeking a way of moving some risk off their book, not by investor demand."

> "The jury is out on whether these high yields are achievable."

He gives several specific reasons he sees it as challenging. He is sceptical that potential adverse reserve development has been factored into the extent it should, given the continued challenge in this area carriers are having with historic books of business.

Secondly, he believes there is a challenge around how investors would exit such a deal. "How do you achieve a commutation that is fair to both investor and sponsor?"

Finally, the success of these deals partly hangs on the investment side achieving a certain level of return. The thesis is often that this is achievable by investing in high-yield private credit. "But spreads in private credit have tightened in recent years. The jury is out on whether these returns are achievable."

Ruoff's view is perhaps at odds with the trajectory of a market that does seem to be gaining traction. Some estimates suggest the casualty ILS market is now worth in the range of $3-$4 billion and some suggest it could double or triple annually over the next few years.

Schroders Capital, however, is very selective in the risks it will take on, following strict guidelines for deals enforced by its investment committee. This rigour can be seen in the fact that it halted any new inflows of investment into one of its large funds this spring. Investor appetite is there and the cat bond market will reach record levels in 2025. But Schroders will not compromise on deal quality.

He added that another hurdle is often the view of risk established by stringent (natural catastrophe) models the funds use, which are typically more conservative than the market average. "That leads to a high selectivity in the transactions presented to us," he said.

But he suggested the approach has been successful. Schroders Capital has enjoyed steady organic growth over the past five years and now has some $6.5 billion of ILS assets under management. It is a top-five ILS asset manager and it has a solid track record of performance. "We have an outstanding track record and are a reliable partner to our sponsors where we can offer significant capacity, exceeding the triple-digit million mark in some cases," he said. ●

GROWTH

Lockton Re reveals conditions for cyber to achieve growth potential

The cyber market is anticipated to more than double in size by 2030. But with the inherent uncertainty in any projection of growth, Lockton Re has looked beyond the numbers to examine the conditions necessary to meet such expectations.

That analysis is revealed in a new report – 'Cyber Insurance 2030: charting a course for growth'. It looks at how the industry might prepare for the potential of the cyber market and the product and capital innovations required to fulfil the growth ambition.

Oliver Brew, who recently moving into the newly created position as head of Cyber Centre of Excellence, Lockton Re and Co-author of the report, said: "The report highlights that we really need a range of perspectives to inform direction of travel for the industry in terms of cyber.

"One of the inescapable facts of the cyber insurance market is that there have only been a handful of true cyber catastrophe events where single incidents have led to multiple impacted parties. As a result, there are limited data points to understand how a technology incident would affect multiple companies simultaneously.

"Much research has been conducted on this, but, inevitably, there is an element of conjecture about how exactly this could manifest. Our call for investment in data quality, modelling investment and a flexible approach to product offering will really help the cyber market to reach its potential and service clients large and small effectively." ●


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M&A

CatX CEO explains unique offering

KEY POINTS:

- CatX holds unique Bermuda licence
- Bermuda's biggest software firm
- Places unwanted risks with investors

The chief executive of CatX, which has just revealed a merger with Cactus, creating Bermuda's largest insurance software company, has called for more carriers to use the platform to leverage a third option when they feel overcommitted to certain lines of business. Instead of either pulling back or seeking their own coverage, it would enable them to source third-party investors.

Benedict Altier, chief executive officer of CatX, is in Monte Carlo this week discussing the company's merger, as well as seeking more users of its platform.

CatX builds AI software that helps hedge funds and other institutional investors understand and invest in insurance risk, and Cactus provides a workspace leading underwriters and brokers use to capture, analyse and report on risk data. Both companies emerged from Lloyd's of London's accelerator programme.

Post merger, they will also launch Cactus Risk Studio, which offers brokers, insurers, risk managers and investors a single integrated platform to analyse and transact risk, powered by AI.

Always seeking opportunities

"We Are in Monte Carlo letting people know the deal has happened – and what that means for our offering. But we are still actively transacting risks with the funds we work with," Altier told *Monte Carlo Today*.

"We know what our investors like: ILWs, parametrics – and are always seeking opportunities. Long term, we believe everyone should use our platform to share risk data. It allows carriers to present risks to investors – rather than turn it down or seeking their own coverage.

"It is a third option – the platform sources capital that might want that risk and, of course, they get a management fee."

He also praised the Bermuda regulator for taking a unique stance with CatX. It holds what is known as an innovative intermediary licence, which has been developed out of the regulator's insurance sandbox. He notes that this is crucial as it means the company has a neutral position on risk – it sits between two parties but remains neutral.

"That gives us a great opportunity, because both sides trust us and brokers do not see us as a competitor," he said. "Bermuda is the only regulator in the world with the deep knowledge of the insurance sector, which could do something like this. We see them as the most sophisticated insurance regulator in the world. Bermuda understands what we do

"We work with investors who want to better understand the industry."

Benedict Altier

and how we can innovate and that licence is very helpful."

CatX's Catamaran platform is used by hedge funds and institutional investors to invest in insurance risk. It offers AI-powered risk intelligence and workflow tools for natural catastrophe, property and specialty insurance and reinsurance. CatX also operates a Bermuda-regulated digital exchange that enables risk transfer between investors and insurers.

Returning to the company's offering, he describes it has helping investors unfamiliar with the insurance sector better understand what types of investments might be possible – and the underlying risks. He believes there remains great potential for growth, especially around ILS, if this knowledge transfer is done in a more structured way.

"We work with investors who want to better understand the industry. There is a lot of interest in ILS and parametric products. But while ILS has been growing steadily, it has never really blown up in the way other types of securitisation have. We think investors just need to better understand the opportunities. We see great potential in specialty lines, for example."

