

# intelligent insurer

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SEPTEMBER 7 2025

# MONTE CARLO TODAY

## Lloyd's chair Roxburgh eyes growth in Europe and US, but discipline and talent come first

**LLOYD'S HAS A UNIQUE OPPORTUNITY** to expand its global footprint further: by solidifying and growing its role in the US, enhancing its presence in the Persian Gulf and in Asia – and by helping close a growing protection gap in Europe. But it must first get its house in order with regard to underwriting discipline and talent.

That is the view of Sir Charles Roxburgh, the chair of Lloyd's since May. One of Roxburgh's first jobs was overseeing the selection of a new chief executive, a process that culminated in Patrick Tiernan, previously chief of markets,

talking the reins. In some ways, that drove a focus on talent from the start of his tenure. And it is something he wants to define it.

"I'd like my legacy to be that I strengthened and extended Lloyd's position as a pre-eminent marketplace for risk," he told *Monte Carlo Today*. "I use the word pre-eminent because it captures the essence of expertise, quality, distinctiveness. It's not about size; it's about being the real leader."

But truly to lead, he said, wherever it is growing, the market must have the right talent. "We must attract the right **6** →



Sir Charles Roxburgh

## MANAGING THE CYCLE? Reinsurers under pressure



Robert Wiest

### PRESSURE IS BUILDING FOR 1/1 RENEWALS.

Alternative capital is increasingly buoyant, and secondary perils continue to dominate losses. At July 1 renewals, cat rates were edging down, begging the question whether the reinsurance industry is managing the cycle or being driven by it.

That is the view of Robert Wiest, chief executive officer of MS Re. Speaking to *Monte Carlo Today*, he noted that reinsurers could slide back into familiar patterns, following supply and demand – which can

have worrying implications for sustainable partnerships with cedants.

"The industry collectively calls for disciplined underwriting – to investors, to journalists, to each other, and to brokers and cedants – but the temptation to go for growth is too strong," he said. "You see it at each renewal."

"But when we look back into past cycles, you can argue whether we truly manage the cycle or whether we – like many other industries – simply are driven by the old economic **4** →

## INSIGHTS AND ANALYSIS FROM THE INDUSTRY'S MOVERS AND SHAKERS INSIDE



Dame Sue Langley



Charles Cooper



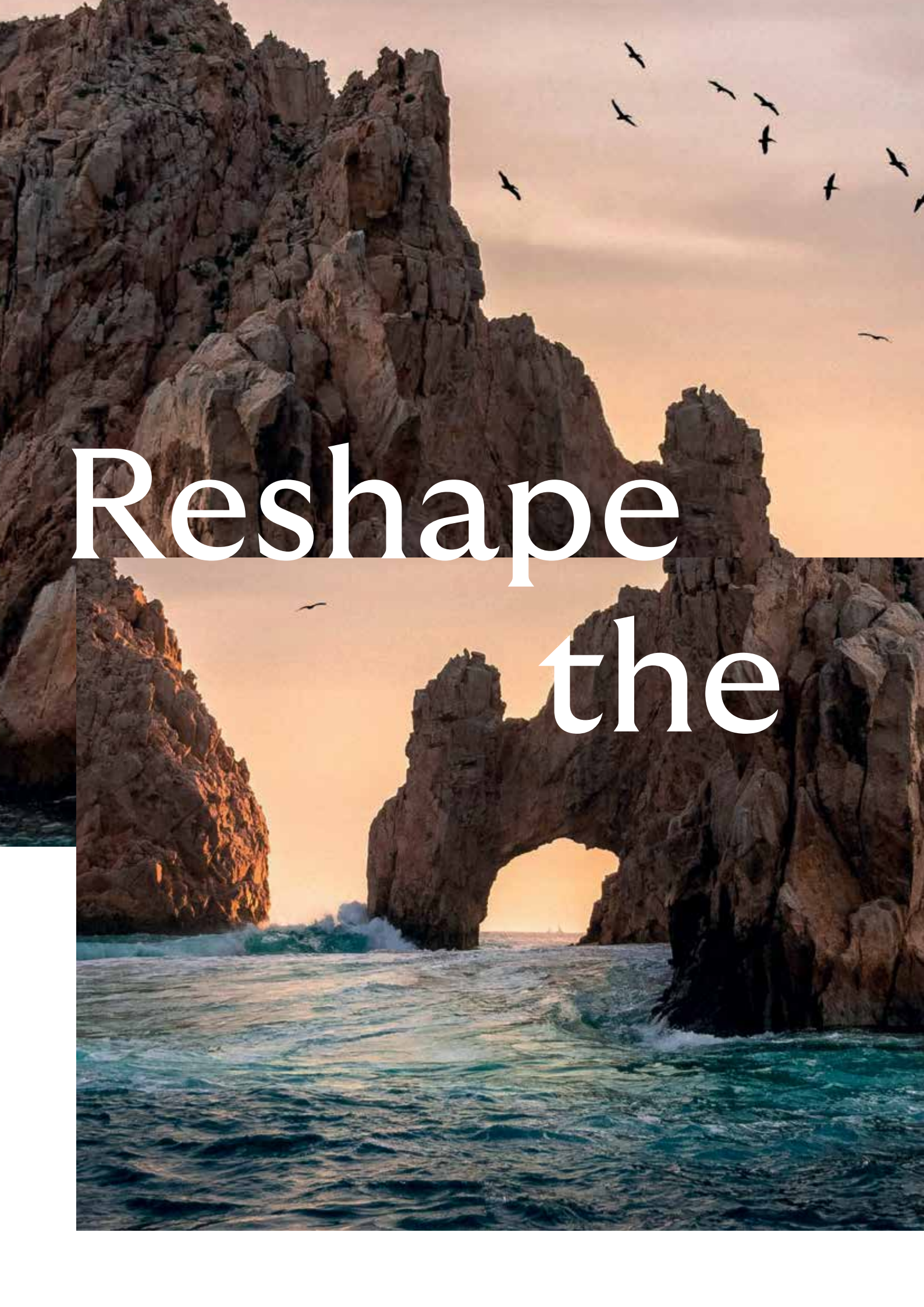
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## RENEWAL

# Managing the cycle? Reinsurers under pressure

◀❶ scheme of supply and demand and being driven by it.”

Despite years of hard-market rhetoric, reinsurers have rarely resisted the gravitational pull of their need to put capital to use. “The end of the soft market in 2023 was not caused by reinsurer actions but by hurricanes and rising interest rates,” Wiest pointed out. His concern: the market is starting to show signs of a repeat.

“My hope is that we have learned from the past, but when I look into how the current very positive market for reinsurers is developing, I fear we are in for a repetition,” Wiest said.

## Capital is back, cedants have a choice

That caution is timely. Between March and June, alternative capital poured back into the market, particularly through ILS and cat bonds – vehicles that are popular for their low cost, commoditised approach to risk, but can also exit quickly. The influx has widened choice for cedants.

“There’s a high probability that 1/1 renewals will be similar to 1/1 this year, though tariff-related inflation and North Atlantic hurricanes are among the known unknowns,” Wiest said.

“For cedants, this spells negotiating power amongst well-known threats. Cedants will find a home for their risk. They have a choice in their risk partner– between capital that can exit quickly or a reinsurer that is committed to the business.”

## Secondary perils in spotlight

Overlaying this capital dynamic is the rise of secondary perils. From Los Angeles wildfires to flooding in Texas, Switzerland and the Philippines, and severe convective storms in the US, these “non-peak” events increasingly define the loss landscape.

### KEY POINTS:

- Clients need strategic advice
- Reinsurers face a complex web of factors
- Collaboration leads to innovative solutions

“Tariff-related inflation and North Atlantic hurricanes are among the known unknowns.”

“At the moment, cedants are still more exposed to secondary perils, and we as reinsurers would like to have less on our balance sheets. But you can clearly see the trend coming back. The journey has started,” he said.

Attachment points had drifted lower again, shifting risk back to reinsurers, but Wiest sees corrections returning. “We are getting to a more balanced position between reinsurers and insurers in terms of who is shouldering the risk.”

Wiest traced the shift back to the 2022/23 renewals. “We always talk about price and there were significant increases, but what was much more fundamental was the shift of exposure out of reinsurance balance sheets and back to cedants.”

The balance, however, remains precarious. “The big question is whether we are able to maintain a balanced point, or whether reinsurers end up once again with the shorter end of the stick,” he cautioned. “That’s territory we cannot go back to, because we overstretched the last soft cycle from an investor’s point of view. We must be careful.”

“But the optimum balance on secondary perils remains elusive,” he said.

## Renewals driven by economics

If the balance is delicate, so too are renewal discussions. Wiest is pragmatic: “We should take out the word ‘fair’ from negotiations.

“Negotiations are not happening in a spirit of fair discussion about shared risk-taking,” he

said. “They are respectful – that’s a better word – but ultimately they are based on economic pressures and risk appetite.”

That means cedants will push harder when conditions allow, while reinsurers must recognise when clients face sharper challenges and when to push back. Either way, the driver is unchanged: supply, demand and the cost of capital.

Wiest believes it will take more than one shock to alter the broader trajectory.

“There’s plenty of capital – more than enough, as long as there are no surprises on the cat side. To really tilt the balance, you’d need not just one large event but two, combined with economic pressure. That’s what truly impacts our industry, because it hits both sides of the balance sheet.

“Rising interest rates alone won’t do it; it takes a big shock – a massive hurricane, or an earthquake – combined with sudden economic change,” he said.

At 1/1, unless there is an external massive event, we can expect a straightforward negotiation.

## MS Re’s own transformation

While the cycle debate rumbles on, MS Re has been quietly reshaping itself. A two-and-a-half-year transformation programme has modernised systems and strengthened processes. For Wiest, though, the real progress is in client experience.

“We clearly moved from a company that was known but not perceived as very relevant, to one that is now much more relevant to our clients,” he said. In some cases, MS Re is now on lead panels. “For me, the real measure is: are we creating value for clients? Are we relevant to them in their own portfolio? That is what matters.” ●

“We are getting to a more balanced position between reinsurers and insurers in terms of who is shouldering the risk.”

“Rising interest rates alone won’t do it; it takes a big shock – a massive hurricane, or an earthquake.”

## BROKING

# Partner power propels profits

**When clients face their toughest challenges, our relentless advocacy and analytical insights deliver exceptional outcomes.**



**W**hen a client faced liquidity pressures after the devastating California wildfires, global broker Aon moved fast. By leveraging advanced analytics, AI and deep broking expertise, the firm secured \$2 billion in reinsurance claims recoveries in six weeks – well ahead of market norms.

George Attard, Aon's global head of strategy for reinsurance, told *Monte Carlo Today* this was a textbook case of how analytics-led advocacy can transform outcomes and reinforce client trust and partnership.

"In an increasingly competitive market, our clients expect relentless advocacy, actionable insights and agile execution that consistently deliver differentiated results," Attard explained.

With more than \$60 billion in global premium placed by Aon annually, underpinned by deep relationships across reinsurers and the ILS markets, Attard reinforced: "Clients expect more than just placement – they need a broker that brings market power and strategic insight. We use global data to fuel local negotiations, lead market positioning and amplify our clients' voices."

He added: "What sets us apart is our ability to deliver a range of capital sources. This involves a significant focus on ILS and facultative, but includes facilities such as Aon Client Treaty, Marilla, Marlin and MGAs. Our capital advisory team also provides insights on structured and legacy solutions as we match risk with capital, agnostically."

## The power of partnership

Attard emphasises the importance of strong trading partner relationships that deliver sustainable client solutions. "We value our reinsurance trading partners that share our commitment to transparency, innovation and client success."

"That means sharing data, co-developing solutions for emerging risks and finding new ways to drive confidence in uncertain times."

For Attard, strong relationships between brokers and reinsurers serve one ultimate

### KEY POINTS:

- Seek speed, precision and advocacy
- Integrated teams deliver results
- Stay transparent and innovate

purpose: to deliver greater value to clients. Monte Carlo, once viewed primarily as a networking event, has evolved into "a decision-making arena that sets the tone for the entire 1/1 renewal season", Attard explained, where "clients expect not just market commentary, but actionable insights that will shape their renewal strategies and drive optimal outcomes".

For Aon, Monte Carlo is a strategic checkpoint, "a time to align on renewal priorities, explore a broad array of capital solutions and ensure we

**“Renewal success is more than placement; strategic execution protects balance sheets and fuels growth.”**

are positioning our clients for success in the months ahead". This is a core part of delivering Aon's 3x3 Plan, the company's commitment to a fully integrated approach to client leadership. "It's about one team aligned across risk, capital, analytics and claims, delivering tailored solutions and bringing the best of Aon to the client," Attard emphasised.

## Capital strategy

For insurers navigating volatility in risk, regulation and market dynamics, speed and precision are outright advantages in achieving successful renewal outcomes. "Our integrated expertise help clients navigate volatility, optimise their capital, improve resilience and drive

performance and growth," Attard highlighted. "By aligning capital structure with risk appetite and market opportunity, we enable clients to optimise their use of capital. Renewal success is about more than placement; it's about execution that helps protect balance sheets and fuel profitable growth."

Attard sees capital strategy as facilitating "competitive advantage", adding that it allows clients to respond quickly to emerging opportunities.

Technology and analytics: informing every decision

Technology and analytics are embedded in Aon's broking model, but Attard emphasises they only deliver value if they inform client decisions and drive action. "We're using advanced analytics and tools to turn information into market intelligence, enabling us to identify trends, articulate a view of risk that reflects the client portfolio and articulate the rationale behind every recommendation," he said.

"We continue to deliver integrated broking and analytics expertise to help shape better decisions for clients and deliver solutions with faster execution, greater certainty and clearly articulated value."

Resilience, in Attard's view, is forged in favourable markets and tested in challenging ones. "We're helping our clients to benchmark performance, segment portfolios and develop multi-year strategies that balance immediate needs with long-term positioning," he said.

"To assist this process, our strategy and technology group has identified the characteristics of the top-performing re/insurers over the past decade and is using these insights to help our clients better their own performance."

"Combined with our forward-looking insight and relentless advocacy and execution, this helps insurers to outperform, capture opportunities and achieve profitable growth regardless of where we are in the cycle." ●

George Attard is global head of strategy for reinsurance solutions at Aon. He can be contacted at [george.attard@aon.com](mailto:george.attard@aon.com)

## COVER STORY

# Lloyd's eyes growth, but discipline first

## KEY POINTS:

- Europe protection gap an opportunity
- US key market; further growth possible
- Talent and discipline key for Lloyd's

➡❶ people to the market and use the power of the whole market, through things like the Lloyd's Academy, to train people: both in the traditional skills of underwriting and the new skills of underwriting in an AI-enabled world.

"That is where much of the innovation may come from. I'm excited by how AI is already being used in the market; it is going to be an incredible driver of innovation, both in terms of what we insure and how we insure things. But the talent comes first."

## Europe's protection gap

On geographical expansion, Roxburgh said he eyes opportunity in Europe. He cites European Commission research that identifies a growing protection gap in Europe, due to factors including climate change. He believes Lloyd's can help close this.

"Europe is underinsured; it has a big protection gap," he said. "We think there are opportunities to develop more of a wholesale market in Europe. That'll be for policymakers to consider. Our European platform in Brussels is doing well. But we see more opportunities; other ways of helping close the protection gap in Europe."

The US has higher penetration rates, and it tops his list of target markets for growth. He stresses the importance of the US to Lloyd's – and the rich history of the relationship. The first time a Lloyd's chairman visited was in 1840. "George Richard Robinson stayed there for five months," Roxburgh said. "We've got a long history; I am proud of our position in the US, which is an important part of our business." Some 50% of Lloyd's premiums income comes from the US. Over the past five years, it has paid an average of \$13 billion in claims to US clients. It also represents some 25% of the surplus lines market. But he still sees plenty of opportunity to further deepen the relationship.

"I am very positive about the economic potential of America. It's an extraordinary economy with incredible resources: intellectual capital and natural resources. It is an important part of our business – and

we make an important contribution to the US economy. Lloyd's is critical in protecting American businesses and communities. We pay billions of claims when people need it most, supporting the US economy, covering the big, difficult, complex risks. And our role in backing innovation is important."

## Let underwriters underwrite

Roxburgh, a former director-general of financial services at the Treasury and second permanent secretary of the Treasury, is attending his first Monte Carlo Rendez-Vous this year. He noted that Lloyd's has strong relationships with the top brokers and major carriers in the US – many of whom he will meet this week. But he is keen to stress Lloyd's will never take a direct view on business. "We're not going to tell a business to write more of line X or line Y. That's for them to determine," he said.

"But there are good growth opportunities. It's a complicated picture on rates, but there is rate adequacy in many lines; we'll leave the underwriters decide exactly where. But

“We think there are opportunities to develop more of a wholesale market in Europe.”

we're very optimistic about continuing to build on a very strong position in the US, by exploiting our strength around innovation, in property and through our distribution relationships."

He also believes there is growth potential in the Persian Gulf, an area Lloyd's serves through its platform in Dubai, as well as parts of Asia.

"The Gulf is an exciting region, both in terms of infrastructure build and economic development, and on the capital side. Some of the world's most sophisticated sources of capital are in the Gulf. Equally, Southeast Asia is a vibrant area, as is India, which is going to be a hugely important market economy in the next 20 years."

The challenge in some regions, he admitted, is participating in a way that is

profitable – which means good underwriting. "We must be clear that top-line growth is not the objective; we want to build sustainable profits over the long term by having a relevant and meaningful presence in these economies, providing a good level of protection."

## Alignment of vision

Tasked with driving this vision at an executive level is CEO Tiernan. Roxburgh describes him as the "outstanding candidate" for the top job after a comprehensive search. He also values the way that selection process meant they got to know each other. "Patrick was able to learn about me, and I was able to learn about Patrick. We are extremely well aligned on our vision for Lloyd's; on what Lloyd's is and can be, and what Lloyd's is not."

At the heart of that alignment is a focus on its core strengths. He said their first priority must be "protecting and preserving" Lloyd's biggest assets: its licences, brand, balance sheet, solvency ratio, even its building. "Some of these have been hard-won," he pointed out.

And to do that long term requires underwriting discipline. "We really need to maintain that discipline in challenging market conditions," he said, referencing a softening market.

Only with such basics in place can the market then strengthen and accelerate. Part of that is innovation: both around underwriting, helping emerging classes such as cyber and renewable energy develop and through structural changes Lloyd's has made such as London Bridge 2, which allows capital to operate more efficiently and flexibly in the market.

He also has an even longer-term vision he calls "rethink and transform". That examines what Lloyd's might look like in 2030. "Lloyd's can't rest on its laurels; we must face what we need to do differently to be successful into the 2030s and beyond. I've been posing that question to Patrick, to the Council and then to the wider market."

"How do we sharpen our proposition to make sure we are attractive to the world's leading carriers, brokers and investors long term? How can we innovate and deliver more competitive solutions? What do we need to do on technology and data? There's huge potential but we must ask those questions and find solutions." ●





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## LONDON

# City of London Alderwoman at RVS

**T**he London Market is uniquely positioned to insure global business needs, anywhere in the world – and that is why it will host the Global Risk Summit next year, says Dame Sue Langley, Alderwoman at the City of London Corporation, who is attending the Monte Carlo Rendez-Vous in her capacity as a senior member of the City of London Corporation to promote the event, set for May 12, 2026.

“We live in a rapidly changing world marked by heightened geopolitical tensions, constant technology advances and uncertainty. That’s why the City of London Corporation is leveraging its convening power to host the Global Risk Summit. This unique event will serve as a forum for risk leaders to engage with the increasingly complex and fast-evolving risk landscape,” she told *Monte Carlo Today*.

“I’m attending the Rendez-Vous to

## KEY POINTS:

- London Market is uniquely positioned
- Global Risk Summit on May 12, 2026
- Focus on collaboration within UK risk industry

connect with the sector, promote the Global Risk Summit and showcase London as the global hub for large, complex risk transfer.”

She described the London Market as having exceptional expertise, world-leading talent, global reach, deep capital reserves and a dense network of relationships with risk managers and brokers. All the top 20 global insurance and reinsurance firms and brokers have a presence in London, and nearly 90% of the market’s capital originates from overseas, she noted.

“Our focus on collaboration with the UK risk industry supports promotion of the London Market globally, ensuring that risk



Dame Sue Langley

owners and managers everywhere can benefit from its capabilities when facing critical business challenges,” she added.

The Global Risk Summit will highlight the strength of the London Market – its access to risk capital, innovation and expertise in risk management. It will explore critical issues such as AI, cybersecurity, geopolitics, sustainability and supply chain resilience – focusing on innovative solutions and emerging technology. ●

## DIGITALISATION

## ‘Be bold, stick to guns,’ if you want change

**A**s reinsurers brace for softening, pressure is mounting to trade discipline for growth. Xceedance’s Gavin Lillywhite and Isabelle Clausner are urging the market to hold the line.

“Stick to your guns,” said Lillywhite, SVP, operating leader UKI and Europe, at the insurance operations and technology firm. “There’s often a lot of rhetoric around not making the same mistakes again... but you already see it.”

Clausner, VP, client executive, EMEA, added: “Be bold if you want the change to happen. Because it’s the market cycle; it’s always going to keep changing. It’s never going to be the same for a very long time.”

### Soft market, hard choices

The pair argued that early signs of a softening market are already testing carriers’ discipline. After four years of supercharged returns, falling commercial rates are starting to bite. “Everybody’s got big growth plans,” Lillywhite observed. “More capacity chasing finite risk means rate reductions, period.”

The danger, he warned, is forgetting recent lessons. Some organisations, he noted,



Isabelle Clausner

Gavin Lillywhite

embarked on costly transformation projects during the hard market only to end up with “something not as good as what they had before, but it fits the bigger agenda”.

Clausner said the cycle should act as a spur, not a brake, on digitalisation. “Margins are reducing, but that actually makes the need for operational efficiency even sharper. We’re seeing growing demand for relatively simple tools like workflow management that many insurers still don’t have.”

“Lloyd’s being a syndicated market, you have five or six all doing sanctions themselves. So if you think about the level of inefficiencies, it’s ripe for market change as well as individual optimisation,” Lillywhite said.

### Data, cyber and delegated authority

Both executives highlighted data as the defining factor of the next phase. “The soft market may actually accelerate how insurers, reinsurers and brokers structure and use data to get real insights on the risks they’re taking,” Clausner said.

On cyber, Lillywhite said: “This is the most dynamic risk you can write. Underwriters still rely on annual questionnaires. That’s not enough. Real-time data and AI can help move cyber underwriting to a more risk-managed approach.”

Delegated authority will also keep expanding, become more digitised, as brokers push for facilities in a softening environment. But real-time data, underwriting and portfolio monitoring will be critical. “You can’t wait one, two or three months for a bordereau any more,” Lillywhite said.

More digitalisation in DA “itself could make capacity deployment to MGAs even more appealing,” he added.

For both, the industry’s task is to resist chasing volume and instead focus on value, efficiency and innovation. Or as Clausner summed it up: “Be bold. Stick to your guns.” ●





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## BROKING

# Market values nimble broking houses

## KEY POINTS:

- QRG bets on agility over scale
- Clients want senior brokers on deals
- 'AI is a tool, not a Bible'

In a reinsurance market crowded by consolidation and scale, QRG Specialty is carving out space for a more agile alternative that prioritises personal relationships.

"We're fishing in a very specific pool," Nick Pomeroy, head of reinsurance and broking at Lloyd's broker QRG Specialty, told *Monte Carlo Today*. "And it's far from empty."

Pomeroy, whose five-decade career includes senior roles at Guy Carpenter and Lloyd's, is no stranger to Monte Carlo. But this year feels different. "We're not coming with a vast renewal portfolio or to negotiate individual contracts; we're coming to explain who we are, why we exist and why there's room, and real demand, for a nimble, independent broking house that puts integrity at its centre."

That message, he believes, is resonating. As larger broking groups continue to merge, Pomeroy sees a widening gap in the market, especially for a new company built up by an experienced team. "We're no threat to the big boys such as Marsh or Aon – let's not kid ourselves. But there's a sizeable number of clients who want senior people working directly on their business."

## A quiet countertrend

Instead of chasing volume or headline-grabbing expansion, QRG is choosing a

“If a few hurricanes hit between now and year-end and we get more trapped capital in the ILS markets, we're going to have a capacity issue going into 2026.”



steady growth path. This includes knowing its limitations. "Clients have come to us and we've told them 'Actually, we can't do it as we're not at that stage of development. We're not expert in a particular field'."

Overpromising will only backfire. "All it does is give a negative perception next time around."

For Pomeroy, this old-school forthright and modest approach gives the company a competitive edge. "Honesty, integrity and professionalism are the cornerstone of what we're trying to achieve here."

QRG is launching into a market that, while currently softening in property-cat, remains anything but predictable. Pomeroy recalled the \$80 billion of global reinsurance losses in the first half of 2025, 30% above the long-term average, much of it driven by California wildfires and severe weather in Asia.

"If a few hurricanes hit between now and year-end and we get more trapped capital

in the ILS markets, we're going to have a capacity issue going into 2026," he warned. "The property reinsurance market has always been fragile. Rates drop down on a gradual basis, then they go straight up again. They're instantly friendly."

## A new model built on experience

It's another reason, Pomeroy says, why trust is essential. "Don't tell clients it's going to be cheaper if it won't be. It's beholden on any intermediary to manage expectations and impart to people what the carriers are doing. It's just being cognisant of where the market is."

"We're not here to change the world," he added. "We're not trying to do something madly radical. We're just offering another option, something that some clients really want."

There's clearly a niche in the global market, one that Pomeroy believes seems to satisfy a lot of people. "Judging by the calls we're getting, not everyone is entirely happy with the current status quo."

This includes tapping into growth areas such as environmental impairment liability, and cautiously navigating emerging risks such as cyber. "Cyber is still a young market. The bad actors are ahead of the insurers," Pomeroy admitted.

While QRG is investing in a strong tech stack and leveraging AI where useful, it's not the defining factor. "AI is a tool, not a Bible. We use it, but we don't mistake it for experience."

For Pomeroy, Monte Carlo 2025 is about steady growth, driven by relationships that last. "We've been around the block: we know who we are and we know how to engage with our clients and markets. We're offering the whole interactive relationship." ●





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**SHEVAWN BARDER**

CEO, AM Specialty Insurance Company



## MARKET

# Excess capital might mean M&A

**M**arket conditions remain nuanced moving into renewal negotiations; property rates are broadly softening while casualty rates are hardening. But in the absence of a big loss, high levels of capital will force reinsurers to make important strategic decisions next year, Charles Cooper, chief executive officer of Canopus Re, told *Monte Carlo Today*.

"If we go through the rest of the year and the industry remains profitable, as in the first six months, what will people do with the excess capital? I think that will be an interesting question for 2026," he said. "I can't see many players seeking growth as the market softens – it doesn't feel like reinsurers just want to jump off the cliff like a bunch of lemmings. I think discipline will remain.

"So they either return capital to shareholders or deploy it to execute mergers and acquisitions. I think you could see M&A tick up next year."

## Discipline over chasing growth

Discipline is certainly the core mantra for Cooper, who believes selective underwriting is key in these market conditions – and with its growth trajectory. The company grew by 50% in 2024 to reach \$900 million in gross written premiums. This year, he anticipates moving through the \$1 billion mark.