Full suite in one workspace

Altier added: "Our industry is shifting. Risks are more complex, claim costs are rising, and AI is ready to help in practical, defensible ways. We first built advanced machine learning tools so hedge funds and other investors could understand and invest in insurance risk. Last year we brought those tools into broker and underwriter workflows.

"Now, with Cactus, we are unifying the full suite in one workspace so teams can see the facts, test scenarios, agree terms and place cover end to end. We believe this is the most capable AI in the market, built by machine learning specialists from Oxford and Cambridge and engineers with experience at leading investment banks, including Goldman Sachs and Barclays."

James Robinson, chief executive of Cactus, said: "Cactus already powers underwriting teams in Bermuda, the US and London. Combining Cactus with CatX's AI and marketplace capabilities gives our clients a studio for risk that reflects how the market works; one place to originate, collaborate, price, document and place risk with greater transparency and control.

"After two years working with CatX, I am excited to deepen the relationship." ●

PROPERTY/CASUALTY

There's more to market than Tier 1 cat

Adding value beyond capacity and managing volatility is at the very core of reinsurance, says Andy Hottinger of MS Reinsurance.

Well-modelled tail-end cat perils like North American Hurricanes, European Winter storm and Earthquakes in Japan or North America continue to see increased capacity supply, but cedant demand for reinsurance solutions goes well beyond those perils, says Andy Hottinger, CUO International at MS Reinsurance.

"In many international markets, insurers not only have tier 1 cat protection needs, but many others, too: less well-modelled property cat perils such as flood, hail, wildfire, and fire and business interruption risks – not forgetting many motor and liability risks."

He stressed that "the market will need to find the demand/supply equilibrium in a much more granular way rather than just assuming that the supply-demand balance is uniform."

Capital influx shifts balance

Since the last Monte Carlo, reinsurers have enjoyed four quarters of strong earnings, largely thanks to low tier 1 cat losses. That performance has attracted more capital, including a renewed surge from the ILS sector.

"Besides ILS, many reinsurers are leveraging their balance sheets by using third-party capital on the modelled tier 1 risks, leading to increased supply on the traditional side of the market, too," Hottinger explained.

Casualty and motor: mixed dynamics

Beyond property, international casualty and motor remain critical to the reinsurance equation, but with varied dynamics across jurisdictions.

"The need for reinsurance in motor, particularly for motor bodily injury, remains high in many European markets," Hottinger said. MS Re, he noted, relies on localised underwriters who understand specific client needs, often as part of broader multi-line partnerships.

KEY POINTS:

- Tail-end cat capacity still rising
- Insurers' reinsurance needs diversify
- MS Re pursues broad multiline ties

Casualty tells a different story. "In the large risk space of international casualty, we are closely following developments on the original markets, both in terms of economic conditions and developments of exposures," he noted.

> "The market will need to find the demand/supply equilibrium in a much more granular way."

"Besides the large risk segment, there are numerous more localised exposures where insurers need solutions. MS Reinsurance, with its market-specific focus, is very well positioned to be a go-to partner for those cases."

1/1 renewals: Pricing and beyond

While Monte Carlo is a prime event to speculate where the market will head, the focus of the conference remains on the main perils. While it is true that for those perils the renewal outcome will be significantly driven by the global reinsurance and third-party capital supply versus demand, the reality in International P&C is much more multifaceted.

For all each of those segments the market will ultimately decide the clearing price.

"We don't try to read the tea leaves instead we work closely together with our clients to increase our level of support and to find additional ways - based on a good client understanding - to deepen and expand our mutual business relationships," he said.

It is about building resilience through long-term client partnerships.

"We prefer to work on a broad-based, longer-term partnership with our clients and manage the cycle together," Hottinger said. "However, we also understand that some clients prefer to work transactionally, and we are happy to work with those buyers as well. The client decides how they want to transact."

What matters, he argued, is relevance, not just capacity. "We're seeing clients who are increasingly looking to reinsurers who can help them build their business," he said. "To do this, reinsurers must really understand their clients' needs and help them to achieve their business goals. This type of value-added dialogue goes way beyond simply providing capital capacity."

Questioned about MS Re's views on volatility, he added that managing volatility is at the core of the reinsurance business. "There has always been uncertainty in the world, and the reinsurance industry exists to smooth it out. Our clients are attracted to our strategy of working with them on a long-term and sustainable basis."

"At MS Reinsurance, we are very well capitalised, and this strong capital backing allows us to take a long-term approach," he concluded.

SATELLITE

Key risks monitored 24/7 from space

ICEYE, the space-based natural catastrophe monitoring service, plans to start continuously monitoring certain hard-to-inspect sites from its ever-growing satellite constellation.

Undersea cabling at risk of sabotage, offshore wind farms and hard-to-access dams are all in the sights of ICEYE's satellites for round-the-clock monitoring.

In the short term, the earth observation satellite firm next plans to offer tropical cyclone and earthquake monitoring to Japan, as well as offering its eye-in-the-sky capabilities to African markets.

In addition to broadening the territories it operates in, ICEYE sees itself widening its use cases to smaller "more consumable" sectors such as government emergency response agencies,

"We are already delivering data to emergency services, including blue light services," Stephen Lathrope, ICEYE senior vice-president, solutions, told *Monte Carlo Today*.

KEY POINTS:

- Undersea cabling continuously monitored
- Tropical cyclone, quake coverage for Japan
- Africa seen as key expansion territory

Year of mass satellite launches

Parametric insurance, which relies on predefined triggers to automatically payout insureds, is clearly another growth market. ICEYE already works with the Insurance Development Forum over parametric cover for the Lagos state government in Nigeria and flood-prone communities in Accra, Ghana.