"It is a question of risk selection," he said. "In the property market, which is broadly softening, there's a big difference between large property insurance and smaller property insurance and the large, complex commercial space. Property is seeing the most competition, but that's where the rates went up the most.

"So it's a very nuanced market. You have to pick and choose, but one of the nice things about being a small reinsurer is we can pick and choose. But, fundamentally, we're coming off a couple off some pretty profitable years for the reinsurance industry. Reinsurance capital is up and results have been strong for most participants."

He also eyes opportunities in casualty, where the broad trajectory of rates is in the other direction – albeit driven by growing concerns around US casualty loss trends in particular.

"We're seeing some very attractive opportunities, mostly in casualty

### KEY POINTS:

- Excess capital, tough choices
- Attracting talent biggest challenge
- Bermuda: small team, big ambition



“It’s a very nuanced market. You have to pick and choose.”

proportional business. We're seeing prices increasing in that market. The years that people are most concerned about – the 2015 to 2020 underwriting years – are when we had a very small casualty book. We just see an opportunity to write a nice book of business. But we're also patient. We just want steady growth."

While high levels of capital are chasing homogeneous risks, he notes capacity gets a little bit scarcer for more niche products. In Bermuda, it has hired some specialty lines underwriters to leverage this opportunity.

“We’re seeing some very attractive opportunities, mostly in casualty proportional business.”

"They offer us a way into the more niche kind of business and the specialty classes," he said. "That's business we find attractive because it does take a more specialised skill set to really understand the underlying exposures."

This approach also ties in with his mantra that the Bermuda platform retains the mindset of a start-up. Only 14 people work from that part of the business, though this will soon rise to 19. But he believes this smaller size can work to the company's advantage. "We're not going to be the biggest; I want to be known for creative solutions and solving problems. I want to be selective about where we provide capacity but offer creative solutions as well. Keeping that entrepreneurial mindset is something I am determined to do."

## Talent, regulation, climate on the radar

Asked about any challenges he eyes on the horizon, he puts talent (attracting it) at the top of that list, following by increased regulations potentially inhibiting free trade and the uncertainty of climate change.

"The business is changing. The talent needed to succeed in 10 years will be very different to that required to succeed today. We need diversity in terms of how people think and solve problems. We must invest in young talent and develop and retain it," he said.

Regulatory changes are more of a challenge for the insurance side now, he said, but he expresses concerns around potentially protectionist policies and the impact of tariffs. "I worry a little about people interfering with the ability to trade reinsurance globally and cross-border.

"If you change that, you take away the biggest advantage of buying reinsurance: diversification and access to a lower cost of capital. Most people are pragmatic enough to understand that, but if every country decides they need only locally admitted reinsurers, you lose the ability to diversify risk around the globe."

In terms of climate change, he specifically flags the changing nature of precipitation. "Hurricanes are getting bigger, they're getting stronger and more frequent. It certainly seems like we're getting more rain and more drought in places. That worries me." ●

## PRICING

# Build scale, don't chase volume: Pütz

**As capacity floods back, Echo Re's CEO says resilience rests on disciplined pricing and diversified portfolios.**



**L**ong-term discipline and diversification must guide the market if it is to remain resilient.

Fabian Pütz, CEO of Echo Re and executive board member at DEVK Re, warns the sector not to fall back into short-term cycles of overcapacity and underpricing.

"We seem to be approaching the end of this hard market phase," he told *Monte Carlo Today*. Results for reinsurers in the past two years have been "quite favourable," but available capital is back at record levels. "Capacity as such is not a scarce resource for most segments."

Pütz also highlighted rising competition on the broking side. "Winning and defending tenders is certainly a key aspect, and getting favourable structures in terms of pricing and conditions placed in an attractive way for the cedent is driving expectations."

For Pütz, the risk lies in the pendulum swinging too far. "Making short-term gains at the expense of other parts of the value chain could backfire sooner than we all think. We need to find a market level which works longer term, because risk and volatility are there and need to be faced."

He calls on the industry to take responsibility in pricing volatility properly: "We have a crucial role to play in adequately and consistently pricing for risk and giving the right incentives to societies and political decision-makers."

"If we don't do this and the pendulum swings again, I don't see us being resilient and coming out of the hard market in a more sustainable way than in previous cycles."

Over the next 12 to 18 months, Pütz sees fragility rather than strength, but noted that catastrophe events could easily change the outlook. He expects competition to rise, and insists DEVK Re and Echo Re are well placed. "I'm not afraid of competitive pressures, because I see that the values we've conveyed in

## KEY POINTS:

- Cycles demand long-term discipline
- Diversification drives true resilience
- Capacity is no longer scarce

the way we build portfolio and relationships adds resilience."

That portfolio strategy is built on discipline and diversification. "Our mandate is not to write for the sake of premium growth, but to add value to the group's exposure," Pütz stressed. "We aim to run a portfolio which feels sustainable and profitable over the cycle, choosing the right portfolio composition with the right partners and driving diversification."

DEVK, a German mutual insurer with nearly 140 years of history, entered reinsurance

**"We have a crucial role to play in adequately and consistently pricing for risk."**

25 years ago. Today, its two reinsurance carriers, DEVK Re and Echo Re, write around €1.5bn of premium between them, about a quarter of the group's €5.8bn revenue.

Both entities, Pütz explained, "are 100% complementary reinsurance carriers in the way they write business", with DEVK Re covering Europe, Israel, Turkey, and North America, while Echo Re focuses on Latin America, Africa, the Middle East, and Asia-Pacific. "There is no portfolio overlap from a regional perspective."

Echo Re, headquartered in Zurich, has grown into the group's hub for specialty

underwriting talent, adding agriculture, affinity, credit and surety, engineering, marine and energy lines since 2017. "Zurich is the melting pot of reinsurance in continental Europe, offering opportunities to access underwriting talent. This has driven portfolio diversification tremendously," Pütz noted.

At a logistical level, he emphasised efficiency over complexity. "We intend to steer the organisation in a lean and effective way, keeping organisational complexity low but portfolio transparency high."

Echo Re has doubled its portfolio in recent years while onboarding new clients without significantly increasing headcount. The key, he explained, has been process automation: "Sometimes it's really the down-to-earth process integration and automation that makes more than 80% of productivity gains possible without investments in artificial intelligence."

The key is having a "very nimble and efficient setup is the springboard" for further scaling of the portfolio. Echo Re and DEVK Re will continue to share best practices and align processes "not to reduce costs, but to fulfil our strategic mandate step by step."

As reinsurers meet in Monte Carlo, Pütz's message is clear: sustainability over opportunism, resilience over volume. "Our members don't expect us to deliver a return on equity in the high teens or twenties, but we also don't need to feel guilty for making such returns given the sector's underperformance in previous years."

"What matters is using our capital in a diligent way, earning the cost of capital over the cycle and aligning interests across the value chain." ●

Fabian Pütz is the chief executive officer of Echo Re and executive board member at DEVK Re. he can be contacted at: [Fabian.Puetz@echore.com](mailto:Fabian.Puetz@echore.com)

## MARKET

# Softening, but the market is still attractive

**T**he reinsurance market is shifting, but the outlook is positive despite softer pricing. For 2026, the challenge will be balance – and being more strategic than ever, says Vincent Foucart, managing director of Miller's reinsurance practice.

"We're in a very interesting dynamic market," Foucart told *Monte Carlo Today*. "It's a bit more buyer-driven, which is good. But for reinsurers and retro carriers the level of profitability, while slightly adjusted, remains pretty attractive and adequate."

"Demand for risk transfer is high, capacity is there and that's the fundamental good news. It remains attractive for everyone."

He added: "It's positive to see the market able to mobilise capacity, being traditional or alternative, at a time when risk-transfer demand is so high. But managing retentions, and the volatility they induce for cedants, remains an important topic."

His advice to cedants is to be strategic and opportunistic but think long term. "Our recommendation is to be strategic with carriers, value those relationships but at the same time be dynamic, opportunistic, making adjustments and seizing opportunities as market conditions and capacity allow."

"This is a very interesting market in which to reconfirm strategic partnerships."

## Fragmentation and risk awareness

On geopolitics and macroeconomics, Foucart pointed to mutualisation as the greatest challenge. "Reinsurance is about mutualisation, across time, segments and geographies. But in a context where some markets are becoming more fragmented, that's difficult. International players need to address this."

Local regulation and protectionist trends are pushing some markets toward more domestic risk-sharing. But this, he said, also fuels demand. "One very important driver of reinsurance demand is risk awareness. In the past, in certain segments, protection gaps existed because insureds thought they could manage risks on their own. But in today's riskier world, risk managers and reinsurance managers are asking harder questions about how to structure their programmes, fuelling demand, even if local contexts sometimes require different approaches."

## Diverging lines

On property and casualty, Foucart noted diverging dynamics. "Property has the capacity

### KEY POINTS:

- Buyers' market with opportunities
- Capacity high, demand stays firm
- Strategic balance key for 2026

to adjust more quickly because of the nature of events and creativity of the market. Casualty is more affected by the evolution of society and legal systems, so it takes longer to reach the right price and terms," he said.

But that diversification is healthy: "It supports development of different segments. In the past there was more aggregation across lines; today a differentiated treatment of segments is positive."

## Miller's three-pillar strategy

For Miller, Monte Carlo is about setting the tone and signal expectations. "Capital



“Demand for risk transfer is high, capacity is there and that's the fundamental good news. It remains attractive for everyone.”

management remains a very strong topic across the industry," Foucart said. "In volatile times, reinsurance is seen as a reliable, flexible source of financing. We have a lot of requests around strategic advisory in this space."

He described Miller's strategy as built on three pillars: international treaty, specialty reinsurance and strategic advisory.

On international treaty: "The US is not our target. It's well served by the big intermediaries. For us, international means regions where we can bring value – for example, through our recent acquisition of AHJ, which is number one in the Nordic markets and strong in the

Caribbean. That's a perfect illustration of Miller's approach: in chosen geographies, we want a specific franchise and cutting edge."

On specialty lines: "This is our DNA. Miller has been active in more than 24 specialty lines. There is natural synergy between our retail specialty focus and specialty reinsurance. Take marine casualty, we've been in that market for 70 years. Reinforcing that position makes sense."

And on advisory: "Strategic advisory means being problem solvers. If a client has inefficiency in their portfolio, the gross-to-net equation or capital management projects, we intervene. Our strength is that, as a medium-sized broker, we can cover the whole spectrum: direct, delegated authority, facultative and retro, in one team. That's a real advantage."

## One talent at a time

Miller has added senior hires from SCOR, including Foucart himself, who took up the role in March 2025 after 16 years at the French reinsurer, and from Munich Re. But he stressed it is not about bulk hiring. "We don't go for a team of 20 people. We go for one talent here, one there. That's the Miller way, strong experts with an entrepreneurial mindset."

The support of new shareholder GIC has been important. "GIC is a long-term, stable shareholder with a 10 to 15-year view. They back us through the cycles. We're not going to stop because there is a 10% price adjustment in the market. That long-term view is very important."

He said it's vital to maintain an active dialogue with shareholders to manage this period of the cycle properly. "Because if you think about it, that's a big topic for boards and supervisory bodies everywhere. When the market conditions of the past few years were strong, everyone wanted to grow quickly." That itself fuels softening. "So boards, shareholders and parent companies need to stay mindful to help teams manage their real role – to serve the insured by mobilising the right capacity."

## Challenges ahead

Asked what keeps him up at night, Foucart pointed to timing. "The common denominator is time to market; how quickly the market adapts to the cost of risk, mobilises capacity and sets the right terms. Sometimes the adjustment lags, sometimes it overshoots. Our job is to make the market function efficiently."

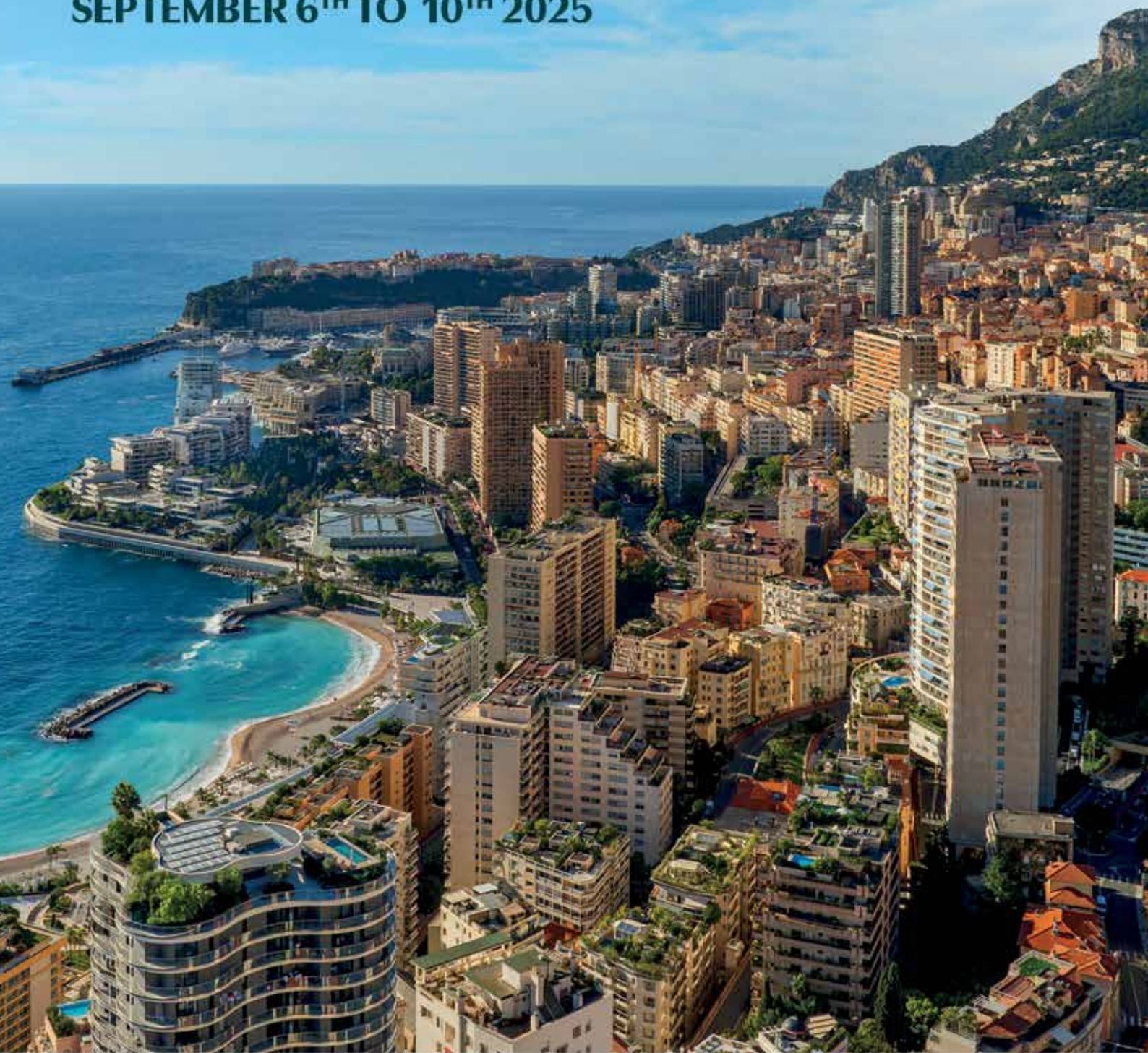
"It's a challenge, but also an opportunity." ●



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## ALTERNATIVE CAPITAL

# Alt capital now moving into casualty

## KEY POINTS:

- ILS expands into casualty, not just nat cat
- Cat bond issuance on track for \$20bn in 2025
- Reinsurers face investor pressure as growth slows

The booming insurance-led securities (ILS) market is moving into financing casualty losses and not just natural catastrophes, says Gallagher Re.