Earlier this month, ICEYE launched a new earthquake with fire-following capability for California.

ICEYE is in its fourth year of reporting on natural catastrophes for the re/insurance industry. To date, it has launched 54 satellites including 14 so far this year alone, with another six planned before the end of 2025. From now on, ICEYE intends to launch 20 satellites a year, mainly "ride sharing" on Space X rockets.

"The launch of our hurricane product is new to the industry."

Rupert Bidwell

It has already covered 400 natural catastrophe events in more than 30 countries.

This year it added hurricane and earthquake to its bouquet of coverage, having started out offering flood and fire-tracking.

"Our immediate focus is the launch of our hurricane product which is new to the industry," said Rupert Bidwell, ICEYE vice-president of insurance solutions.

Key players all covered

The satellite nat cat analytics firm said it has the largest constellation of satellites equipped with cutting-edge synthetic aperture radar (SAR) technology, which, unlike conventional photography, can penetrate rain, cloud and smoke. SAR can even calculate the depth of water when flooding occurs.

Clients include US disaster response agency FEMA as well as 40 insurance customers including Tokio Marine, Swiss Re, Mapfre Re and AXA XL.

Bidwell said ICEYE focuses on the principal insurance customers in leading countries, including Australia and Japan.

It is backed by venture capital firms including Seraphim Space, as well as industry heavyweights including British Aerospace and Tokio Marine. Its most recent Series D fundraising round added another $500 million in capital.

In addition to building satellites for the insurance industry in Finland and California, it also sells satellites to countries including the Netherlands, Poland and Greece for their own purposes.

ANALYTICS

Aon launches analytics solution to drive better catastrophe response

Aon has unveiled a new analytics platform it claims will provide a single, consolidated service for re/insurers' catastrophe response.

Its Event Analytics platform, which provides integrated hazard, exposure and loss data via a single interface, will support re/insurers' catastrophe response before, during and after an event.

Its capabilities include real-time loss estimates from Impact Forecasting's Automated Event Response service, advanced mapping tools to visualise event footprints, and customised reports tailored to stakeholder needs.

It also allows insurers to recast historical natural catastrophes – such as Hurricanes Milton, Ian, and Helene – to assess how they would impact today's portfolios.

The launch of the Event Analytics solution follows an estimated more than $100 billion in insured losses during the first half of 2025, according to Aon's 'Global catastrophe recap first half of 2025' report, which reinforces the need for re/insurers to respond quickly and manage the cost of catastrophes.

Despite this significant loss, according to Aon's 2025 catastrophe risk management survey, just 54% of insurers use catastrophe models to guide event response despite significant advancements in analytics.

Dan Hartung, global head of event response for risk capital, said: "Insurers are under pressure to make decisions with speed and precision, but fragmented data sources often slow down decision-making. Aon's Event Analytics platform is designed to support re/insurers through all phases of global catastrophes, helping them to quantify and respond to the effects of high-impact events. It delivers actionable insights that enable insurers to triage losses, mobilise resources and communicate effectively with stakeholders – all in near-real time."

TALENT AND TECHNOLOGY

Twin forces shaping reinsurance growth

More than half of respondents to *Intelligent Insurer*'s 2024 pre-renewals season survey saw their biggest growth opportunity in expanding share in core lines, while 40% are eyeing entry into new lines or geographies.

Yet at the same time, 59% said attracting and retaining talent was their principal challenge, and 56% felt adapting to AI and automation was a core challenge. The results highlight an industry grappling with how to balance human expertise with digital disruption.

"Growth is not the problem, execution is," one participant wrote. "We know where we want to expand. The real question is whether we have the talent and the technology to get there."

The survey shows a market still committed to its core, with 50% prioritising expansion in existing lines. This strategy suggests reinsurers believe discipline and scale will generate profitability, even in a flat pricing environment.

At the same time, 40% of executives are looking outward towards new lines or geographic diversification. That could mean building presence in emerging markets or tackling underpenetrated sectors such as agriculture, climate resilience or cyber.

"Clients are demanding more bespoke solutions in areas such as parametric and climate-linked products," one broker wrote. "Entering new markets is not just about geography, it's about finding lines where protection gaps remain wide."

KEY POINTS:

- 40% eye new lines, geographies
- Talent shortage greatest challenge
- AI and automation test resilience

Beyond core growth, 37% cited innovation through digital or AI-driven solutions as a growth lever, and 24% pointed to accessing alternative capital markets. Structured reinsurance, parametric covers and ILS convergence continue to attract attention as ways to expand capacity and improve capital efficiency.

"Digital tools and capital market access aren't nice-to-haves any more," one respondent noted. "They're central to competing on both cost and creativity."

Nearly two-fifths of respondents highlighted improving underwriting profitability as a growth priority, showing that discipline remains at the heart of expansion plans.

One participant remarked: "You can't grow for growth's sake. Sustainable underwriting profitability is the only growth worth chasing."

If growth ambitions are clear, the challenges are equally stark. Attracting and retaining talent while adapting to AI and automation underline the tension between human expertise and technological transformation.

"AI won't replace underwriters, but underwriters who know how to use AI will replace those who don't," said one executive. "The talent we need is hybrid: people who can think strategically and leverage digital tools at speed," one respondent commented.

The survey also found that 34% were concerned about managing climate risk exposure, with another 27% flagging geopolitical risks. The intersection of climate volatility, global conflicts and economic uncertainty is increasingly shaping boardroom agendas.