"This year will be the one in which the market securitises the casualty business," Gallagher Re president Andrew Newman said at the company's pre-Monte Carlo briefing in London. "We are now seeing investor appetite for a longer duration of exposure of risk. The cycles are much longer when it comes to casualty risk. It's a game changer."

Newman suggested that insurers could even sidestep reinsurers and go straight to these casualty capital providers as an alternative. Whether investors will have the stomach for the roller coaster of casualty is another question. US casualty continues to be buffeted by rising general inflation affecting everything from medical bills to construction costs, as well as social inflation – outsized litigation settlements.

"Casualty is a bit of a Wild West compared to property catastrophe," said Gallagher Re chief commercial officer Lara Mowery.

Gallagher Re expects global catastrophe bond issuance to hit \$20 billion this year, compared with \$17.04 billion in 2024, and \$15.37 billion the year before that.

The alternative or third-party reinsurance capital space hit \$118 billion in H1 2025, having grown 4.8% year on year, representing around 15% of global insurance capital. "There's no reason to see why you won't see another fourth record-breaking year of issuance," said Newman. "I'm hesitant to say that there is a

“The cycles are much longer when it comes to casualty risk. It's a game changer.”

pool of almost infinite capital but I don't think that I am that wrong.”

Overall, the reinsurance market had \$805 billion in capital to deploy by the end of June this year. Supply in catastrophe funding is significantly exceeding demand, said Gallagher Re CEO Tom Wakefield, with the per-event cat limit lifting to \$10 billion.

Turning to softening pricing, US casualty has been holding firm but US property has been

weakening. European property has seen double-digit rate reduction. And global specialty rates continue to decrease.

However, the picture becomes more complex when you factor in rate adequacy compared to softening prices. William Thompson, Gallagher Re head of global clients, pointed out that in many lines of business, rate adequacy – the premium rates re/insurer charges to cover all costs and allow for a reasonable profit margin – has been the best it's ever been. "The fact that rates are softening is not a bad thing," said Thompson.

The other good news is that, per Gallagher Re, the market is reaching the end of the cycle when it comes to prior-year losses closing out. "We think that the industry as a whole is nearing the finish line," commented Mowery on historic losses.

But with organic growth slowing, reinsurers are feeling the heat from investors who still want to see growth. "There's growing pressure from investors to see more performance from reinsurers," Wakefield said.

Gallagher Re said that, with muted organic growth, levers which re/insurers can pull to keep investors happy include M&A, increased dividends and share buybacks returning money to shareholders.

"Insurers that are well capitalised with a healthy amount of reserves are going to be far better placed to survive the nadir of a soft market." ●

## REINSURANCE

## Reinsurance 'deteriorating' into 2026, Fitch warns

The global reinsurance market is "deteriorating" as softening prices, abundant capital and rising loss trends erode the peak of the hard market, Fitch Ratings has warned ahead of the Monte Carlo Rendez-Vous.

The ratings agency expects operational and business conditions in 2026 to remain sound but moderately weaker, with underwriting margins under pressure and pricing power tilting further toward cedants.

"Anticipated softer pricing conditions in 2026 and rising loss trends will erode underwriting margins, albeit from strong levels," said Manuel Arrivé, director at Fitch. "We forecast only a slight decline in 2026 return on equity, moving from the

high teens to the mid-teens, a strong level by historical standards."

### Capital glut shifts power

Capital supply from both traditional and alternative sources is at record highs, up more than 25% since the 2022 trough. Cat bonds now account for 40% of alternative capital. Fitch expects liquidity to keep building, outpacing cedant demand and driving competition, particularly in property catastrophe.

"The heyday is over," Arrivé said. "We have passed the peak of the hard market. Larger primary insurers will try to take advantage of the pricing power and move retentions downward. There's going to be more flexibility

around attachment points, especially when it comes to higher-frequency risk. Overall, we think that the downward pressure on prices will continue."

Terms and conditions are also expected to loosen. Fitch anticipates reinsurers offering cover at lower attachment points and for more frequent return periods, including aggregate protections. Underwriting discipline, kept "very high" in 2023, is projected to relax gradually.

The downward pricing trend will be most evident in property reinsurance, where competition and softer terms could weigh on performance. US casualty lines also face headwinds, with social inflation fuelling adverse loss development. ●

## RISK MITIGATION

# Industry can't afford fragility

**Mitigation, scenario planning and capital discipline are essential for reinsurers to stay resilient in a world of climate volatility and systemic shocks, says AXA XL Reinsurance's Renaud Guidée.**



**W**ildfires used to be treated as secondary peril. Not any more, says AXA XL's Reinsurance chief executive Guidée. As insured values climb in exposed areas and fires become systemic, he argues the industry must put prevention and mitigation at the top of its agenda – or risk falling behind fast-changing realities.

For Guidée, wildfires illustrate a broader reality; losses are not driven by hazard alone, but by exposure and vulnerability. In regions such as the wildland urban interface or amenity rich but fragile areas such as Lake Tahoe's geography and limited escape routes amplify the threat. "How we mitigate our vulnerability is a key feature on which the industry, public authorities and the broader community should work," he said in an interview with *Monte Carlo Today*.

That focus on resilience runs through all Guidée's thinking. Reinsurers, clients and regulators talk about it often, but he treats it as the industry's ultimate test – the ability to withstand climate volatility, systemic shocks and new technological risks without leaving clients exposed.

AXA XL Reinsurance's approach to systemic risks is rooted in vigilance and preparation. The group stays "constantly on alert", Guidée

## KEY POINTS:

- Wildfire risk no longer a secondary peril
- Reinsurers must earn cost of capital
- Balanced portfolios drive robustness

explained, by investing in expertise both internally and through academic partnerships, including its collaboration with the Cambridge Centre for Risk Studies. Knowledge and people, he stressed, form the first pillar of resilience.

The second is data. Decades of accumulated experience must be used wisely, balanced

“You don't want your ultimate backstop to be fragile.”

against new evidence. "You want to make sure that you can capture shifting patterns or emerging trends while not falling into the trap of recency bias," he said.

AXA XL Reinsurance leans on scenario planning. Structured stress-tests, he argued, provide a sturdy framework for preparing for

systemic shocks and managing uncertainty. That mindset also informs his market view ahead of the 1/1 renewals. Conditions are improving, he believes, but discipline must hold. "Reinsurers must earn their cost of capital," he said, pointing out that for many years the sector failed to do so, leaving the ecosystem dangerously exposed.

"You don't want your ultimate backstop to be fragile," he added, reminding us that financial resilience underpins the industry's social function, as well as its commercial one.

He said with four quarters of strong earnings and capacity rebuilding, the balance between supply and demand looks more stable. In the US, ceded premiums have been rising in high single-digit to low-teen percentages, reflecting both demand and rate movements.

For AXA XL Reinsurance, capital allocation is always tied to client needs, but robustness comes first. A balanced portfolio across geographies and product lines underpins resilience. That diversification, Guidée argued, ensures the ability to stand by clients when shocks hit.

Reinsurers also serve a social purpose by extending capacity to underserved regions, enabling insurance cover which might otherwise not exist.

Technology is another area where Guidée sees opportunity but also limits. AI is already helping AXA XL Reinsurance process unstructured data and free up underwriters and claims handlers for higher-value tasks. But it is no silver bullet. "We are, and we will remain, a client-centric organisation," he said. "AI is an enabler, not a replacement." Human judgment, he insists, will remain central to the business.

As Monte Carlo turns its attention to resilience, capacity and innovation, Guidée's message is that the industry cannot afford fragility. "You need robust reinsurers for the whole system to work," he concluded. ●

Renaud Guidée is the chief executive officer at AXA XL Reinsurance





## REINSURANCE

# Argenta tilts to reinsurance returns

## KEY POINTS:

- Invest in reinsurance syndicates
- Lloyd's oversight is tightening
- Hedge funds drive demand

In a softening market, Lloyd's of London investment adviser Argenta Private Capital is tilting towards advising clients to invest in reinsurance syndicates over pure-play insurance ones.

Argenta, which acts as a conduit between high-net-worth and corporate investment into the Lloyd's market, has relationships with more than 50 syndicates, with mainstays including QBE, Atrium, Tokio Marine Kiln and Beazley. Currently, 20% of Argenta-mediated investment goes to reinsurance syndicates, with the balance going to insurance syndicates.

Robert Flach, managing director of Argenta Private Capital, said: "While the softening is happening generally on insurance classes, our expectation — or perhaps our hope — is that the reinsurance classes aren't softening quite at the same rate."

Flach told *Monte Carlo Today* that insurance classes such as cyber and US property have seen the biggest rate falls, and that underwriters writing those lines of business are going to have to justify themselves to Lloyd's overseers keen to maintain market discipline.

Not that softening rates have put off investors piling into syndicates through Argenta. This year, the company expects investment from its corporate investors, who include reinsurers, institutions and family



Kate Tongue

offices to nearly double to £600 million by the end of this year.

Executive director Kate Tongue said that investor demand this year has been "strong", with Flach singling out demand from hedge fund investors. Tongue said: "We've seen a huge amount of interest, both from private clients, but also on the large corporate side. There is a lot of potential capital coming in this year."

Flach believes that word is getting out as to the attractiveness of Lloyd's syndicates as an investment, seeing what a low correlation they have with other asset classes and economic cycles.

Lloyd's had bad years from 2017 to 2019, followed by the Covid-19 pandemic, but every year since 2021 has seen the market make decent returns. For Flach, 2023 was the turning point which alerted the investment world that now should be the time they should return to Lloyd's.

And, unlike a catastrophe bond, where an investor is investing against trigger events and crossing fingers that the weather turns out benign, investing in syndicates allows



Robert Flach

them to spread their risk. Flach said: "From an investor's point of view, you can spread your risk if you invest in a range of syndicates. You're widening your risk profile."

Over a 15-year period its investors have had average annualised returns of more than 12% on capital, with 2025 forecast to produce returns of more than 20%. So far this year, Argenta has already paid out more than £350 million in profits.

Flach accepts that there is a double-edged sword from Lloyd's point of view in fresh capital coming into a market that's already awash with capital, which might lead to discipline loosening, although the £600 million which Argenta's corporate investors bring to the market "is not going to turn the dial," he said.

"Our enduring message is the ongoing appeal of Lloyd's to our investors," said Flach. "You are investing purely in the underwriting returns, which is very different from buying shares in an insurance company where you are prone to the vagaries of the stock market." ●

## REINSURANCE

## HDI gets closer to reinsurance market, strengthens leadership

HDI Global and its parent company Talanx are streamlining their reinsurance purchasing operations through consolidation in a bid to respond "more quickly and flexibly" to market changes in terms and pricing.

The move is aimed at bringing HDI Global "closer to the reinsurance market" and aligning buying across the group, management said.

Stephanie Bode becomes head of reinsurance at HDI Global and also takes on reinsurance responsibility for Talanx corporate & specialty lines. She previously led market management for continental Europe (ex-Germany), South Africa and Japan.

Bode replaces Rainer Fischer, who is retiring after nine years in this role, but will remain on in an advisory capacity.

In Talanx Group, Bode takes over from

Antje Pfitzner, who becomes head of group reinsurance retail & group protection & counter party risk management.

Stefan Pasternak, CFO at HDI Global, said Bode will negotiate the terms for HDI Global in reinsurance purchasing. "Aligning the teams under one leadership will help us to reduce duplication, enhance market presence and ensure a seamless communication across our global operations," he added. ●

## RENEWALS

# 1/1 renewals demand agility

**As 1/1 looms, VIG Re's Tobias Sonndorfer urges agility, discipline and long-term focus in a market juggling resilience, secondary perils and fresh capital flows.**



**T**he reinsurance sector has shown remarkable resilience after a costly start to the year, but Tobias Sonndorfer, of VIG Re, contends that agility, discipline and deliberate action will be vital heading into 1/1 renewals.

The reinsurance market approaches the Rendez-Vous de Septembre this year with an intriguing mix of confidence and caution. Despite a bruising start to 2025 – not least the wildfires in California in January, which Sonndorfer describes as “a massive secondary peril event, for those who still consider wildfires to be secondary” – the sector has absorbed the shock and kept moving.

“We saw a very confident and proactive transacting reinsurance market. I haven’t had the impression there is fear,” he told *Monte Carlo Today*. “We see clients looking for practical reinsurance solutions and at the same time I expect we see capacity that wants to be deployed. Our expectation is that we see, in parts, a recalibration of pricing for programmes depending on loss history and pricing adjustments over the last two renewals.”

This “recalibration” is not the free-fall softening some analysts have hinted at. Instead, Sonndorfer sees the market adjusting to a subtle shift in supply and demand. Demand for reinsurance is still growing, he noted, but supply has also been plentiful, from traditional balance sheets and the alternative capital market, buoyed by record catastrophe bond issuance.

The result: “a market absolutely ready to transact”, albeit with one eye firmly on the approaching US hurricane and European wind seasons. “Everything we talk about now is pre-US hurricane season and pre-European wind season,” he cautioned. “We’ve got to take it with a pinch of salt.”

## Resilience, risk and relationships

The ability to recover quickly from shocks is, Sonndorfer believes, the defining achievement

### KEY POINTS:

- Recalibration’ drives market tone
- Secondary perils demand agility
- VIG Re stays deliberate, disciplined

of the past year. Losses from wildfires, severe convective storms and other complex, hard-to-model perils are becoming routine, with insured losses in the H1 2025 at \$80 billion, materially higher than the past 10 years average.

“We live in a world of elevated risk,” he said. “The challenge is how we develop solutions consistently that enable us to cover those risks efficiently – whether from climate change, supply chain disruption, cyber or geopolitics.”

In Europe, he noted, nat cat activity so far this year has been lower than in 2024 – a temporary reprieve rather than a sign of

“We’re ready to transact, but not under any conditions.”

lasting structural change. “I would feel much more comfortable relying on a sustainable book and an alignment of interests with our clients, no matter whether it’s below or above average loss activity.”

Secondary perils, such as severe convective storms, he argues, demand both a societal and an industry response: societies need to adapt building practices, risk awareness and systemic prevention, while insurers and reinsurers must focus on portfolio transparency, structural discipline and improved modelling.

“It takes time to get comfortable with those perils,” he said. “The capital markets took time with main perils in the ILS space;

we’ll see a similar path on secondary perils. Modelling will improve, responses will improve – both within the insurance market and at the societal level.”

### Long-term approach

For VIG Re, the answer lies in long-term relationships built on trust, transparency and what Sonndorfer calls “a true alignment of interests”. Despite market volatility, the company’s risk appetite remains “unchanged”, with a focus on structural integrity of deals and a balanced, resilient sharing of risk, in the frequency and severity space.

“We take a prudent and underwriting-driven stance towards portfolios and towards our clients,” he said. “We do not intend to change that radically. For us, renewal is the finalisation of what we’ve already prepared together with our clients throughout the year, and a long-term approach only works if it’s profitable for both sides – not just economically, but at a high level so both benefit over time.”

Looking ahead, Sonndorfer defines being “future ready” as combining agility with the intelligent use of data and technology, alongside strong client relationships and sound technical underwriting.

Back in Monte Carlo, where every conversation has the potential to shift renewal dynamics, he’s crystal clear: “We’re ready to transact, but not under any conditions.”

If there’s one message he wants the market to take away ahead of Monte Carlo, it’s that VIG Re is not drifting with the cycle but steering deliberately. “We do what we say, and we do it deliberately. We keep our eyes wide open to what’s happening around us, stay focused on individual client situations and specific portfolios and deepen relationships.” ●

Tobias Sonndorfer is chairman and chief executive officer of VIG Re. He can be contacted at: [info@vig-re.com](mailto:info@vig-re.com).

## CAPITAL

# Excess capital must be used wisely

**"T**here's excess capacity – so let's use it wisely. Lock in structures, partnerships, build resilience for the future." That's the main message of Chris Killourhy, managing director of QBE Re, who spoke to *Monte Carlo Today* ahead of the Rendez-Vous.

"The volatility hasn't gone away," he said. "If we just let the cycle slide, capital will lose confidence in us. Then a big event hits and insurers are scrambling, like after Hurricane Ian, trying to work out if they can even buy reinsurance, or whether they can start writing business come 1/1."

"So as a market, let's work together to build that long-term resilience, and when the market turns again, we're part of relationships that are going to endure."

## Inflection point, again

Killourhy is optimistic today's abundance of capital is not translating into sharp rate reductions or pressure to lower attachment points. Conversations with cedants, he said, are more about appetite for broader programmes and confidence that reinsurers will renew consistently, not just chasing short-term cuts.

Last year, he described the market as being at an "inflection point". He thinks that holds. "We had a period where reinsurers covered their cost of capital after years of not doing so. The worry was that after one good year, would we let attachment points fall and rates crumble? That didn't happen. Rates came off faster than we'd have liked, but structures held, which was good."

Now, he sees 2026 as another test. "We're at the second year of that inflection point. Rates are softening, but they're coming off programmes that already feel adequate. The big question is whether we can retain that discipline at 1/1. If we don't, there's as much risk of capital leaving the industry as of new capital coming in."

## Alternative capital and ILS

One area of focus is the role of alternative capital. Most fresh inflows, he suggested, are going into cat bonds and sidecars rather than balance-sheet reinsurers.

"Alternative capital is proving itself resilient. It hasn't been fully tested, but it has stuck around," he said.

For Killourhy, this isn't competition but complementarity. "We're all trying to link risk to capital. When people's homes are destroyed

### KEY POINTS:

- Alternative capital proving resilient
- Structure over price at 1/1
- QBE Re growth measured, not opportunistic



**“The big question is whether we can retain discipline at 1/1. If we don't, there's as much risk of capital leaving as there is of new capital coming in.”**

by wildfires, our role is to get capital in to rebuild them. If third-party capital wants to come in alongside balance-sheet capital, that's positive. The danger is if we treat it as competition. We should see it as a partner."

Still, he acknowledged, investors might hesitate to commit to traditional reinsurers. "Maybe some question if reinsurers will retain discipline across the cycle. Maybe it's wise to deploy it to a short-term vehicle like a cat bond or a sidecar. But, if we prove ourselves to be resilient and not just playing the market up and down, we'll see more of that capital flow back into traditional balance sheets."

## Structure matters more than price

Discipline, he argued, is less about chasing every rate move and more about building resilience into the book.

"We've grown our business significantly over the last few years; pretty much doubled the size. We'll close this year at about \$3 billion premium," he said. "But a lot of that growth we used as an opportunity to rebalance the book. We right sized our cat book, rebalanced

between Europe and the US, grew casualty for diversification, grew specialty. We came off some cedants and grew with others. So we used it to build resilience, not just chase opportunistic rate."

That shapes how QBE Re talks to clients. "Our core clients, nearly two thirds of our book, are having constructive conversations. They're not just saying, 'give me another 10% off', or 'drop your attachment point'. They're asking how we use this period to commit to long-term partnership. How do we broaden products across the portfolio, knowing some will go wrong, but making sure of sufficient return to stay for the long term?"

He is clear about what kind of partners QBE Re wants: "There's always going to be a cycle. Rates move. But we're looking for partners who recognise that and use it to build more resilient programmes; not those overweight with one or two reinsurers who, when the market turns, can squeeze rates back up."

He said this focus is matched by capital support. "We've never deployed more capacity in the US than today. Both casualty and property. But the fact we've got more capacity doesn't mean free rein; it comes with more controls and more oversight. We've built our own view of risk, and, where value doesn't stack up, we'll pull capacity."

QBE Re has also refreshed its risk appetite. "We stopped running aggregates, started to exclude some perils, which was right. But we haven't rested there. We've built our understanding of the underlying risk so we can have conversations with core clients about more interesting products – structured covers, aggregates or other perils. We'll consider them, but only at the right price and right structure."

That discipline also guides how QBE Re views current softening. Rate cuts on clean, loss-free programmes are "less concerning than any push to lower attachment points or re-include risky perils", he argued. "Structure is always more important to me than rate," he said.

## Measured growth

QBE Re's growth target is measured. The aim is not top-line expansion at any cost. "Success is stable mid-teen returns through the cycle," he said. "If the market softens, we still want to deliver those returns. It's about consistency for those that trust us with their capital."

"A relatively small number of clients will drive a lot of our growth," he added. ●



## ILS

# Sidecars shift to the fast lane

**Casualty sidecars are no longer considered niche. Howden Capital Markets & Advisory explain why they are becoming a structural tool in alternative capital.**



Bill Cooper

Mitchell Rosenberg

The insurance-linked securities (ILS) market has been traditionally synonymous with property catastrophe: one-year trades, large tail risk and the potential for high returns or sudden losses. But as natural catastrophe volatility reminds investors of its cyclicity, a quieter shift is under way.

Casualty sidecars, once a niche experiment, are emerging as a structural part of the alternative capital landscape.

Mitchell Rosenberg (pictured above right), managing director, co-head global ILS, Howden Capital Markets & Advisory, explained the appeal to *Monte Carlo Today*: “Longer-tail, diversified liabilities introduce an asset yield component into the transaction economics. That broadens the capital universe available to insurers and reinsurers.”

Unlike property cat, casualty portfolios extend five to seven years, allowing alternative managers to generate steady IRRs (insurance recovery and resolution regime) in the high teens while harvesting investment income.

Bill Cooper, managing director, Howden Capital Markets & Advisory, added: “The underlying investors are searching for risk-adjusted returns. There’s significant capital flowing into private credit-like markets, driven by life insurers, reinsurers, sovereign wealth funds and pensions, all seeking better risk-adjusted returns than public credit offers.”

Treat casualty sidecars as a novelty, and you miss the bigger asset allocation story, because casualty is not cat: risks are frequency-driven, bespoke and less transparent. As Cooper noted: “The investor base here tends to be larger and more sophisticated.”

That sophistication extends beyond claims and reserving. It requires patience, alignment and transparency. Rosenberg said: “These trades are not for every insurance company. They are for quality underwriters and platforms with disciplined reserving, strong claims management and a history and track record of operating through cycles.”

## Lloyd’s: the perfect platform

If casualty sidecars go mainstream, Lloyd’s

### KEY POINTS:

- Casualty offers long-tail diversification
- Investors demand discipline and transparency
- Lloyd’s provides structural advantages

is an obvious launchpad. Once largely a cat playground, it has in recent years worked to open its doors to third-party capital across a broader range of lines.

According to Howden Capital Markets & Advisory, the advantages of Lloyd’s are clear: capital efficiency providing liquidity and defined exits for long-tail trades; and funds, allowing a broad range of asset classes to support the asset management component.

“Three structural components are critical to these trades: capital efficiency, exit mechanisms and asset management. Lloyd’s has all three features,” Rosenberg stated.

“Global risk is increasing, and insurance and reinsurance capital alone won’t be enough.”

Bill Cooper

So why are casualty sidecars viable now, when earlier attempts fizzled? Three factors stand out for Rosenberg and Cooper. Collateral innovation has increased comfort with assets backing liabilities. Liquidity solutions, via commutation features, Lloyd’s RITC and legacy providers, offer credible exits. And greater transparency, with disciplined reserving and reporting standards, reassures investors.

Individually these changes might seem minor, but together they have transformed casualty sidecars from theory to executable reality.

Cooper is confident this will not remain niche. “Global risk is increasing, and insurance and reinsurance capital alone won’t be enough. Quality platforms will tap into alternative

capital across both short-tail and long-tail lines. Casualty sidecars are part of that future.”

With Lloyd’s infrastructure in place, investors increasingly comfortable with bespoke models and sponsors recognising the value of long-term partnerships, the momentum is clear. But structuring casualty sidecars is challenging. The investor base is demanding, modelling nuanced and reserving discipline must withstand scrutiny.

That is where Howden Capital Markets & Advisory positions itself. Cooper explained: “We have the only full-service investment banking business inside a re/insurance broker. We’ve built a dedicated investor coverage group to find new capital sources, professionalising the way investors access this space and providing advice to issuers and re/insurers.”

The aim is simple: to be the leading adviser and capital connector in a market poised for growth. For reinsurers and MGAs: if your underwriting platform can withstand invest or diligence, now is the time to consider casualty sidecars.

For investors: if you are comfortable with private credit, casualty-linked structures deserve attention. The yield, duration and diversification benefits are compelling with the right counterparties.

For both sides, Howden Capital Markets & Advisory wants to be at the table. The casualty sidecar is not just another product but a structural bridge between insurance risk and institutional capital.

It is a parallel asset class in the making that could redefine how long-tail risk is financed. The real question is not if casualty sidecars will scale, but who will own the space when they do. ●

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## MGA

# Specialty is the sweet spot for MGAs

**S**pecialty lines remain the most attractive ground for new MGAs – particularly where business can flow naturally into London or targets underserved European niches.

That is the view of Tim Quayle, chief executive of OneAdvent, who sees strongest demand for “well-thought-out, multi-line, multi-territory” MGA businesses with experienced teams and funding behind them. He also expects more inorganic plays to knit together the many small, country-specific operators across Europe.

“Specialty lines remain attractive. There are many smaller, country-specific MGAs in Europe and this is fertile ground for those willing to take a more inorganic, ‘build and integrate’ approach,” he said.

## Scale and routes to capacity

Asked about the most significant differences between the US and UK MGA markets, Quayle said: “It probably all comes back to scale – the US market is just so much bigger than the UK. MGAs controlling larger amounts of premium have more options available to them. The US also has a much more mature fronting market allowing reinsurers to directly support MGAs but the UK (and EU) is catching up fast.”