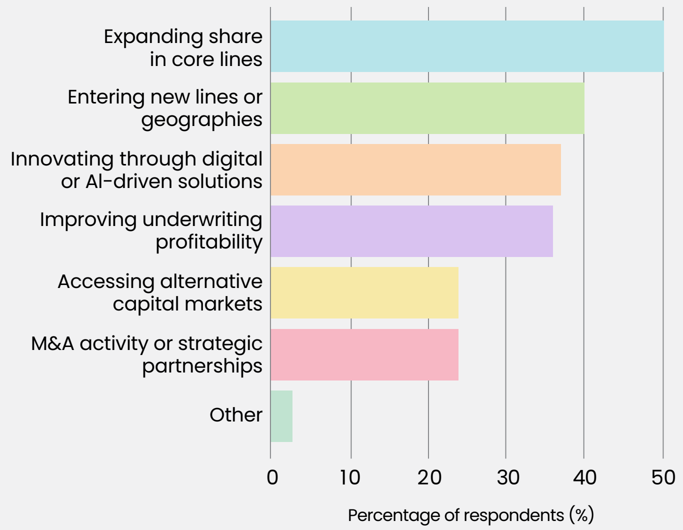
"Growth in new lines or regions means exposure to unfamiliar risks," one respondent wrote. "Geopolitics and climate events can upend even the best-laid strategies."

Finally, 37% cited maintaining underwriting discipline as a top challenge, echoing concerns that expansion into new lines or markets must not dilute standards. Meanwhile, regulatory compliance (21%) and capital constraints (13%) were seen as lower-level challenges though still part of the overall picture.

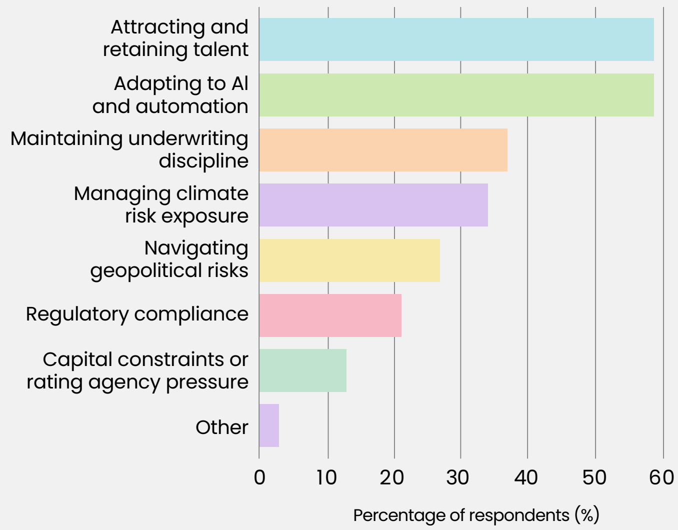
The survey paints a picture of an industry with one foot on the accelerator and the other on the brake. Growth is essential, but the means to achieve it are constrained by talent shortages, technological transformation and systemic risks.

As one respondent remarked: "2026 will be defined by a balancing act: finding the right people, harnessing the right tech and growing without losing discipline."

Where are you seeing growth opportunities for your business in 2026?



What are now the top strategic challenges on your agenda?



SURETY

Strong growth in credit and surety

AXA XL Reinsurance's 2025 market survey revealed that the credit and surety insurance sector has experienced impressive growth since 2022 and proven a resilient and efficient risk solution provider for global business. By Felix Winzap and Alexander Steiner, AXA XL Reinsurance.

The credit, political risk and contract frustration market saw substantial overall premium volume growth from 2022 to 2024. Key drivers included inflationary pressures from the pandemic and war in Ukraine, post-pandemic economic recovery and increased bank demand. Despite economic turmoil, loss ratios remained benign, although political risk and contract frustration loss activity increased with a corresponding tightening of terms and conditions.

Surety market growth was similarly impressive, driven, for example, by inflation, infrastructure investments and an enhanced ability to capture bank business. Although half the survey's respondents reported rising surety loss ratios, these generally remained low.

Geopolitical tensions and tariffs

The market has coped well with geopolitical tensions and elevated uncertainty since the end of the pandemic. Supply chain disruption is taken into account in risk assessment and management. Market impacts include a general increase in selectivity, the continued pull-out from Russia after its invasion of Ukraine and business shifting to other regions (supported by low penetration).

Experts in AXA XL Reinsurance's mid-year survey webinar reported no immediate signs of distress specifically related to the 2025 tariff crisis.

Chinese credit insurers are adapting to a broader and more volatile buyer base as China's export mix shifts away from US dependency. Latin America's surety market remains upbeat, given its agriculture-based exports, underdeveloped infrastructure and significant investment potential.

In the US, however, uncertainty and government spending cuts could slow surety growth despite strong construction demand. Overall, credit and surety insurers have remained calm – continuing to apply robust risk management practices and monitor the impacts of the crisis. Looking ahead, selectivity could increase, but optimism prevails as insurers explore new customer segments and expect demand to benefit in the higher risk environment.

Increased importance of banks

Banks have higher awareness of insurance, value the economic benefit of insurance and prefer to share exposures with insurers rather than competitors.

> “In the US, however, uncertainty and government spending cuts could slow surety growth despite strong construction demand.”

For surety, the high cost of equity for bank guarantees has supported the market's enhanced ability to capture bank business. Bank-fronted surety in the US and syndicated facilities in Europe are also seen as sources of growth.

Furthermore, Basel IV is not considered to be a major threat to bank business. Insurance is not just used by banks for capital relief, which is expected to reduce under Basel IV, but also to mitigate risk, increase lending capacity, help manage internal limits/ sector concentrations and diversify portfolios.