Looking ahead three to five years, he expects UK specialty lines to keep expanding, while

## KEY POINTS:

- ‘Strong’ demand for multi-line MGAs
- Europe offers a consolidation opportunity
- Focus and discipline key to MGA success



Tim Quayle

Europe offers a consolidation opportunity. “There’s a big opportunity in smaller, niche MGAs that haven’t yet been consolidated,” he said, pointing to Howden Re’s recent analysis that shows the European MGA ecosystem growing at roughly a 23% five-year CAGR. “There is a lot of potential there.”

Quayle noted that the most common mistakes new MGAs make is “trying to do too

much”. Ventures struggle when they attempt to innovate on both product and distribution.

“It’s just too much to take on. Success comes from credible teams looking to iterate and do one aspect of insurance better, not those trying to change the world,” he said.

That discipline matters in a softening market. “Carriers need to see the value of MGAs because when the market softens, they become just another mouth to feed.”

“Our approach is to stick to well-defined niches where underwriters have genuine expertise and a differentiated proposition,” Quayle said of OneAdvent’s own playbook.

He claims the company’s OneView data platform, which enables MGAs to have immediate visibility on key performance metrics and trends, is in “a really strong place”, currently supporting “around 15 or so MGAs”, with “the strongest” pipeline he has seen.

OneAdvent is “on track to launch 10 MGAs this year” and is looking to deepen its European presence, Quayle shared with *Monte Carlo Today*.

Across the MGAs on its platform, he said, UK cyber and commercial D&O have probably been “hit the hardest by current market conditions, though this in itself presents an opportunity for MGAs who can differentiate their service offering, and value to their clients through risk management tools”. ●

## REPORT

## MGA market premium volume reached \$109bn in 2024: Aon report

**M**MGAs saw their premiums increase by 16% last year, as the seemingly unstoppable rise of the managing general agents continues.

MGAs, insurance agents which underwrite on behalf of insurers giving them access to specialty risks they would otherwise find difficult to access, generated \$109.2 billion in direct written premium (DWP) in 2024, compared with \$94.1 billion in 2023, according to the Aon 2025 MGA Market and Outlook report.

The global broker attributed the 16% spike to new MGAs forming, new product offerings, rate increases and a tighter admitted market – policies officially licensed and regulated by US states.

Aon highlighted the unrelenting rise

of the MGA model and its increasing importance to the broader property and casualty (P&C) industry.

Issuing carriers, the insurance companies which partner with MGAs to write policies, also experienced substantial growth when it comes to MGAs, with their total DWP climbing to \$29.1 billion by the end of 2024 – a 20% increase on the prior year.

This growth has been driven by both established carriers and new entrants, many of which are backed by private equity and are now seeing notable premium expansion.

Premium is heavily concentrated in the Southern US, which accounts for 51% of the MGA market with \$45.9 billion in DWP. Florida and Texas were the largest contributors within this region.

The MGA market’s business mix is primarily composed of commercial auto, workers’ compensation and fire and allied lines, with significant shares of each.

Aon’s report highlighted that MGAs have an increasing appetite for new lines of business. For example, last year issuing carriers wrote more than \$415 million worth of cyber insurance, a \$95 million year-on-year increase.

“The managing general agent model of distribution growth has been steadfast,” authors wrote. “Incumbent MGAs are expanding their share of business across the property and casualty market, while start-ups keep growing in number, with significant direct written premium growth of 242% over the past four years.” ●

## CASUALTY

# Casualty bifurcation is here

**Casualty has seen several years of correction, but underwriters are now actively distinguishing between risks.**



Tom Loverde



Keith Trigg

**A** bifurcation is emerging in the way casualty business is being priced and placed for international cedants that have a large exposure to US business, versus those that do not. The dynamic is being driven by the tort environment in the US, with reinsurers increasingly concerned by the pervasive impact of social inflation and the increasing size of nuclear verdicts.

That was one of the observations of Keith Trigg, global casualty leader at TransRe, speaking in an exclusive video interview with *Monte Carlo Today*. He was interviewed alongside Tom Loverde, TransRe's US traditional casualty leader.

## Split in casualty pricing

They said sentiment overall in casualty is one of discipline. The casualty markets have seen

“It used to be David versus Goliath; now it's Goliath versus Goliath.”

several years of rate increases, in tandem with limits decreasing. Carriers are nervous over adverse reserve developments still coming through many portfolios, particularly in the US market.

“There doesn't seem to be a slowdown in casualty loss development,” said Loverde. “We are still seeing an uptick of loss ratios. Loss years we thought would perform better, are actually performing worse. That said, the good news is the market discipline. It is holding.”

But Trigg noted a pronounced difference between clients with US exposure – and those without. “The international and US markets are going in different directions,” he

## KEY POINTS:

- Overall discipline is holding: tighter terms, reduced limits
- Claims inflation remains a concern
- It is all about alignment of interests

said. “The international rates are declining but multinational, global entities with high levels of US exposure are still seeing a rate increase. There has been something of a flight to international-only business which has exacerbated that market's decline.”

## Discipline and differentiation

He explained this is driven by concerns over increasing award levels in the US. And it is not only rates that are being affected. In many cases it also means lower limits deployed, which he stressed as good portfolio management.

“When there's uncertainty, that will drive discipline,” he said. “As well as rate increases, there are reductions in limits. But that is also allowing more carriers to be involved. That is a good thing, if limits remain controlled. So, the client can get the same limit but with more panel diversity.

“That is something I would encourage. And it has been driven by high awards; no (re) insurer really wants to be over leveraged – they want to remove some of the volatility from their books.”

Loverde offered more context on the worry of social inflation – and the size of verdicts. He added that a factor exacerbating the situation is third-party litigation funding, whereby a third party provides financial resources to a claimant or plaintiff in exchange for a financial return in the event of success.

“It means that plaintiffs have much deeper pockets to bring these cases to court – and are much less likely to settle. Often, use of third-party funding does not need to be disclosed, meaning you don't know what you are up

against. It used to be David versus Goliath; now it's Goliath versus Goliath.”

Trigg added that while some states are introducing reforms to get a handle on third-party funding, tort reforms are slow to implement. “It means more cases are prolonged as claimants seek the jackpot verdict.”

A knock-on effect of these trends is that reinsurers are increasingly also distinguishing between clients. Trigg said TransRe does this based on the quality of the underlying book of business. It also means reinsurers are less willing to entertain long-term placements.

“It's certainly not a one-size-fits-all approach for us,” he said. “We're happy to differentiate our clients by the quality of the underlying risks that they write.

“All reinsurers are cautious. We're

“When there's uncertainty, that will drive discipline.”

not seeing aggregate deals or long-term placements. There are different structures that all have their place but, for us, it's more about the risk alignment and ensuring that we have the correct structure in place.

“The majority of times, a straight quota share. It depends on the right fit for us and the client.” ●

Thomas Loverde is the US traditional casualty leader at TransRe. He can be contacted at [tloverde@transre.com](mailto:tloverde@transre.com)

Keith Trigg is the global casualty portfolio leader at TransRe. He can be contacted at [ktrigg@transre.com](mailto:ktrigg@transre.com)



## CYBER

# Cat covers 'next frontier' for cyber

**T**he cyber reinsurance market is entering a decisive phase. After two years of rapid hardening, rates are softening from a high base – but the real challenge ahead isn't just pricing. As Daniel Carr, head of cyber at Ariel Re, told *Monte Carlo Today*, the sector must shift from recycling risk to truly expanding the market by delivering more tailored, catastrophe-ready solutions.

Carr commented on the state of the market softening with a balanced view: "There has been an element of softening but from a pretty significant base." Controls introduced during the hardening period improved resilience, yet cyber remains a "continual game of cat and mouse," with attackers adapting as soon as defences become effective.

He also noted that capacity for cyber risk is rising, but much of it may be temporary. "A factor for increased capacity, which I believe is due primarily to previous trends observed in the cyber market, is that recent results appear attractive, given the current levels of activity. It's important to consider this in the context of what's happening in related lines of business. In some cases, this might reflect an over-allocation of resources from other sectors where cyber now seems more appealing, rather than a long-term strategic increase in capacity committed to cyber."

For Ariel Re, catastrophe is the defining frontier. The company has deliberately oriented itself around excess-

## KEY POINTS:

- Capacity for cyber risk is rising
- But much of it may be temporary
- Treat cyber risk like natural catastrophe



“Cyber remains a continual game of cat and mouse.”

of-loss catastrophe solutions, carving out a different path from quota share-dominated approaches. "Catastrophe risk is, to some degree, the next frontier for cyber, which we're front and centre trying to lead the charge on." Delivering that, Carr said, requires sharper market consensus on what truly constitutes a systemic cyber attachment, given the wide variation in interpretations and models.

He emphasised that systemic risk must not be treated as a source of fear, but rather as a catalyst for deeper understanding. Cyber, he argued, deserves the same treatment as natural catastrophe events: rigorous framing of events, and clear product structures that can withstand shocks.

Looking ahead, Carr pointed to cloud adoption and the growing reliance on third-party technology providers as drivers of change. "Cloud adoption has grown significantly and is expected to continue growing. This makes companies' technical, operational and economic outputs more dependent on these third-party suppliers and vendors. All trends point in this direction, and, inevitably, more of this risk is being transferred into the market, changing the risk profile."

As the cyber market matures, reinsurers will need to balance growth ambitions with catastrophe-aware solutions and sustainable capital structures. For Ariel Re, the priority is to push the industry toward a more robust framework for systemic cyber risk, and in doing so, unlock capacity that lasts. ●

## MARKET OUTLOOK

### Cyber insurance slows despite increased threat landscape

**T**he cyber market is accelerating its downward trend, despite huge potential in under-insured small and medium-sized businesses when it comes to cyber cover.

Swiss Re has revised its cyber insurance CAGR estimates from 6% to 5% as from 2023 following double-digit growth of 31% from 2017 to 2022.

The reinsurer poured cold water on ambitious exponential forecasts that have circulated in the industry, believing they are unlikely to materialise.

This is despite cyber continuing to a compelling business line with the reinsurer

projecting 2025 full-year premium to hit \$15.6 billion and \$16.4 billion in 2026.

This third consecutive year of rate reductions due to increased competition with demand outstripping supply, Swiss Re said. Increased competition had seen concessions on premium, limits, coverage and cyber security controls.

The cyber threat landscape has intensified, however, and, along with the loss trend environment, continues to evolve rapidly, Swiss Re noted.

Cyber insurance take-up is also seen as an area of growth potential. According to the World Bank, small and medium enterprises (SMEs) make up 90% of global businesses but

remain largely unserved with only 5-10% of micro SMEs and 10-20% of SMEs served by the insurance sector.

Fabian Willi, head cyber key accounts at Swiss Re, said: "Despite increasing cyber risk, rate deterioration for the third straight year is neutralising the organic exposure growth the market has worked hard to build. To stay sustainable, the market needs pricing stability, and to expand or enter into new customer segments."

"Where these sub-segments align is in their limited cyber security know-how, their tight insurance budgets and – perhaps most crucially – their organic growth potential." ●

## PROPERTY

# Wildfires, SRCC redefine property

**Property reinsurance is responding to both geopolitical risks and natural catastrophes as secondary perils dominate discussions with 60% of global insured losses in five years.**



**T**he global property reinsurance market is entering renewals in a state that is both competitive and disciplined. This is according to Mohit Pande, chief underwriting officer, property, at Swiss Re, who told Monte Carlo Today the property market was “coming from a position of relative strength”.

He added that the market was highly heterogeneous, shaped by geography, product and risk class. Yet one common theme persists: the risk landscape is rapidly evolving. Pande said: “We expect the demand for reinsurance protection to grow as the underlying exposures grow and loss trends increase.”

“Our approach is built on balanced risk sharing and risk adequate pricing, two fundamentals that allow us to provide sustainable and consistent capacity.”

“Wildfires contributed 7% to global insured losses, a five-fold increase over the prior decade.”

That sustainability will need structure, and Pande said: “We will differentiate clients and partner with carriers who have underwriting discipline and whose portfolios we can underwrite with confidence.” In this dynamic and uncertain market, consistency of capacity becomes a strategic advantage.

If climate presents one axis of challenge, geopolitics provides another. Strikes, riots and civil commotion (SRCC) exposures have surged. “We’re seeing a dramatic increase in SRCC-related claims globally, with an increase of more than 3,000% between the period from 2000 to 2020,” Pande noted. In just the past 12 months, 70 countries have experienced significant protest activity amid populist and anti-establishment sentiment.

For reinsurers, the answer lies in a “holistic

## KEY POINTS:

- Forward-looking science guides nat cat view
- Wildfires demand better codes, zoning and modelling
- AI-based wildfire models improve underwriting insights

view” across risk, underwriting discipline and accumulation management. “The geopolitical environment remains volatile and is conducive to elevated SRCC risk. The industry will have to remain agile, data-driven and proactive in adapting its risk framework to ensure resilience through these turbulent times.”

Natural catastrophe risk assessment lies at the heart of Swiss Re’s outlook, and the company relies on a dedicated team of more than 50 scientists and engineers to ensure its view of risk evolves with climate variability and socio-economic shifts. “We collaborate with scientific and academic institutions to make sure their findings make their way into our models,” Pande explained.

Beyond advanced modelling, he identified two crucial ingredients: accurate exposure information with up-to-date valuations and policy terms, and timely, transparent data-sharing across the insurance value chain. “As a science and data-led organisation, we bring in proprietary modelling and deep market insights to ensure our risk assessments are forward-looking and relevant.”

The challenge is no longer only in primary perils. “If you look at the last five years, secondary perils have contributed 60% to the global insured losses, which is up from 50% over the past 30 years,” Pande stated. This shift is driven by exposure growth in urbanised, vulnerable areas; a warming climate that intensifies weather patterns and fragility in assets such as solar panels. These trends, he warned, were “a bellwether for primary perils, because the underlying conditions are equally relevant to both.”

As well as hailstorms and floods, wildfires have been climbing sharply: “Between 2015

and 2024, wildfires contributed 7% to global insured losses. That’s a fivefold increase over the prior decade.” The Los Angeles wildfires in January highlighted the need for better zoning and building codes, with evidence showing stronger codes can reduce losses by up to 45%. Yet even advanced modelling cannot remove all uncertainty.

“We need to think of all potential outcomes in our decision-making, rather than anchoring our decision on one single figure such as the average annual loss,” Pande cautioned. Managing accumulation is another lesson; avoiding concentration risk is vital to curbing wildfire exposure.

Technology is reshaping how wildfires are modelled. Pande pointed to Swiss Re’s CatNet platform, which now includes a wildfire

“Secondary perils have contributed 60% to the global insured losses, which is up from 50% over the past 30 years.”

probability layer powered by machine learning developed with Google X’s innovation arm, Bellwether. “This layer provides novel risk selection insights for informed underwriting decision making, based on up-to-date information on wildfire relevant environmental conditions,” he explained.

Beyond modelling, Swiss Re engages in mitigation by supporting initiatives such as the Insurance Institute for Business and Home Safety, as well as broader public policy discussions. “No single measure or effort can eliminate wildfire risk, but we can work together by improving codes, zoning and modelling to reduce risk and losses.” ●

Mohit Pande is the chief underwriting officer of property at Swiss Re

## EXPANSION

# Africa Specialty plots bold expansion

As rivals debate the market's direction, Africa Specialty Risks (ASR) is setting its course for more parametrics, discipline and aggressive expansion, Eric Malterre, ASR's newly minted chief underwriting officer, told *Monte Carlo Today*.

"Parametrics is a key component of the toolbox that we have, and we keep investing in the adequate resources to provide solutions to the continent. We're investing in the right people to develop our parametric offering, in the agricultural space and others," he said.

"We see increasing demand for such solutions, in addition to what I would qualify as the conventional/traditional type of insurance/reinsurance products," he added.

Malterre was clear that parametrics aren't a side bet, they're central to ASR's playbook. Flagging key lessons from its journey so far, he said: "It has been a very interesting learning experience for us all, not only for ASR, but also for our partners. We've decided to strengthen the team, to bring the right expertise that we need to develop the right models that meet Africa's needs. That's definitely a market we want to be more active in; where we think the market can do more and better, and where we want to do more and better."

If parametrics are the long bet, market cycles are the here-and-now headache. "It's clear that the market is becoming more competitive. But, clearly, we see a more competitive environment in certain lines of

## KEY POINTS:

- Parametric central to expansion plan
- New offices in SA and Kenya; eye on Middle East
- Market is becoming more competitive



"We're investing in the right people to develop our parametric offering, in the agricultural space and others."

business, including financial lines, political violence and terrorism, marine, and to a lesser extent property.

"The good news is, when you look at our portfolio, we underwrite businesses across

nine lines of business across 54 countries in Africa (in addition to the Middle East), which helps us mitigate any potential downside. Our portfolio is well diversified and mitigated enough to help us absorb any potential softening cycle that could come our way in some lines of business for now."

Soft cycle or not, ASR is putting its foot on the gas of expansion. Malterre laid out the blueprint: "We have plans to expand in South Africa. We are looking at how we can localise the value we can bring in Kenya and keep investing in Morocco, keeping a close eye on what's going on in the western part of Africa and beyond, and clearly have aggressive plans to bring similar value to other regions, including the Middle East, where we do already have a growing local presence, and central Asia as well to start with."

Talent is central to its growth strategy. "We keep recruiting people, whether they are underwriters or not," he said. The reinsurer is also pushing hard on product innovation, with cyber demand "strong in Kenya, Morocco, Ethiopia, South Africa and other countries".

To cap it off, ASR has rolled out an automated underwriting portal, giving local partners direct online access to quotes. "We've just launched that online underwriting portal for financial lines such as directors' and officers' liability and renewable energy – solar panels in particular – and we plan to roll it out across all our business lines." ●

## REPORT

## Reinsurers can withstand \$300bn annual loss: S&P

Reinsurers are experiencing unprecedented capital strength, giving the sector a remarkable buffer against extreme losses. In a market still absorbing elevated nat cat claims, S&P analysts say that capital resilience is now one of the industry's "key pillars".

Maren Josefs, a specialist in capital and cat bonds, highlighted how the top reinsurers strengthened their capital at a press briefing in London. She said: "The top 19 global reinsurers have utilised the strong earnings they've seen from 2023-2024 to really boost their capitalisation. Capital is the key pillar of the reinsurance industry."

S&P analysts presented stress-test data showing that reinsurers remain resilient even under extreme scenarios. "When we run stress tests, nat cat and reserves are still the main risks that we are seeing for the sector," Josefs explained. Despite these risks, she added, "reserves are quite resilient at that level, and we think they might maintain their capitalisation even after these extreme events."

"The sector could withstand a \$300 billion annual loss event and still maintain capital at this level," Josefs said. She emphasised that these stress scenarios are modelled without assuming any earnings or management actions.

Alternative capital is also helping to bolster resilience. Josefs said: "We estimate that reinsurers seed about 50% of their risk at the one-in-250 event. And if you look at that level again, on average, the sector has about 55% of it is collateralised, which is a good indication of how they're using the alternative capital to actually retrace that risk out of the reinsurance industry into the capital markets."

Sachin Bhojani, insurance analyst, added: "The top 19 reinsurers will have sufficient earnings and the cat budgets to withstand a severe stress scenario before capital would be affected." ●



## NEW RISKS

# Industry must embrace new risks: Egan

**T**he reinsurance industry meets in Monte Carlo this year under the shadow of extraordinary uncertainty. From climate volatility to geopolitical shocks, risks are multiplying and mutating at a pace not seen before. Yet for Scott Egan, chief executive of SiriusPoint, this moment only underlines the centrality of insurance.

"The role of insurance has never been more important," Egan told *Monte Carlo Today*. "The world feels like an uncertain place, and therefore our industry has a large role to play."

Egan, who has dedicated 35 years to the sector, emphasised that insurers must confront emerging risks despite the absence of traditional data sets. "As a company, and as an industry, we can't just walk away from new risks because we lack historical data," he said. "We need to make sure that we continue to evolve alongside the developing risks in the world, and we need to create solutions."



Scott Egan

Egan pointed to the evolution of cyber risk cover as an example. A decade ago, few underwriters knew how to quantify the exposure, but it rapidly became one of the most sought-after protections. "Cyber risk is a great example. We had to build a product and risk coverage whilst learning," he said.

The answer, he suggested, lies in the strategic approach. "You can minimise risk by implementing a structure that spreads risk around the marketplace as we build the data collectively. That's why I comment on it as being

an industry as well as a company development." If the speed of change is daunting, it is also fertile ground for innovation.

"The world is changing a lot faster than it used to," Egan said. "Whilst there may be less historical data for the risk, we've never lived in a more data-rich world than today. Somewhere there's data, information and analytics that can be used to at least help you try and understand."

Collecting information to bridge this knowledge gap requires more attention than just assessing risk; innovation and financial discipline must be balanced. "Ultimately, we've also got a responsibility to make money for our shareholders; that's quite a difficult balance," Egan acknowledged.

For Egan, insurance has never mattered more. "The role of insurance and risk mitigation, and having strong, stable companies that are there to help people manage risk, has never been more important," he repeated. "I feel that statement has never been more accurate." ●

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## CAT MODELS

# \$152bn losses are new industry norm

**T**he insurance industry is facing a new reality: catastrophe losses are no longer outliers but a baseline risk. “The new norm of \$100 billion and above is now being accepted by the industry,” Jay Guin, executive vice president and chief research officer for Verisk’s extreme event solutions team, told *Monte Carlo Today*.

With Verisk estimating average annual insured losses at \$152 billion – and plausible scenarios far higher – insurers and reinsurers must prepare for extremes that history alone can’t predict.

## Planning for the unprecedented

Over the past decade, catastrophe payouts have repeatedly topped \$100 billion, cementing a new normal. Verisk warns that the risk landscape is shifting faster than the industry’s traditional tools. “There’s a 5% chance that losses will be \$275 billion or higher, and a 1% chance in any given year that losses could exceed \$425 billion,” Guin noted.

“One purpose of catastrophe modelling is to anticipate events that have not occurred but are highly plausible and likely to occur.” That means preparing not only for single mega-disasters but also for years when multiple severe events overlap, from wildfires and floods to hurricanes and earthquakes.

### KEY POINTS:

- ‘We need forward-looking models’
- Frequency perils drive claims
- Urbanisation magnifies risk



Jay Guin

## Frequency perils no longer attritional

Thunderstorms, wildfires and inland floods now make up more than two thirds of modelled losses. These were once treated as predictable attritional risks, but no longer. “Frequent perils can no longer be treated as attritional risks. Consider the \$40 billion Los Angeles wildfires; that event cannot be treated as attritional. Then consider earthquakes and big hurricanes, it’s easy to get to a \$200 billion loss. We are talking catastrophic proportions,” Guin said.

So-called secondary perils are now driving outsized claims. Meanwhile, rapid urbanisation is compounding exposure. “Urbanisation is a very big factor in increased

losses,” he said. “Past history doesn’t tell us much on this front.”

Reliance on historical data alone is no longer sufficient. “We need forward-looking models. Just pure actuarial science, by looking back in history, is proven to be insufficient,” Guin noted.

These new models must incorporate today’s climate conditions, modern urban landscapes, rising reconstruction costs and supply chain disruptions. Granularity and physical realism are critical – whether in five-metre-resolution flood simulations or updated building inventories. Providing an example, Guin said: “Just to put things in context, the 2005 Hurricane Katrina, which flooded New Orleans – that same event today would be more than a \$100 billion loss. And the same event in Florida or New York would push \$200 billion.”

Guin stressed: “The models have to reflect the climate of today. It’s not about 1950 or about 2050; insurers are underwriting the risk today.”

## Closing protection gaps

In developing regions, he said, catastrophe modelling can also help close protection gaps where insurance coverage remains thin. New high-resolution flood models, for example, are opening opportunities for coverage in Asia and Latin America.

“If we build robust models, then insurers will have the confidence to underwrite the risk,” he concluded. ●

## CAT

# Huge gaps in cat model implementation, survey finds

**A**on’s 2025 Catastrophe Risk Management Survey has uncovered a disconnect between the importance insurers place on catastrophe models and the extent to which they are embedded into internal risk management practices.

Despite escalating losses – 2025’s first-half insured catastrophe losses were the second highest on record, according to Aon – 48% of insurers do not license catastrophe models, and only 27% have dedicated model evaluation teams.

While more than 80% of respondents said analytics are central to their reinsurance and risk strategies, many rely heavily on broker-led modelling expertise – a practical

approach, but one that might limit deeper portfolio insights.

The survey identified three major themes: analytics as a strategic tool – most insurers operate with catastrophe teams of five or fewer, often relying on brokers for modelling and response insights; trust in scientific modelling – more than 70% value science-based models, and 44% prioritise model methodology transparency when choosing a provider; and regional differences – US carriers adopt new models faster and are less focused on climate risk, while UK and EMEA firms show more caution and climate awareness.

Key concerns also emerged around data

quality, model transparency, and non-modelled loss, the latter being a top worry but only adjusted for by 20% of respondents.

Katie Carter, head of view of risk advisory for Aon in the Americas, said: “Our survey highlights the importance of re/insurers implementing a multi-model, risk-level catastrophe management strategy that incorporates the latest climate science.

“It also reveals that risk management strategies vary regionally and must be considered when identifying appropriate risk transfer mechanisms to optimise utilisation of capital. Taking such steps can lead to better business decisions, and a generally more robust global re/insurance industry.” ●

## CYBER

# Pushback to soft cyber market begins

**S**ustained softening in primary cyber insurance rates over the past couple of years might now have created a buyer-friendly market, but signs of resistance to this trend are emerging.

Speaking to *Monte Carlo Today*, Peter McKeever, senior vice president in Marsh's US cyber practice, described the current cyber environment as "a tempering market".

"We're definitely starting to see some of the big players in the space push back on rate decreases, and that's primarily because they're seeing losses," McKeever added. "We've seen claims really tick up since 2020 and 2021 and it hasn't slowed down. Those are claims for ransomware, extortion, system failures, all the way down to privacy events which are really material."

## New entrants

Despite this sustained level of loss activity, competition from new entrants is continuing to hold down prices.



Peter McKeever

"We have this interesting convergence where we're seeing losses in the space, but markets cover them, which is excellent. But the market is still buyer-friendly, and that's predominantly due to the fact we've had a big injection of new players and cyber capital into the marketplace," he said.

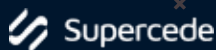
This period of softening follows a phase of extreme rate hikes. Cyber rates jumped nearly 79% in 2022 before steadily easing; by

mid-2025, Marsh's index was showing global declines of around 7%, with reductions seen across all regions.

## ART options

Despite a buyer-friendly market, the threat of large losses and widening pushback on rates has made cyber a key focus for alternative risk transfer. Marsh launched a group cyber captive, Edgware Re, in March 2024 for clients able to take on some of their own collective exposure. This could prove useful if the commercial market reintroduces sharp hikes or exclusions, he said.