Basel IV impacts will ultimately depend on market relevancy (in the US, for example, banks are prohibited from the surety space), on how the accord is ultimately implemented by jurisdiction and also on how banks adapt their strategies. The market expectation is that credit and surety products that benefit banks, such as credit insurance required by banks for loans, will continue to experience growth.

AI in widespread use

AI usage examples in credit and surety include fully automated risk assessment for smaller risks/small bonds, data transfer from submissions, identifying patterns in credit ratings to enhance portfolio modelling and fraud detection, e.g., by spotting unusual movements in financial statements. A secure, controlled data environment and deep understanding of tools is considered vital.

2026 outlook

Looking ahead, the survey found that in the credit and surety sector we will see slowing but continued growth as portfolios adjust and loss ratios continue to creep upward in the higher risk environment.

At AXA XL Reinsurance, we are committed to supporting the credit and surety market as a trusted global reinsurance partner. Combining financial strength and industry expertise with leading technology and agility, we look forward to the upcoming renewals and empowering our clients to achieve their growth objectives. ●

View the market survey report and webinar: axaxl.com/reinsurance insights

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The inner Circle
Intimate, high-level business briefings by *Intelligent Insurer*

MGAs are thriving and here to stay

The number of managing general agents (MGAs) has increased exponentially recently. What does that mean for the wider markets, and what is their trajectory now? That was the focus of a debate five senior executives participated in at an *Intelligent Insurer* inner circle business briefing in Monte Carlo.

KEY POINTS:

- MGAs innovate and fill insurance gaps
- Transparency and cost control is vital
- Europe can learn from the US

The number of managing general agents (MGAs) being launched is growing fast, navigating growth, capacity and innovation in a shifting market. As the model matures across Europe and beyond, the sector is seeing a surge in innovation, capital interest and regulatory scrutiny.

That encapsulates the overall sentiment of an inner circle discussion in Monte Carlo on September 8 hosted by *Intelligent Insurer* and sponsored by SiriusPoint. The session, called ‘MGA momentum: navigating growth, capacity and innovation in a shifting market’, was moderated by Aditi Mathur, deputy editor of *Intelligent Insurer*.

The participants agreed that the momentum of this growing sector now rests on discipline: stable, long-term capacity aligned to profit (not just premium); cleaner, near-real-time data flows and tight cost governance that avoids duplicate spend between carriers and MGAs.

Very importantly – they also agreed – on the ability of MGAs to innovate and fill the insurance gaps. With capital plentiful, but selective, the winners will turn niche expertise into deeper portfolio partnerships, deploy AI once the basics are right and build operating models.

> “Energy and ambition still matter, but they must translate into results.”

Participants agreed the MGA model has moved on from volume aggregation to a more rigorous, data-led route to profitable growth. In Europe the market is expanding quickly, they pointed to about 20% year-on-year growth on a base now in the tens of billions, while the US remains the template for scale and operating maturity. The thread running through the session was of alignment, data and cost discipline that will separate leaders from followers.

Alignment beats ambition

The round table began with a discussion around “value”. What real value do the MGAs bring to the market and how they differentiate in a crowded market. The answers were practical: access to distribution that carriers struggle to reach; specialist products for underserved niches; faster execution on modern systems and service levels that smaller brokers often do not receive from large incumbents. Energy and ambition still matter, but they must translate into results.

Alignment came up repeatedly. Incentives should focus on bottom-line profit rather than top-line growth. Capacity works best when it is stable and, ideally, multi-year. Traditional “parent-child” oversight is giving way to integrated partnerships with shared planning, data and course-correction. Transparency is vital. Problems will occur; fixing them early and openly, with current information, keeps relationships intact.

Costs also matter, the executives agreed. A recurring frustration is duplicated expense between carriers and MGAs. If an MGA runs underwriting, operations and often claims end-to-end, carriers should not layer on full internal expense ratios as well. That destroys the very efficiency the model promises. Practical fixes include dedicated delegated-authority teams at carriers and clearer portfolio-level underwriting, both of which reduce friction and speed decisions.

The inner Circle
Intimate, high-level business briefings by *Intelligent Insurer*

IN ATTENDANCE


Alex Hardy, director of delegated & distribution at SiriusPoint


Enrico Bertagna, managing director of Bowood Europe (Howden Re)


Laurent Lemaire, founder and CEO of Elseco


Paul Dilley, chief underwriting officer of Bridgehaven


Vicky Carter, chairman of Global Capital Solutions, International at Guy Carpenter

Data, not spreadsheets

Data flow is now the backbone of operational performance. Many MGAs have an edge here with modern platforms, but carriers are catching up. What matters is end-to-end linkage: rating, binding, bordereaux, claims, exposure management, regulatory reporting and audits joined up cleanly.

AI is entering in sensible ways. Personal lines MGAs are further along; niche specialty is earlier in the curve. Use cases include cleaning messy data, speeding coding and documentation, triaging claims and ingesting large data sets for underwriting support. But there's caution – "get the basics right first".

Capacity is available, including alternative capital, but it is selective. What investors and carriers want is a demonstrable track record, disciplined management, credible governance, high-quality data and a scalable plan. A notable shift is towards portfolio placements and fewer, deeper partnerships across multiple lines.

Finally, innovation. MGAs are the test bed for new lines – carbon markets, energy transition, even emerging nuclear. Carriers want access, but with tight controls, transparency and the ability to pivot. Europe can learn from the US and, with modern data plumbing and cycle-resilient incentives, even leapfrog it. Big coverage gaps remain; closing them will take real product craft and deep domain expertise. ●

KEY TAKEAWAYS

Alex Hardy, director of delegated & distribution at SiriusPoint, summarises his main takeaways from the discussion.