AI is one potential flashpoint. While currently covered, it could present failures and emerging losses. "We haven't seen any exclusions, but I think as that expands, it certainly presents another avenue for successes, and a point of failure. It'll be interesting to see how the market reacts to it," McKeever noted. Captives might prove more flexible if open markets pull back. ●



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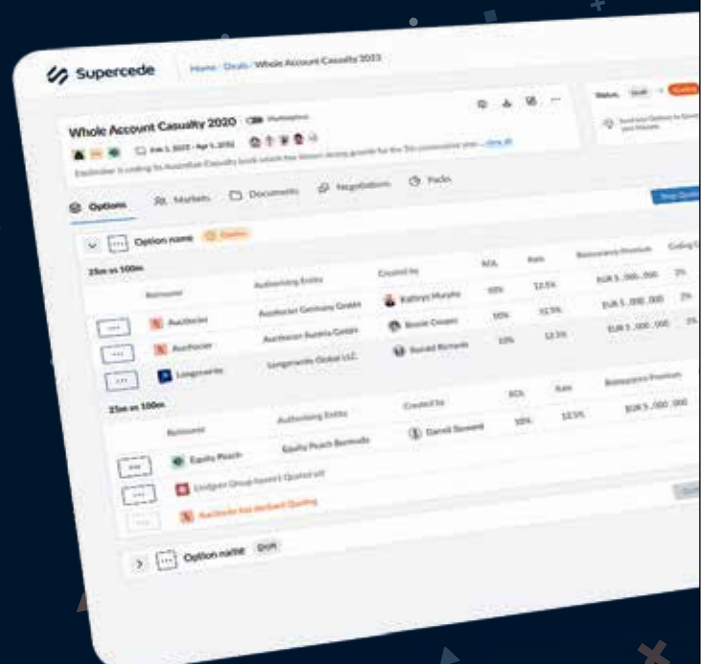
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## CASUALTY

# Casualty drives rare pullback-free 1/1

Casualty is set to do the heavy lifting into the January 1 renewals, with record pricing and stable capacity making this the first season in years without a major pullback, according to senior Aon executives.

“Going into 1/1, there is continued positivity around the primary market, particularly in the US,” said Amanda Lyons, CEO of Aon Reinsurance Solutions Bermuda, at its renewal briefing in London. “Primary casualty and excess casualty pricing are at all-time highs, with excess casualty rates up over 143% cumulatively through the first half of 2025 since 2013.

“Pre-stock market in the second quarter, many of the casualty sub lines, were achieving rates in excess of trend, and we’re projecting excess liability rates well into the double digits for the second half of the year, and very high single digits for general liability and auto. Workers’ compensation and D&O are still negative, but D&O is stabilising and nowhere near the price decrease we saw a few years back.”

“Primary casualty and excess casualty pricing are at all-time highs.”

International markets are also improving, Lyons said, though reinsurers remain alert.

“Loss development in recent years has actually created widespread confidence in the segment,” she explained. “Original GL rate increases are plateauing on one hand, but the reductions on financial lines in the international market are starting to slow, much like we’re seeing in the US.”

Most importantly, she flagged reinsurers’ willingness to put capital to work.

“Given the optimism on the primary rating environment and the reactions that many of our carriers have taken on the claim side, most reinsurers are holding capacity

consistent or looking to grow. So very optimistic going into 1/1.”

On property, reinsurers are prepared to loosen, said Tracy Hatlestad, head of property, reinsurance at Aon. “We believe reinsurers will still be able to target ROEs on their property cat portfolios, while with rate reductions of 10% or more going into standard 1/1, supply remains ample, and there are early indications for continued desire for growth for reinsurance. This builds well as we expect demand for property cat programmes to increase by about 5% again in 2026 driven primarily by growth in the US.”

The backdrop points to plentiful firepower. “We definitely see the reinsurance market as being robust with plentiful capacity and record levels of capital,” said Alfonso Valera, international CEO for reinsurance. “This comes both from traditional and also alternative capitals.

“We anticipate and believe the market will be very much a buyer’s market.” ●

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1/1 RENEWALS

# What reinsurers expect at 1/1: survey

The reinsurance market is heading into the 1/1 renewals with muted expectations on pricing, but reinsurers are already pinpointing where margins can still be found.

New survey data suggests the real battle for returns will be in specialty and structured deals, not core cat treaties.

Only 5% of respondents expect significant increases across most lines, while the majority anticipate conditions either flat or softening, according to Intelligent Insurer’s 2024 pre-renewals season survey.

The data revealed that 28% expected pricing to be largely flat with a few exceptions, while 29% foresaw downward pressure in some areas. A further 20% suggested a moderate increase in selected lines, but few believe in a broad-based hardening.

“Downward pressure is virtually everywhere, with only isolated exceptions,” one respondent wrote. “Unless a class is underperforming or showing clear near-term volatility, cedents will be pushing for, and likely getting, price relief.”

Asked about profitability, specialty lines and structured or alternative solutions were seen as offering the most attractive margins by 37% of participants, outpacing property where loss activity has weighed on sentiment. One broker noted: “Property is not a uniform story any more. Non-cat business may hold pricing better than traditional cat, but overall we’re talking about stability, not escalation.”

That sentiment is reflected in the numbers: while very few see hikes across the board, 29% identified property non-cat as a source of

- KEY POINTS:
- Flat to soft pricing dominates
  - Margins shift to specialty lines
  - Structured deals gain traction

attractive margins, compared with 24% for property catastrophe.

“Clients are still demanding protection in both segments,” another respondent explained. “But reinsurers are becoming more selective; non-cat programmes are seen as steadier, while cat covers continue to face intense competition and capital pressure.”

If pricing is flat, then differentiation must come from margins, and the survey highlighted exactly where reinsurers expected to deliver the best returns.

“Specialty remains a genuine margin play,” one respondent commented. “Areas such as energy, aviation and political risk are complex, restricted by capacity.”

The equal focus on structured solutions also underscores the appetite for innovation: multi-year parametric deals, captive fronting and tailored risk-transfer vehicles are no longer considered niche.

One participant noted: “Structured deals give cedents predictability and reinsurers diversification. Where traditional treaty rates are static, that’s a compelling equation.”

Casualty (21%) and cyber (20%) ranked

behind property and specialty in expected margins, reflecting a cautious optimism: cyber still carries systemic risk concerns, while casualty’s long-tail nature makes reserving discipline essential.

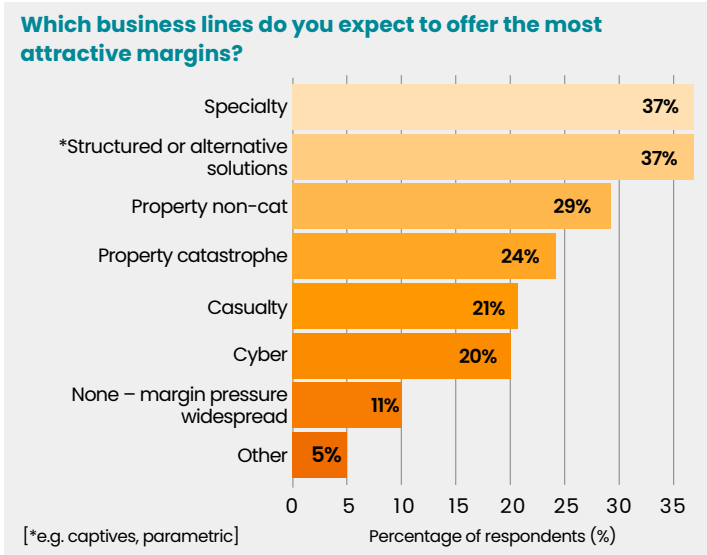
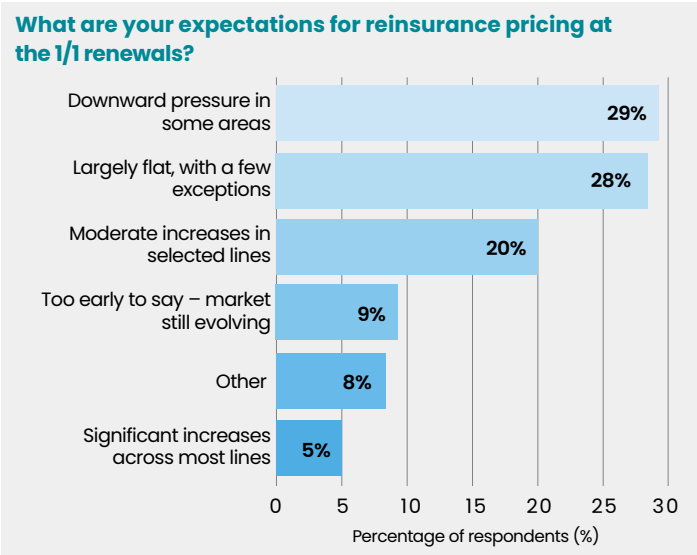
“Cyber is moving fast, both the risk and the underwriting approaches,” one participant wrote. “We’re optimistic on margins, but only if accumulation management keeps pace with exposure. It’s not the sharp hardening of recent years, nor is it a return to unchecked softening. It’s a patchwork: some flat, some soft with selective bright spots where expertise and innovation carry value.”

Another respondent wrote: “Renewal conversations will be less about chasing broad rate increases and more about finding targeted, profitable segments. Underwriting judgment and capital discipline will separate winners from the rest.”

The headline may be flat pricing, but the subtext is margin focus: “Specialty and structured solutions are where reinsurers can still make their capital work.”

Heading into 1/1, reinsurers are navigating a pricing environment defined less by momentum and more by nuance. Flat or declining rates will dominate conversations, but margin opportunity still exists.

As one survey respondent summed up: “This renewal is about knowing where to play, and where to step back.” ●





## RENEWALS

# Cedants to call the shots at renewals

**C**edants are heading into the renewals in a strong position, as abundant capital and competition continue to tilt the market in their favour, according to Guy Carpenter.

Speaking at a media briefing ahead of the RVS, Laurent Rousseau, CEO of EMEA and global capital solutions, described the macro environment as “complex and volatile”, pointing to trade wars, ground wars, extreme weather and supply chain risks.

“Navigating that complexity is the challenge of the moment,” he said. “In uncertain environments, there is a tendency to focus on the short term and local issues. Whereas reinsurance is all about diversification over time - the long term; and space - the global risks universe.”

Rousseau added that reinsurance capital was expanding faster than demand, raising the question of “how far and how fast the market will soften at the 2026 renewals”. He said the reinsurance industry was increasingly in a buyer’s market. “We see an acceleration of the

“Reinsurance is all about diversification over time – the long term.”

softening trends witnessed over the past two years.” He also warned that insurers pushing for earnings growth by raising retentions would inevitably face more volatility: “This is a normal cost of business we’ve seen in past cycles, and we should expect it to continue.”

On economics, Jay Dhru, global head of business intelligence, showcased the sector’s strong performance: traditional and alternative capital are on track to hit \$650 billion in 2025, combined ratios remain below 90% and return on equity continues to outpace the cost of equity.

Still, he cautioned that reinsurers’ relevance could be challenged if they retreated too far

from nat cat losses. “While higher attachment points have helped improve profitability, they pose challenges if a more equitable risk-sharing balance with clients isn’t achieved,” he said.

Property, casualty and specialty lines are also seeing consistent appetite. David Duffy, president of global clients, noted that “risk-adjusted pricing has moderated” while capacity has grown, producing greater consistency across reinsurer panels. Carolyn Morley, managing director, global casualty, pointed to “ample capacity, disciplined underwriting, and evolving risk landscapes” as key features of casualty markets.

The mood across sectors was summed up by James Boyce, CEO of global specialties, who said: “Clients are expected to seek greater collaboration and alignment with their reinsurance partners.

“Reinsurers are expected to recalibrate to adapt to the changing risk landscape, balancing discipline with pragmatism. Those who offer flexibility, product differentiation and innovation are most likely to prevail.” ●



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## PARAMETRIC INSURANCE

# Parametric breaks out of catastrophe box

**P**arametric insurance is gearing up for lift-off, hurdling past earthquakes and hurricanes, with cyber swooping in as the next high-flying frontier, says Tanguy Touffut, founder chief executive officer of Descartes Underwriting.

“Usually people know parametric products for corporate clients to larger companies. And since 2023 we see [an ongoing] trend with more insurers trying to buy parametric insurance, typically to protect their retention,” said Touffut.

“We expect to be more active in the space, to offer more capacity for insurers trying to cover themselves,” he added.

The market is hitting an inflection point, he noted. As insurers see claims paid and triggers reliably settled with no basis risk, risk managers are gaining confidence, with sophisticated managers increasingly allocating more capacity, including from insurance-linked securities (ILS) funds, to complement, or even replace, traditional insurance solutions, Touffut said.

Parametrics are also breaking out of their natural disaster comfort zone, moving beyond earthquakes and hurricanes into wildfires, hailstorms and floods, with demand rising globally.

Touffut pointed to market acceleration driven by innovation, more complex products, including captives and a halo effect as

## KEY POINTS:

- Gaining traction with insurers, ILS funds
- Descartes targets Japan, LatAm, and Southeast Asia
- Cyber parametric demand surges

managers follow peers who have successfully adopted parametric solutions.

Riding the wave of growing demand and global curiosity for parametrics, geographic expansion is now central to Descartes’ strategy, Touffut noted. “We’ve managed to get approval for a pure parametric product in Japan – a market extremely exposed to natural catastrophes, yet underinsured,” Touffut explained, adding that Latin America and Southeast Asia are next.

As parametrics spread its wings into new perils, cyber is also emerging as a fast-growing frontier. “Today, there’s a soft market for cyber, particularly in Western Europe,” Touffut noted. “Corporations buy parametric cyber covers for transparency, clear terms with no exclusions. Usually we are clear in the contracts about what is covered and what isn’t and we tend to focus more on business interruption, which is usually poorly covered in traditional insurance policies.

“We are currently trying to use parametric insurance as a way to complement cyber policies and offer a very quick claim settlement.”

Backing up this expansion, Descartes is scaling its global footprint, with 11 offices across the US, including Houston and Fort Lauderdale, to stay close to brokers and clients. Touffut said the team will surpass 250 people worldwide by year-end, with recruiting top talent a key priority to sustain growth and drive innovation.

With conference season looming, Touffut promised momentum will continue, telling brokers, reinsurers, and clients they “can expect us to keep investing and reinforcing our position as the leader in parametric insurance,” noting the firm has the means and the team to maintain its lead. ●

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