"The MGA segment is thriving and here to stay," Hardy said, summarising the key takeaways from the inner circle round table. He said over the past decade MGAs have moved from volume to value, "meeting underserved customer segments, driving innovation, doing things better than they've been done to date".

Hardy sees Europe at an inflection point. There is "a massive opportunity, particularly in the UK and in Europe, to learn from the US, where the concept of delegated MGAs or programmes is very well established", he said. With that comes the chance "to leapfrog in terms of technology", as brokers "lean in towards this opportunity" – whether placing into MGAs to fill gaps or using them in place of traditional carriers for specific needs.

What makes MGAs attractive to capacity? "There's lots of reasons that MGAs can succeed – to access segments that [insurers] can't get to; [or] enact change more nimbly," Hardy noted. But one condition overrides the rest: "alignment was really crucial", a point "all of the round table participants agreed on". In practice that means profit over premium, shared planning, shared data and the ability to course-correct quickly "with a long-term mindset".

The aim, in Hardy's view, is a tighter partnership model: MGAs converting niche expertise into portfolio solutions, carriers gaining transparent, near-real-time oversight and brokers helping stitch the pieces together. Get the basics right – clean data, clear incentives, credible governance – and the momentum, he suggested, will look after itself.

CYBER

Perils partners to track Euro cyber losses

Perils, the catastrophe loss data firm, plans to extend its cyber industry loss coverage beyond the US to the UK and Europe, building on a two-year push to bring nat cat-style rigour to cyber.

Working with US partner CyberAcuView, Zurich-based Perils launched the index in September 2023. It is primarily focused on estimating cyber losses for insurance-linked securities (ILS) sponsors and industry loss warranty (ILW) contacts. The US market accounts for nearly three quarters of potential insured losses.

Its US cyber risk coverage was set up to investigate systemic loss events costing more than $500 million affecting more than one insurer and more than one policyholder.

This year, its coverage was extended to accidental cyber events such as US software firm CrowdStrike experienced, in which millions of computers running Microsoft Windows were crippled during a routine update last year. The cost is estimated in the billions of dollars.

So far, Perils US cyber analysis has had buy-in from around 50-55% of US cyber insurers with a target of up to 60%. By comparison, the firm's natural catastrophe insured-loss estimates are fed by more than 70% of re/insurers.

To date, Perils and CyberAcuView – which collects the data from US cyber insurers – have investigated three malicious cyber events. Investigations are still ongoing as cyber-attacks take much longer to investigate as to their ultimate insured loss impact than natural catastrophes.

"Cyber takes longer to develop, anything between 12 and 18 months before we can really understand the impact," Darryl Pidcock, head of cyber and Asia-Pacific at Perils, told *Monte Carlo Today*.

Perils plans to share its initial findings on the three malicious US cyber events later this year.

"All we can do is share some of our observations," Pidcock told *Monte Carlo Today*. "Cyber is where natural catastrophe insured loss analysis was a couple of decades ago."

Perils, a data aggregator, was founded 18 years ago to collect anonymous insurance industry data on nat cat losses with two goals: to understand risk better and facilitate risk triggers. It covers losses in 21 countries with nat cat loss data from all major re/insurers. Its 10 founders and continuing backers include Swiss Re, Munich Re, Partner Re and Allianz.

By collecting data from re/insurance companies, it serves the combined data back to the industry with customers including brokers, insurance-linked securities sponsors and academia. "Perils was created by the industry for the industry," Perils CEO Christoph Oehy said.

Last month, it extended its 72-hour industry loss forecasts for typhoons in Japan, as the country entered peak typhoon season. Prior to that, the catastrophe data provider added severe convective storm (SCS) industry loss reporting for Europe, Japan and New Zealand to its existing platform.

BERMUDA

Hannover Re preps Bermuda agency launch

Hannover Re plans to focus on covering non-proportional property nat cat losses through its planned Capital Partners underwriting agency.

Silke Sehm, executive board member for property and casualty reinsurance, told *Monte Carlo Today* the reinsurer was in talks with investors about backing its HCP agency, to launch in Bermuda.

The agency is seen as complementing its insurance-linked securities activity, where it is very active. It has closed seven ILS issuances this year worth $2 billion covering natural catastrophes such as windstorms and earthquakes. The reinsurer has, in tandem with North Carolina Insurance Underwriting Association and GC Securities, launched the first cat bond to include potential payouts to homeowners for adaptive measures.

"With this innovative bond, Hannover Re, with partners, has brought a new feature to the insurance-linked securities market to provide funds to help build more disaster-resistant communities," said Sehm at Hannover Re's press briefing on September 7. "If we want to mitigate the costs of catastrophes, we must not only increase coverage but also invest in adaptive measures. This placement should serve as a blueprint."

In the wider market, Hannover Re anticipates stable or slightly lower prices in its P&C reinsurance business for the 1/1 treaty renewals.

> "The insurance industry continues to face a wide range of challenges."
>
> Clemens Jungsthöfel

Terms and conditions and retentions will likely remain unchanged on a sustained adequate level. Overall it plans to make more reinsurance capacity available for the renewals, provided risk-adequate prices can be obtained.

That said, "the insurance industry continues to face a wide range of challenges – whether from climate change-induced extreme weather, rising claims costs or geopolitical tensions", said Hannover Re CEO Clemens Jungsthöfel.

Jungsthöfel said Hannover Re sees strong demand for strong, reliable reinsurance but to meet the demand, it needs adequate pricing.

Prices remained broadly stable or declined slightly during the year, it said, while natural catastrophe covers saw price declines. Terms and conditions and retentions remained on a comparatively good level in all rounds of renewals.

"We anticipate reinsurance prices will remain on an adequate level," said Sven Althoff, executive board member for P&C reinsurance. "We are staying focused, writing only business that meets our profitability requirements."

Inflation has driven a moderate increase in general demand for nat cat capacity. While prices for loss-free have programmes showed first rate reductions, Hannover Re saw sometimes significant rate increases for loss-impacted programmes – especially after the California wildfires.He added that Hannover Re was now prepared to expand nat cat exposure and write more.

LONDON

London has to 'stay on its game'

Intangible assets such as cyber, IP and reputational risk are creating a growing protection gap. London is best placed to fill this, says Louise Rose of TransRe.

The risks businesses face today look very different from a generation ago. Around 80 percent of large corporates' exposures now lie in so-called intangible assets such as cyber, intellectual property and reputational risk—areas where traditional re/insurance has struggled to keep pace.

Louise Rose, president of TransRe's international division, argues that closing this protection gap will demand innovation, and that the London Market can and should lead from the front on this.

London-based Rose has seen the market's relevance ebb and flow through her career. She believes it is in a good place. But added that innovation, the thing that built London as a risk-transfer hub, will also be key to a vibrant future.

"London has always been strong on product development and innovation, especially in Lloyd's," she said. "On top of that, we have a very trusted legal and regulatory environment, which is important. It is the bedrock of what we do. We also have so much talent.

"But there is no room for complacency. There's been massive growth in some of the regional hubs outside of London: Bermuda, Zurich, Dubai, Singapore. And they're developing all the time. They're getting stronger all the time. London has challenges: costs is one. So, London has to stay on its game and remember what made it so strong in the first place."

She stressed that the fast-changing nature of risk makes this more important than ever. A growing intangible-asset protection gap is an opportunity for London to reinforce its status.

KEY POINTS:

- Intangibles now 80% of exposure
- London must innovate
- Claims expertise differentiates

Widening protection gap

"There's a big gap, and the gap's widening," she said. "I don't want to say we're running away from risk, but I'm not quite sure that we're evolving the product as quickly as we did in the past. That's something that London was strong at: niche business and specialist businesses. That has to be one of the focuses for maintaining relevance going forward."

She noted that a further benefit to this approach is the way diversification serves to counter the market's cyclical nature – with pricing fluctuating in the core property/casualty lines. "One way to hedge against this almost inevitability of the cycle is to broaden your products. Then maybe we'll stop being as competitive on that core P&C piece as we are, as the market has been."

> "There is no room for complacency."

TransRe is broadening its product base, with much of that business flowing through London. Rose explained how London fits into the group's global footprint. "We have this global footprint, and we have core lines represented everywhere. But a big part of what we're doing is trying to make sure that we're getting all of our expertise to our clients wherever they want to access us.

"London is a very, very important part of that, not just because of the business that we write, but because of the expertise London could transfer elsewhere within our group. I do think that London can help solve global problems."

Commoditisation a challenge

She also discussed how a large reinsurer like TransRe, with such a strong Berkshire-Hathaway-backed balance sheet, can set itself apart from competitors. She describes commoditisation as being a real challenge in the market. But not all forms of capital can offer expertise – as well as a long-term partnership.

"There's lots of other forms of capital out there, and that's really healthy. But I do think the rated balance sheets haven't necessarily sold their proposition as well as they could have done. 'A' rated player offers capital that is generally, I'll call it a little bit stickier. I don't mean by that that non-rated balance sheets are here today, gone tomorrow.

"But the rated balance sheet isn't having to raise capital every year as part of an ongoing plan. We have to deliver a return for it. We have to make it profitable over time. But generally speaking, it's a little bit stickier. And our claims team globally are amongst the best in business. That is how, even in a commoditised business, we can still differentiate ourselves."

Claims and expertise, she reiterates, are two key ways TransRe sets itself apart. "Our clients don't need us to explain products to them, but they do need us to understand their products. And again, this is where maybe specialty lines is a little bit different. We have that expertise. Equally, casualty is a big strength of ours, and we have a huge footprint in that." ●

Louise Rose is president of TransRe's international division. She can be contacted at: lrose@transre.com

MGA

MGAs next driver of legacy evolution

The legacy and run-off market is buoyant, with Carrick Holdings chief operating officer Phillip Hernon reporting that it has completed more deals in the past six months than the preceding 12.

Speaking to *Monte Carlo Today*, Hernon explained the evolution of legacy witnessed in recent years: "Emphasis has moved away from the risk with run-off and has been driven by capital and balance sheet needs, rather than exit strategies. This is creating a wider use case for legacy by the live market than before."

As a caveat, Hernon warned that risk shouldn't be forgotten. "What will come back to haunt the legacy acquirer will be the risk, so that needs to be managed." He stressed the importance of claims discipline, remarking that "a closed claim is a good claim", a principle he has carried forward across his 50 years in industry.

Emerging lines of business are expected to feed future legacy portfolios, with cyber frequently cited as one to watch. Alongside this, Hernon predicted growing run-off activity from MGAs. Recognising the benefits MGAs bring to the market, he cautioned that structures must be developed to allow underwriters to exit without leaving behind trapped capital.

Stick to underwriting principles

"There's been a boom in MGAs," he said. "I think we're going to get to the position where some of those underwriters will want to get out of those risks and won't want their capital left behind. As a result, we expect to see more and more deals focused on the MGA market to release trapped capital."

Discipline remains a recurring theme for Hernon. Reflecting on lessons learned, he argued that those who thrive in the current environment will be the ones that stick to their underwriting principles and deploy capital cautiously. "It's all right having something on a piece of paper that says these are our underwriting guidelines," he noted, "but those have to be adhered to. Don't try to deploy the capital too quickly."

Looking ahead, Hernon expects the market to remain active but stresses that success will come down to patience, innovation and discipline. "The legacy market has got to be innovative," he concluded. "I'm a great fan of working with our peers and others in the market to produce solutions. In future, I expect to see an increase in legacy players working together in syndication, particularly where deals outsize their preferred bite size."

As the market continues to adapt, those who prioritise innovation and collaboration will be better positioned to navigate potential challenges and harness the benefits of this dynamic landscape. ●

OPPORTUNITY

Lloyd's Names eye cat opportunity

Attractive market conditions, despite some softening, also mean opportunities for Lloyd's Names. But it is a question of proceeding with caution and selecting the right opportunities.

That is the personal view of David Johns-Powell, non-executive director of the Association of Lloyd's Members (ALM) and one of just a few remaining individual Names with unlimited liability, a status that has not been open to new entrants since 1994.

There are now estimated to be only 100 or so such unlimited Names still active in the market. Johns-Powell's position is unique not only because of this rarity, but also because he is the youngest unlimited Member. By contrast, his son Sebastian recently became the youngest corporate member at just 20 years old.

Johns-Powell is in Monte Carlo this week representing the ALM at the Rendez-Vous, while also "getting a feel for the market and having the odd chance meeting, which can result in an opportunity."

> "There are a lot of opportunities for third-party capital at the moment."

He said he is likely to invest in new catastrophe-focused syndicates being launched by Nephila and Oak Re – while remaining cautious.

"There are a lot of opportunities for third-party capital at the moment," he told *Monte Carlo Today*. "We are seeing new cat syndicates being launched, which is interesting. The question is: should we be taking opportunities in a softening market?" Still, he points out there is significant nuance between lines of business:

"Not all rates are moving in the same direction. If I was bullish last year in a 'risk on' environment, this year I am more cautious. Next year, it might be a case of 'risk off'. But rates remain adequate in many areas for now."

In his capacity as an ALM director, Johns-Powell also lobbies on behalf of members – though he stresses that the views he expresses are his own. A current focus is how investment managers engage with and use the Funds at Lloyd's (FAL) portal. Although the FAL system integrates effectively with Citibank, which handles trustee and custody services, many investment managers' systems do not.

"The result is islands of data – separate systems that do not talk to each other. That inevitably leads to errors and conflicting information. In my own recent survey, around 80% of members said they were dissatisfied with the situation," he said.

CAT BONDS

Scor commits to cat bond leadership

KEY POINTS:

- Cat bonds a 'centrepiece' of outwards retrocession
- Scor issued its most recent cat bond in April
- Scor assessing and testing other cat bond products

> "In every part of the cycle our intention is to issue cat bonds."
>
> Jean Paul Conoscente

Leaders of Scor have underlined the group's long-term commitment to both retrocession and capital markets issuance.

Speaking in Scor's briefing at the Monte Carlo Rendez-Vous, Scor Global P&C CEO Jean Paul Conoscente described consistency as the cornerstone of its strategy.

"Cat bond issuance remains a centrepiece of our outwards retrocession," he said. "We've been in the market for many years. Our strategy on the retro side is to be a consistent buyer of retrocession and a long-term buyer."

And in terms of its cat bonds, Conoscente said Scor looks to establish the same strategy.

"We're a consistent buyer of cat bonds and a long-term buyer of cat bonds," he said. "Going forward the cycle is going up and down. In every part of the cycle our intention is to issue cat bonds."

New multi-year risk bond

SCOR in April this year successfully sponsored a new cat bond, Atlas Capital DAC Series 2025-1, which will provide the group with multi-year risk transfer capacity of $240 million to protect itself against named storms in the US and the Caribbean, earthquakes in the US and Canada and European windstorms.

The risk period for Atlas Capital DAC Series 2025-1 will run from June 1, 2025 to May 31, 2028.

Conoscente highlighted there are other products the cat bond market provides that the reinsurer looks at every year.

"We've tested a few, and they remain of interest," he said. "When we look at our strategy for retrocession, it includes things like cat bonds, it includes traditional retrocession and it includes ILS-type alternative products."

However, also speaking at the briefing, Scor group CEO Thierry Léger noted that the reinsurer is also a committed provider of cat bonds.

"Scor is also not just a buyer of cat bonds, we also have a cat bond fund, and we are one of the leaders globally in providing this kind of alternative investment," he said.

"We are a great supporter of that space. It's developed in a quite disciplined way for terms, conditions and price."

Climate change policy stances

Léger went on to discuss the subject of climate change, highlighting the impact of the "two big blocks" of the US and China and the emerging block of India.

Responding to how climate change would be impacted by the views and policies of the Trump administration in the US, Léger explained that he still expects actions towards reducing carbon footprint to continue.

He referred an IPCC report as stating that "companies will adapt to it, societies will, and the political will in companies wish to make those changes."

"What we see is some blocks do continue on that journey. A lot of European countries are OK, maybe a bit behind. China is doing quite well. India is doing quite well," he said.

"Right now the verdict is still out there regarding the US because these investments are very long term and there is still a long-term investment from the US."

As a result Léger said there were two forces at play in the US around climate change.

"We're going to see where that's going, but it's likely that the US will lag behind for the next few years. But this could be compensated later." ●

intelligent insurer DAY 3 TUESDAY SEPTEMBER 9 2025 MONTE CARLO TODAY

INTELLIGENT INSURER'S MONTE CARLO TODAY IS PUBLISHED BY NEWTON MEDIA LIMITED.

Registered Address: Kingfisher House, 21–23 Elmfield Road, BR1 1LT, United Kingdom
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Intelligent Insurer – ISSN 2041-9929

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